

Future of [Audiovisual] Commercial Communication in a Converged Environment

May 2012






Questions

- *What new advertising techniques are emerging/might emerge in the coming years?*
- *What are the new funding models for audiovisual media services?*
- *Will commercial communications be a central part of the business models for Smart/Connected TV offerings?*
- *What kind of new forms of advertising have we seen/might we see on Smart/Connected TVs?*
- *Will the convergence of the online and traditional broadcasting spheres bring internet advertising techniques into the sphere of content consumption?*
- *What are the policy and regulatory implications for regulation?*

“Europe should not become a media museum”



“European free-to-air television has clearly been insulated from the wake-up call the press is now going through.

There have been basic responses to advertising fragmentation. But the real storm may yet be coming. I wonder what is being done to stabilise the boat?

How are you diversifying your revenues? Are there new pay TV business models you can tap into, to give one example? What print and online platforms can you monetise to support your programming?

Are you ready for new business opportunities that may come your way?”

Commissioner Neelie Kroes, June 2010

Audience fragmentation and multiplication of outlets for advertising are driving revenue diversification

- There is no “burning platform” in the TV part of the content industry : audiences are up and revenues holding up
- Already a key metric for market analysts and investors in 2002;
- Broader revenue base offers protection against fluctuations in spot advertising;
- Diversification can mean any number of activities...
 - Secondary TV channels, online advertising, online sales of content, e-commerce, teleshopping, product placement, sponsorship, third party airtime deals, programme sales, ancillary sales, pay TV, multiplex operation, retransmission fees, football club ownership...
- ... but however it is defined, diversification is core to all commercial groups’ strategies
- More likely to be a 65/6:4:4:4:4:3:3:3:2:1:1 model than a 65/35;
- Constant experimentation



Broadcasters and Regulators : Commercial Communication Issues for the next five years

- Many of the key issues in AVMS – e.g., product placement or sponsorship – will make a useful incremental contribution, but will not be game-changers (as stated in your Background Paper, and as predicted by OFCOM 2005). Other “new forms of commercial communication” have (to date) been only of theoretical interest.
- Product placement will continue to develop, and sponsorship will continue to evolve (though it’s in sales houses’ interests to keep sponsorship, spot and product placement separate...)
- But these are not the “innovative” responses to Commissioner Kroes
- Three areas where commercial communication has the potential to make a real contribution to diversification activity (alongside pay TV ventures of FTA groups)
- Cross-platform, cross-sectoral campaigns;
- Online advertising
- Connected TV

Cross-platform, cross-sectoral campaigns (making the regulators' task more difficult?)



A Few words about TVN Group



REACH



CONTEXT



ON DEMAND VIDEO



onet.pl

onet.pl Biznes **onet.pl** Kobieta
onet.pl Blog **onet.pl** Moto
onet.pl Gry **onet.pl** Muzyka
onet.pl Sport **onet.pl** Facet
onet.pl Wnętrza **onet.pl** Podróże

onet.pl VOD



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Case study #1 - SCALE



How to leverage the potential of mass format to increase relevance of a commodity spice brand ?

SCALE

(mass formats,
primarily
conventional tools)

CONTEXT

(chosen content,
placement / branded
content tools)

ACTIVATION

(selected theme,
contests / activations)

Putting a commodity brand into a relevant context

CHALLENGE: how to increase relevance of local spice brand Prymat and differentiate it vs well known international brands (Knorr, Nestle)



INSIGHT: Consumers less and less believe in conventional spot advertising BUT they believe cooking experts and follow their recommendations



IDEA: Link brand activities with a mass TV format where a cooking celebrity is giving insights to restaurant-keepers on running their businesses



Tools employed - combination of TV & on-line media around meaningful content

TV



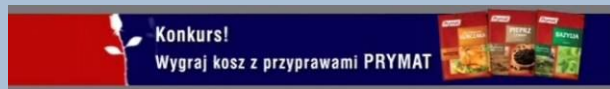
sponsorship
billboard



TV promotion
billboard



announcements
in other TVN
programs



contest for viewers



product placement



ON-LINE



Pre- and mid-roll
ads around the
format on VoD
platform

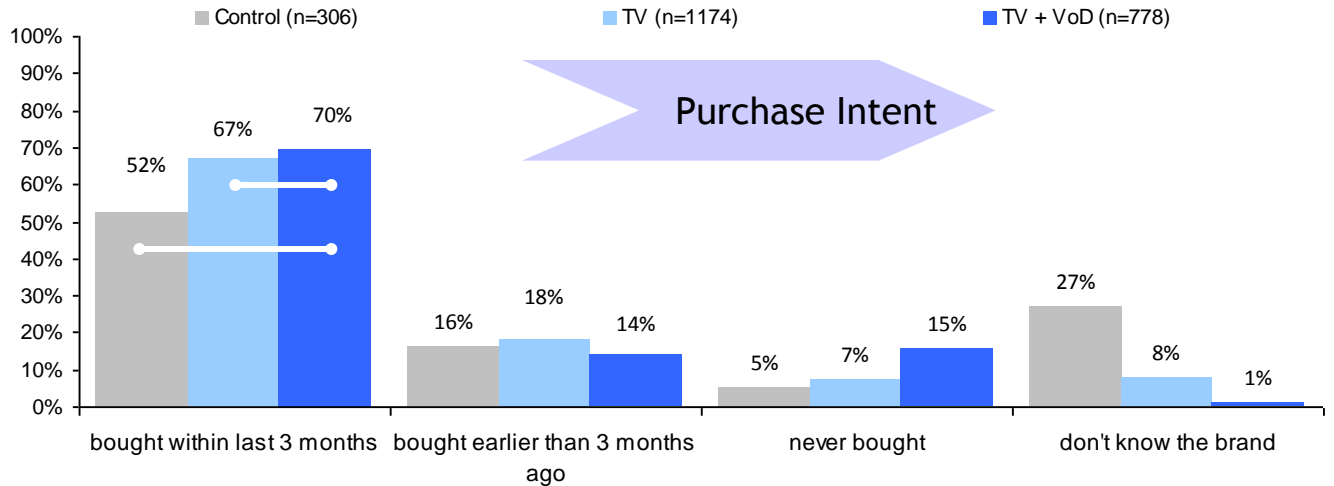
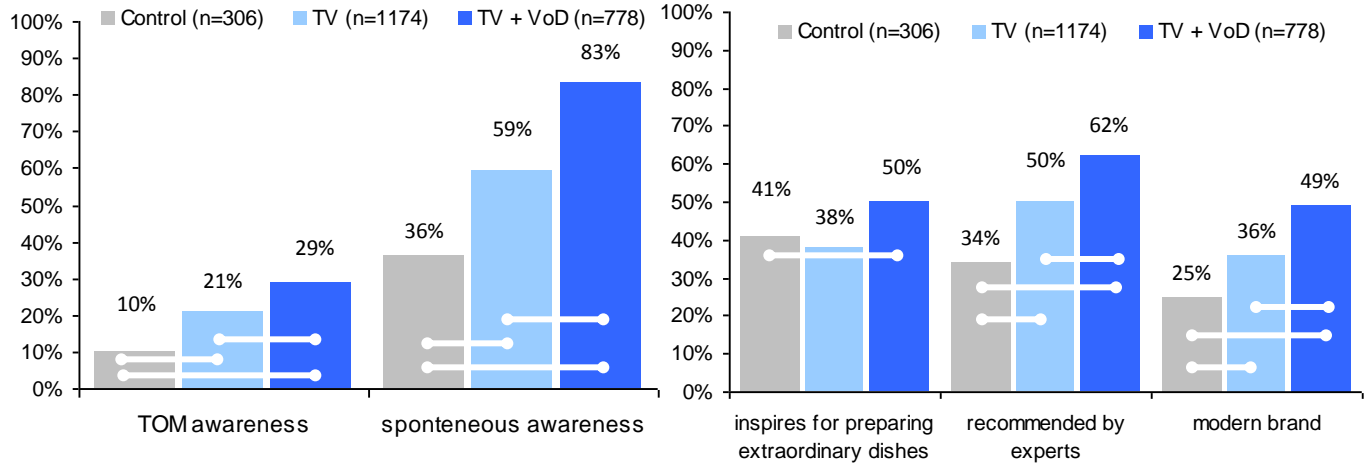


Integration with
client web site

Effects – best results achieved among consumer who were exposed to both TV and on-line media

Awareness

Equity



Online Advertising

The screenshot shows a web browser window with the following elements:

- Browser Tabs:** "The Voice of Germany Connect", "(1) Facebook", "Hype der Woche: Fliegende ...".
- Address Bar:** "connect.the-voice-of-germany.de/?p7s1act=login#".
- Page Header:** "Voice of Germany CONNECT BETA" logo, "Nächste Sendung // Fr 3.2., 20:15 in SAT.1 // 16:02", and a "logout" button.
- Main Content:** A large video player with a purple and pink circular graphic. To the right, a grey box contains the text: "Willkommen zum Live Event! Hier kannst Du mitspielen, Dich mit Deinen Freunden messen und Fragen beantworten." Below this is a vertical "AUSBLENDEN" button.
- Left Sidebar:** "Freunde online" section with four profile picture icons.
- Bottom Section:** Three columns of content:
 - Gruppenchat:** A list of chat messages with user avatars. The first message is "Matthias Hertenfelder betritt den Chatraum". Below the list is an "EINLADEN" button with a plus sign and a "senden" button.
 - Neuigkeiten aus der Redaktion:** A news section with two articles. The first is "Ihr denkt, es ist vorbei?" with a sub-headline "Nur noch zehn Tage, dann steht der Sieger von The Voice of Germany fest...". The second is "Rea 'Er braucht diese Show nicht mehr'" with a sub-headline "Nachdem Rea Publikumsliebbling Percival nach Hause geschickt hat, brach im Internet eine Welle der Empörung aus...".
 - Twitter:** A list of tweets. The first is "Warum wird eigentlich Rea nieder gemacht? Wenn ihr Percy den Sieg so gegönnt habt, warum habt ihr nicht angerufen? #VOICE". The second is "Das ist doch unfassbar. Wie konnte Rea Perci bitte rausschmeißen? Das kann doch nicht der Ernst sein! #voice". The third is "#Voice Teachers join an elite group of educators http://t.co/XAA2MQ2". The fourth is "RT @AllenCommander: Van mij apart neuk je haar. @MichellePerquin #Voice".

At the bottom of the page, there is a footer with links for "Impressum", "Nutzungsbedingungen", "Datenschutz", "Kontakt", and the copyright notice "© 2012 ProSiebenSat.1 Digital GmbH - alle Rechte vorbehalten."

Connected TV

(1) The Proposition

- Current data inconclusive as to take up ... but clearly there will be demand for some form of platform combining the best of television with the internet : “can be expected that connected TV will grow relatively fast over the next few years”;
- Opportunity for European content companies (not just for non-EU hardware and ICT players);
- Will develop and potentially can be much more radical (cf. video clip)

(2) Connected TV : The Commercial/Regulatory Challenges

Use case *NOT* compliant with French Regulation



Partial overlay on top of the video not controlled by the channel



Incentive to buy (link to amazon.com) not respecting children protection



Content used for promoting services (betting on Bwin) not controlled by the channel



Full overlay not controlled by the channel



Mixing video and other contents not controlled by the channel



Some Thoughts on Interpretative Communication 2013

- **2004 text very useful because :**

- Clarified some grey areas;
- Responded to real market demand (“the majority ... supported the idea of clarifying how the directive should apply to NAT”)
- (arguably) helped NRAs apply EU law here for the first time
- Clear thread: “in dubio pro libertate” (if in doubt, authorise...)

- **2013?**

- Problems may be more inherent in the complicated wording of the directive, so harder to clarify;
- Market yet to show real signs of uncertainty (viewers?) ;
- Is there not more scope for learning by doing ... undue prominence by definition has a subjective element, harder to clarify –
- Do NRAs need advice from the EU?

The 2012/13 Package from the Commission could



(a) Avoid double jeopardy for compliance

(b) Focus on big strategic issues :

- Balance between privacy and freedom to advertise?
- How to ascertain wishes of the real consumer?
- How can industry help ensure the common goal of preserving the best of European media regulation?



Thank you! Questions?

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