

# Roadmap to Digital TV Success, Part 1

insight

Jeremy Lockhorn & Patrick Moorhead | August 2007



The death of TV? Overhyped. TV isn't dead - it's not even dying. The truth is so much easier and much more eloquent: TV is simply going digital.

For decades, the media ecosystem has served consumers by providing free or discounted access to content in exchange for consumers' willingness to tolerate advertising – an implicit contract between consumer and media. Simply by choosing to watch a program or read a magazine, consumers are signing on the dotted line. But over the years, the industry has added so much clutter to the ecosystem that consumers believe advertisers have breached the contract. Consumers are so inundated with commercial messages that they perceive an unfavorable balance between content and advertising. We've caused them to lose sight of the implicit contract. As TV goes digital, it empowers consumers with full control over the media, which further upsets the ecosystem. But the digitization of TV doesn't kill the ad model; it simply redefines the contract and will ultimately help the industry in its desperate need to renegotiate terms with consumers.

It is an uncomfortable transition period, to be sure, but in the long run, digital TV will be better for everyone. Consumers will get what they want: great content subsidized by advertising but without the irrelevant and intrusive annoyances. And marketers will have possibly the most powerful and engaging advertising medium that has ever existed: the emotive power of moving images and sound combined with digital's ability to create rich, immersive brand experiences that are interactive, at the consumer's control, personalized, relevant and accountable.

To help our clients take advantage of this opportunity, we have developed four simple strategies for embracing the power of TV's digital incarnation. It's a lot to cover, so we'll split it into two parts and cover two of the four overarching strategies in each part. Look for Part 2 with the next edition of SLANT, or if you just can't wait, contact your account representative or myself for a sneak peek.

## Strategy 1: Go Interactive

As a client of AA|RF, you already know the power of this idea, as we leverage interaction in rich media banners all the time. Simply by empowering consumers to interact with your ad, you increase the likelihood that they'll remember what you're trying to tell them and/or take action based upon your ad. We've seen strong results, for example, this with ads like this one, built for the launch of Levi's Redwire line of jeans: [http://www.avenuea-razorfish.com/showcase/levis/M\\_Redwire\\_DLX.html](http://www.avenuea-razorfish.com/showcase/levis/M_Redwire_DLX.html)

The non-digital world knows the power, too. They just have to try harder to enable interaction because the media is not inherently interactive. In fact, iTV has been around since the very early days of television – it just took a lot of effort for the content developer as well as the consumer. Witness Winky Dink – here ([http://en.wikipedia.org/wiki/Winky\\_Dink\\_and\\_You](http://en.wikipedia.org/wiki/Winky_Dink_and_You)) and here (<http://www.tvparty.com/requested2.html>).

But what does digital interactive TV look like? The pundits say that interactive TV has been a year away for twenty (thirty?) years. iTV has certainly gone through several cycles of hype and subsequent death, but all signs are finally pointing toward the promise becoming reality.

The numbers are becoming difficult to ignore:

- Interactive cable households, or “HH” (spread across multiple [MSO's](#)): approx. 8 million
- TiVo HH: approx. 5 million
- Dish Network interactive HH: approx. 12 million
- DirecTV interactive HH: approx. 15 million

It's still not easy to make a single interactive buy across all of those platforms due to lack of technology and format standardization (among other things). But even though the formats and technologies may be different, enough consistency among basic mechanics are starting appear that the interactive *idea* can be translated across each platform. Either way – in aggregate or individually, iTV is gaining enough scale that NOW is clearly the time to begin experimenting so that you're up to speed when the scale really hits.

Below, we outline a few basic mechanics of iTV, but before we do, let's attend to something that may seem obvious – interaction is a smart strategy for both direct response and brand marketers. It is a simple leap for many direct marketers, but can be perceived by some brand marketers as not appropriate for their objectives. I would argue that interaction has just as much potential (if not more) for brand marketers. Interaction is more than a simple call-to-action and response. It's immersion, with more time and space for storytelling, engagement and dialog – all elements that support brand-oriented objectives.

- **Request for information (RFI):** this is a natural for direct marketers; enabling consumers to opt in to receive additional product details, enter a sweepstakes, get a coupon or product sample via mail, etc. – all with a few clicks of the remote. Much easier and more immediate than calling an 800 number or visiting a web URL. Consumers with iTV-capable set top boxes simply see an interactive overlay that appears on top of your spot and invites them to click their remote to interact.
- **Polling:** using the same basic interactive overlay structure, marketers can conduct simple surveys or polls to better understand the consumer mindset, invite dialog and funnel that feedback into future spot production.
- **Telescoping:** allows the consumer to go from your :30 spot to a deeper, richer brand experience that could support longer-form content and/or a microsite type of experience, offering the consumer several layers of interaction and choice. Content could include several long-form content segments, interactive polls, coupon offers, etc.

Some of this advanced functionality takes people away from the programming they were watching, so it is ideally suited to not only interactive HH, but also HH with a DVR, so the programming content can be paused to allow the new interaction. Alternatively, some platforms enable a picture-in-picture experience that enables consumers to continue watching programming, even while completing their interaction.

## Strategy 2: Crank up the Relevance

We've been using advanced targeting techniques on the web for years, and many of our clients have benefited from innovations in contextual and behavioral targeting. One of the more powerful targeting strategies we frequently employ is leveraging the Atlas Customer Targeting (CT) engine to serve an extremely relevant ad based on what we know about an individual's relationship with the client. For example, we might serve one ad to someone who's never been to a retail site; a different ad to someone who has made a purchase; and yet another ad to a user who has made multiple purchases. The process gets really interesting when you start layering dynamically-generated creative assets, which can pull in the latest prices, react to such things as current weather conditions, and more. The result? Hyper-relevant creative without the need to produce a ton of creative assets. Many of our clients are currently using these approaches for their online banner ads, but what if you could apply the same basic thinking to video?

It's only a matter of time. Direct Response marketers, as well as marketers with widespread local franchises/distributors/retail locations and variable pricing, will be among the first to leverage this idea. But, as with interactivity, the implications for pure brand marketers are perhaps even greater. Brands build connections with relevance, great storytelling and great ideas. It used to be that you built a single key story designed to strike a chord with your most important target segment, and hope that it would resonate to and impact on other audiences. But what if you could tell one central brand story, and express it in ways that were more likely to resonate with A NUMBER of key segments at once, instead of aiming for the middle of the target and hoping to hit the rest? This is the idea behind non-linear storytelling, and dynamic content generation stands poised to make it real. Talk to your core consumer one way about the brand, and AT THE SAME TIME talk to ancillary consumer segments about the brand, in a way that subtly addresses their own unique attributes and interests. The opportunity is to have a big, relevant, impact on SEVERAL key segments at once, with a unified (but customized) brand message that maintains consistency at the top, but delivers context and personalization at the bottom. It begins to bring together several key things that have been building momentum over the last 18-24 months: behavioral targeting, non-linear storytelling and digital video.

Good news: it's starting to happen. Companies like Visible World offer technology that supports dynamic assembly of video advertising from a pre-established suite of creative assets. The advertiser develops a spot with multiple variations which are driven by business rules such as what DMA the ad is being delivered to, the average demographics for a cable "zone," which product(s) are on sale during the airing, what the weather is like outside, etc. The result is a linear spot with branches selected on the basis of those business rules - decisions all made at the time of airing. And that spot can be delivered either on TV or on broadband video. Nothing is quite yet robust enough to get scale at an individual household or individual cookie level, but geographically targeted and other similar "mass targeting" campaigns have achieved great success. And, pilot programs at more granular targeting levels have either recently been run, or are currently in planning stages.

Some examples of how this technology might be used:

- Automobile manufacturers could version creative by model (sedan versus SUV versus minivan), sales offer (lease versus financing versus cash back) and more – all at a regional level – and could close the spot with the name and address of the nearest local dealer (several auto companies are already using Visible World to do exactly this).
- A retailer could vary products featured (and corresponding prices) by region, changing products frequently without having to redevelop and redeploy the spot from scratch.
- A packaged goods company or fast food restaurant could change which items are featured, based on the current weather conditions: ice cream cones or smoothies when it's hot and sunny or soup and chili when it's cold and rainy.
- A travel company could change the spot's focus based on the type of program that the spot is airing on; a business-travel focus during financial programming and a leisure-travel focus during more general programming. Or the focus could change to spotlight certain destinations based on what's featured in the programming: deals on travel to Seattle during Grey's Anatomy, to Chicago during E.R., or to Miami during CSI: Miami.

Creating multiple versions of spots may seem expensive, and while it will impact the production budget, it doesn't have to mean an exponential increase. It requires rethinking the production process – away from the big-budget single spot and more towards a digital, flexible, modular suite of spot assets. Even simple tweaks to elements like text overlays and music or voiceover changes can have a powerful impact on the overall relevance of the spot. Think about the :30-spot being carved up into :05 - :10 chunks, for example (see figure 1). The first :05 may be the same across all versions. The next :05 could be one of several various lifestyle shots showing different types of people using the product. The middle :10 may again be the same across all versions, showing product detail. Following that, :05 seconds of an offer that varies based on cable zone (geotargeting), time of day, day of week, or other variables. Finally, the last :05

presents more localized info, showing the viewer the closest retail locations based on their zip code. As you can see in figure 1, this process creates a simple matrix of assets needed during your shoot, and for a small premium on top of your existing production budgets, wind up with what might be 200 or more possible combinations, maximizing your chances to make a connection with your audience.

To date, companies who have tested this approach, report strong results, and we know from our experience with online targeting and dynamic ad assembly that it can be an extremely powerful – and personal – enhancement to a campaign.

Look for Part 2 with the next edition of SLANT.

<b>Intro</b> (5 sec)	<b>Lifestyle setup - varies by demo profile</b> (5 sec)	<b>Product detail</b> (10 sec)	<b>Offer</b> (5 sec)	<b>Localized info</b> (5 sec)
	<b>Branch 1:</b> Newlywed couple		<b>Branch 1:</b> Free shipping	<b>Closest location 1</b>
	<b>Branch 2:</b> Mid-30s couple with young kids		<b>Branch 2:</b> 10% discount	<b>Closest location 2</b>
	<b>Branch 3:</b> Senior citizens		<b>Branch 3:</b> BOGO	<b>Closest location 3</b>

*Final spot = any combination of various branches based on business rules, assembled in at moment of ad delivery ...*

<b>Intro</b> (5 sec)	<b>Branch 2:</b> Mid-30s couple with young kids	<b>Product detail</b> (10 sec)	<b>Branch 1:</b> Free shipping	<b>Closest location 3</b>
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## About the Authors

### Jeremy Lockhorn – Director of Emerging Media & Video Innovation



Jeremy Lockhorn is a member of the agency's Advanced Marketing Solutions (AMS) team and is focused on interaction with video across all platforms. He supports client teams with research, education, and ideation. During his 10-year tenure at the agency, his various roles have centered on the intersection of media, creative & technology. He writes a regular column for ClickZ and is a frequent speaker on emerging media.

Please send your insights or thoughts to [jeremy.lockhorn@avenuea-razorfish.com](mailto:jeremy.lockhorn@avenuea-razorfish.com).

## Patrick Moorhead – R & D / Advanced Marketing Solutions



Patrick Moorhead is a point person for emerging technologies at Avenue A | Razorfish, and supports Client, Media, and Account Services teams across the country from within the Advanced Marketing Solutions group. Through research and development, Moorhead assists in defining strategy, resources, applications, and opportunities related to cutting-edge technology for the agency and its clients. He frequently presents at industry conferences, special events, and to senior client officers, and his numerous white papers and articles are widely read in the new media and internet advertising industries.

Please share your insights or thoughts to [patrick.moorhead@avenuea-razorfish.com](mailto:patrick.moorhead@avenuea-razorfish.com).

## About Avenue A | Razorfish

Avenue A | Razorfish is one of the largest interactive marketing and technology services agencies in the world. The company helps industry leaders such as Kraft, Dell, The New York Times, and Starwood Hotels use digital channels to acquire and service customers. Avenue A | Razorfish's full suite of digital offerings includes online advertising, Web site design and development, email and search engine marketing, emerging media strategies, and enterprise portal development. Its award-winning client teams have a deep understanding of customer needs and provide solutions through distinct business disciplines that include: analytics, strategy, technology, media, creative, and user experience. Avenue A | Razorfish has offices in major markets across the United States, and global operations in Australia, China, France, Germany, Japan and the United Kingdom. For more information visit: [avenuea-razorfish.com](http://avenuea-razorfish.com).

Avenue A | Razorfish  
821 2nd Avenue, Suite 1800  
Seattle, WA 98104  
Phone: 206.816.8800  
Fax: 206.816.8808

For more information please visit: [avenuea-razorfish.com](http://avenuea-razorfish.com).