

# The Time-Shifted Media Movement

## Ad-skipping is the tip of a behavior iceberg

insight

Grant Owens | October 2006



### How can you embrace changing consumer expectations and keep media investments effective?

Tonight a viewer may sit down during primetime television and watch an episode of PBS's *Nova*, which aired after midnight, then see the first pitch from the Cincinnati Reds well after game time and catch-up to live baseball by the 7th or 8th inning. Sound complex? It is, but many media viewers are skipping, cutting and condensing in just this way.

Of all the emerging "consumer in control" behaviors, time-shifting may be the most potent. Its intensifying impact is keeping media planners up at night and causing consumers to question why they have been putting up with the old advertising model for so long.

### What Is Time-Shifting?

Time-shifting is nothing new. In fact, time-shifting has been around as long as people have recorded information. Time-shifting is simply the act of viewing or listening to a piece of media some point after it originally occurred. You could even argue that this article allows the author to time-shift his thoughts so that you can read them later.

For years now a television viewer with patience could program a VCR and record live television to view at a later date. What's new, however, is a blitz of game-changing technology, redefining consumer expectations and making time-shifting a central feature of media consumption. Put simply, technology is no longer a limitation.

In over 10% of households, the Digital Video Recorder (DVR) is promoting media anarchy. DVRs have taken the key attributes of VCRs and made the experience easier

#### **Problem:**

As technologies such as DVR, broadband, YouTube, iPod and Slingbox allow viewers to "time-shift" and "place-shift," old advertising strategies need to be rethought.

#### **Solution:**

This paper examines the situation in depth and presents seven long-term strategies advertisers can use to adjust to the changing viewing phenomena.

#### **Benefit:**

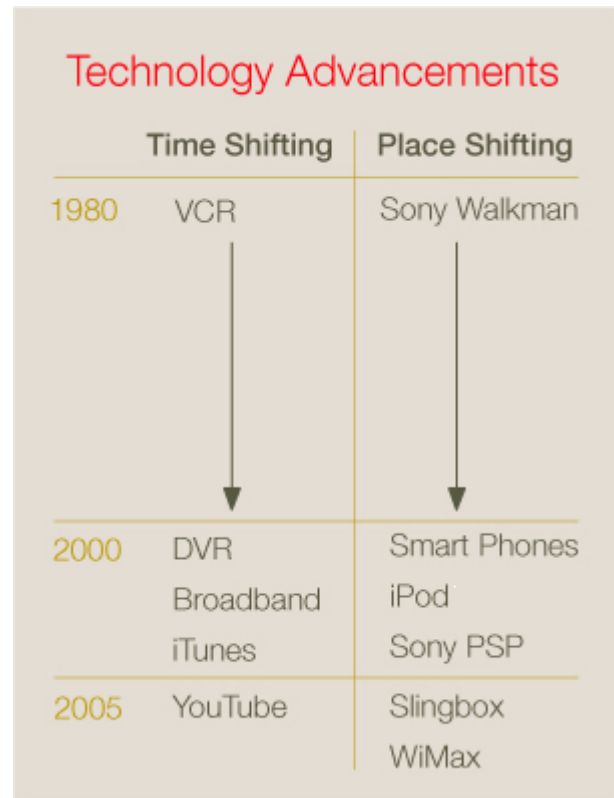
With new technologies, companies can promote three-dimensional ad tactics, use advertising monies to promote product communities, and plan a timeless set of messages.

to use, with higher quality and the ability to view a program that has not even finished recording yet.

As an indication of proliferation, the DVR poster child, Tivo, is now in our vernacular as a verb (for example, I Tivoed *Scrubs* last night).

Add into this technology madness: digital cable video-on-demand (VOD); the video iPod, with its enhanced time-shifting attributes, which encourage media mobility; hybrid devices like the Archos DVR or the Sony PlayStation Portable, which recently included an RSS capture ability into the latest firmware. With these new-fangled technologies flooding the market, you have an epidemic of playing, pausing, and fast-forwarding.

The biggest impact, however, is the Internet. Already blurry, the line between content-on-demand and time-shifted content is going away. The accumulation of online video files and the 2005 crossover into a mainly broadband-ready user base has created a whole new market for forerunners like Major League Baseball Advanced Media, Apple's iTunes, and video aggregator YouTube. As an example of this technology collision, Cablevision recently announced that it will rollout a "remote storage" DVR service – a perfect mix of one part time-shifted and one part on-demand.



Just in time, the major networks and studios are also diving into the game. Google and Viacom's MTV announced a courtship, while AOL is bringing Time Warner's top content into its recently launched video portal, which features nearly 50 channels and many full-length features. Similarly, Fox Entertainment Group announced is beginning to channel content through its oversized baby brother MySpace.

As on-demand server-based content accumulates and wireless access proliferates, personal video and audio recording devices may simply prove to be gap technologies.

## Behaviors Among Time-Shifting Consumers

Today's technologies are saving the marriages of NFL fanatical husbands and Desperate Housewives, worrying traditional advertisers and ensuring that new parents do not have to watch Ronco infomercials during 3:00 AM feedings. With even more

impact, children in the prime Saturday morning cartoon demographic are holding the controller or mouse and vowing to never watch a single commercial – they are not going to revert to the “old way.”

“Must see TV” is no longer a three-hour prison sentence. Now around the water cooler, people are now checking, saying “Who has seen *Lost* this week? Everyone? Okay, we can talk freely.”

**Time-shifters now enjoy their media at a faster clip than traditional programming formats and interruption advertising would allow.**

Consumers are eagerly leaning on time-shifting technology in a society where they are more time starved than ever before. In the recent movie release *Click*, the main character, played by Adam Sandler time-shifts his everyday environment. And let’s face it, when Adam Sandler makes a comedy out of it, you know the behavior has clearly arrived.

Let’s take a look at some of the most recognizable time-shifting behaviors emerging:

**Internet entertainment**

Quality content is now as close as the nearest internet connection. Viewers don’t have to wait until 11:00 PM to get a good laugh out of Jon Stewart’s Daily Show.

In the six months from fall ’05 to spring ’06, online video viewership rose 18%, according to comScore. Highlighting this change, the number of unique visitors to online video aggregator YouTube grew from 58,000 in August 2005 to more than 12 million in May 2006. Latest reports show YouTube now serves 100 million videos to users per day.

Specifically trendy, the at-work audience is learning to “snack” on the Web content and bringing many of those behaviors home in the evening – often with a mouse positioned in one hand and a DVR remote control in the other.

**Consumption compression**

Although a recent study from MRI suggests that DVR users watch less television, it may require more time to study whether time-shifting behaviors have a deep impact on the total time spent with media. What is clearly happening, though, is media time has become more efficient. Time-shifters now enjoy their media at a faster clip than traditional programming formats and interruption advertising would allow.

Linear programs with downtime such as sporting events, VH1 Top 100s, and the clap-happy State of the Union Address now require a smaller total time commitment from viewers. Major League Baseball even offers a VOD feature to subscribers that edits a 9-inning game down to about 10 minutes of key plays – aptly named “Condensed Game.”

Programming compression means that traditional broadcast ad inventory is shrinking and innovative digital inventory is emerging.

### Place-shifting

Time-shifting is also bolstered by place-shifting – taking a piece of content and making it available on a remote or mobile device. New expectations for screen agnosticism goes hand-in-hand with time-shifting. Sony’s PSP and Apple’s video iPod ushered in a new expectation of small, yet high quality portable entertainment.

Although consumers have been unofficially transferring DVR recordings to the Video iPod and PSP for a while, TiVo’s latest development called TivoToGo offers an effortless software interface for transferring recorded shows to these devices and a number of other portable devices.

In a glorious union of all things time-shifted and place-shifted comes the Slingbox, a shoe-size gadget that allows any user with an internet connection and a computer to watch and control their home TV programming from anywhere. Not to be outdone, Microsoft is reportedly placing a similar remote viewing service into Media Center PCs.

With place-shifting added to the mix, these behavior trends start to sound like a media revolution that will challenge existing business models, but the good news for media companies – when you time-shift and place-shift, consumers have proven they are willing to pay good money. So let the brainstorming commence.

### Cache cows

Inherently supporting time-shifting and place-shifting, data storage is no longer cost prohibitive. Hard drive space is now pennies, and consumer’s personal caches of media will only get larger in the immediate future. Along with the well known effects on processing power of Moore’s Law, “Kryder’s law” states that storage capacity doubles every 23 months, thereby ensuring that media storage prices will continue to drop and allowing more and more media to be stored for time-independent viewing.

Additionally, efforts around technology like WiMax will further the on-demand/time-shifted lifestyle. However, in the long-term, as wireless broadband access increases, the need for hard drive caching will decrease. Consumers will experience much shorter periods of time between connections. Over time, it will be hard to tell the difference between on-demand and on-drive.

### Digital dissemination

Consumer demand for online content continues to grow, and what we have learned is that when compelling content is discovered, it proliferates instantly online. Lip-syncing Chinese students or amateur experiments with Diet Coke and Mentos are just two of the quirky favorites to storm across the Web.

#### Rate of change:

In the six months from fall '05 to spring '06, online video viewership rose 18%, according to comScore. Highlighting this change, the number of unique visitors to online video aggregator YouTube grew from 58,000 in August 2005 to more than 12 million in May 2006. Latest reports show YouTube now serves 100 million videos to users per day.

Among many emerging functions, the killer app that has made digital dissemination increasingly compelling is “collaborative filtering.” In layman’s terms, it is the ability to rate, tag, edit and share top content. Without it, users would be lost in a sea of terribly mediocre homemade videos.

**According to In-Stat, 20% of US viewers could be zapping ads by the end of '07.**

For those ready to distribute media online, the reach and frequency upside of on-demand content is massive. The technology described above is not only changing consumption habits, but also sharing habits. Shifting media and sharing media are both just a simple click away.

### **Controlled discovery**

The new generation of consumers does not want to be interrupted without consent. They want to be able to hang a “do not disturb” sign on every experience. In fact, they want to be able to interrupt media.

Marketing campaigns that succeed will be intellectual and even sought-after. Believe it or not consumers will want to “discover” ads. Depending on immediate needs, ads offer a high value to users/viewers/listeners. Price-off promotions, limited time sales and even product comparisons are all types of ads which offer value. Technical capabilities will likely encourage millions of consumers to seek out ads and promotions – arguably on your website or using search engine favorite, Google.

So far this paper has not focused on the most controversial and high-profile behavior – TV ad skipping. According to In-Stat, 20% of US viewers could be zapping ads by the end of '07.

But say a viewer actually watches your 30 second spot. If the ad is announcing a 24-hour Labor Day sale one day in advance, then you may have just blown a substantial portion of your promotional impact since some viewers will be watching the program two days after the sale occurred.

It's stunning how quickly the “coming up on the 11 o'clock news” ads have become irrelevant. Every rookie DVR user can attest to the initial confusion when a severe weather alert pops up on the screen on a perfectly beautiful day. Then you remember, “this program aired 11 days ago!”

Because of the Internet on-demand evolution mentioned above, demand for most time-sensitive content (for example, stock market movement) will move to Web-accessible digital content servers – with the exception of live in-person events (for example, concerts).

As usual for every action, there is an equal and opposite reaction (read: marketing opportunities exist).

## Seven Strategic Opportunities for Marketers

You only needed to watch one episode of NBC's summer saver *Treasure Hunters* to realize that product placement is going to get old super fast. The insufferable placements may never completely go away, but as the incorporation into the plot gets too invasive, viewers may gravitate toward untainted programming.

Along with product placement three other novel ideas – that may be fleeting – are floating around:

- **DVR easter eggs:** Similar to Kentucky Fried Chicken's secret coupon commercial, these unique fast-forward or slow-motion features of DVRs reveal hidden messages within a TV spot and encourage viewers to hunt for them.
- **Programming-integrated commercials:** *Lost's* Hanso Foundation ads use a standard commercial spot to reveal an aspect of the plotline. This tactic encouraged viewers to watch the full commercial break and thereby boosted eyeballs on the two book-end spots from actual marketers.
- **Primetime Poaching:** Marketers buy low-cost air space, say 3-4 AM, and place a long format advertainment – which DVR viewers with an affinity for certain products can seek out. Advertisers get the space on the cheap and poach the primetime timeframe among DVR users. This approach will only be available until media tracking and CPM costs catch-up.

Although buzz-worthy, these ideas are just evasive actions to lower the impact of the genuine behavior changes as they emerge. Creative tricks may work for a few innovative ads, but in the end, viewers will have greater appreciation for cutting out 20 minutes of interruption ads than seeking out a host of cleverly planned marketer's messages. To truly succeed in a time-shifted media environment, you need some strategic ideas with legs. Here is a short-list of long-term ideas:

**The new generation of consumers does not want to be interrupted without consent. They want to be able to hang a "do not disturb" sign on every experience. In fact, they want to be able to interrupt media.**

### 1. Build a comprehensive Web presence

In this new environment, a fresh Web experience is decidedly more important. Build your marketing sites in a way that meets demand at all times, everyday. Squeeze every last ounce out of the aforementioned time-sensitive Labor-Day-only promotion by ensuring your website is the destination for all things timely and sales worthy. For the Labor Day Sale, you would be better off editing the 30 second spot to say "We've always got great sales. Check out our website for the latest."

Also remember, a comprehensive presence doesn't simply mean enhancing your own site. It also includes working with online publishers and retailers to get your brand uniquely positioned on their websites through advertising, sponsorship, and paid inclusion. Moreover, dynamically placed online media, by its very nature, is always real-time and never time-shifted.

## 2. Grab digital cable VOD inventory

Digital cable VOD is still a wide open arena. To date, cable VOD has seen slow growth because it has been woefully under-promoted and difficult to execute, and cable companies have little incentive to push it further. The cable operators would rather not cannibalize their live programming as long as there is live inventory available for advertisers. As a marketer, however, nothing keeps you from developing VOD through digital cable operators and then using your own targeted messaging to drive consumers to that content.

Hypothetically, VOD users are going to be more engaged and have an increased propensity toward product conversion. They are viewing on their terms and not competing with the kids' homework or another live sporting event on TV.

Today's technologies are saving the marriages of NFL fanatical husbands and Desperate Housewives, worrying traditional advertisers and ensuring that new parents do not have to watch Ronco infomercials during 3:00 AM feedings.

marketers to edit and replace VOD ad creative instantly instead of waiting weeks or months to replace execution with a new ad run.

Now dynamic VOD advertising is emerging. Ad serving firm SeaChange International and Avenue A | Razorfish's sister team Atlas On Demand developed a platform that allows advertisers to target, optimize, and track VOD spots. This innovative platform also enables

## 3. Support engaging online content and tools

Marketers should subsidize and promote time-shifting by partnering with podcasts, free video downloads, etc. One available tactic is through pre-rolls – the 15-30 second commercials before an online video or audio file plays.

If nothing else, simply act as an enabler for the growing personalization and community-based technology. Allow viewers to edit, tag, remix and share programming. Marketers who sponsor this sort of activity will be seen as a champion for consumers. Also, allowing them to do so encourages viral sharing of recorded media – further extending the shelf life of your brand message.

## 4. Go it alone online

In the 1930's when Procter & Gamble couldn't find sufficient media outlets to promote its products, the company started to produce new media inventory – soap operas.

The same opportunity to create a new outlet exists today. Top entertainment companies or marketers could develop a program that bypasses cable/network distributors and launch online media through their own site or a Web partner, such as MSN. Going with a Web partner like MSN allows for immediate reach and greater ad targeting.

## 5. Fuse broadcast and online experiences

Hook up with a media franchise that can expose your brand online and offline. Complimentary digital programming like MTV's *Overdrive* and ABC's *Lost Experience* is the winning format in a time-shifted society. The execution simply entails marketers creating a similar seamless online and offline experience. To do this, think of creative

executions that can be viewed leaning forward or leaning back (for example, interactive or passive).

Then encourage online discourse and social-networking chatter to extend the shelf-life and reach of the programming. This approach will help ensure that your content does not suffer from pop-then-fizzle attention. The “talkback” and “trackback” elements of blogs represent salient examples of this opportunity. This peer discourse greatly increases brand engagement for smart marketers.

The movie theater experience proves that people often want to enjoy media in a group environment. So consider offering forums and planned events for time-shifted content. Even though viewers watch *Lost* at different times each week, a group can form online that would like to watch at 10 PM on Saturday and chat with other fans.

## **6. Experiment with portability**

Info-to-go is now popular across the globe. Marketers that support multi-device formatting and offer a compelling message benefit from the growing demand for mobile content.

If you don't have a child or neighbor with a Sony PSP, go purchase one immediately and experience the quality of video and audio on this device. Within seconds you will see how large an impact branded entertainment can make with this type of device. In addition, the device is Wi-Fi ready and publishers with video RSS feeds like CNN's *The Grist* can go directly to the PSP without requiring docking or syncing to a computer.

## **7. Start a Conversation**

This is an exciting time to develop a better conversation with, and understanding of, your audience. Use technology to manage the dialogue. It might even be time to dust off that CRM technology sitting on your business server.

Registered users are logging on and chiming in. Naturally, you can collect information from your most profitable customers. In turn you will make better-informed media spending and product development decisions. You should continuously gather information to re-shape the experience, especially if media is your product. Every network executive should be asking questions like “What would your ideal 11 o'clock news look like?”

Smart marketers might even be able to resell the data they have gathered. But too many data points can feel paralyzing, so when it comes to data collection – walk before you run.

## **Getting a Time-Shifted Media Plan Started**

To deepen exposure to your brands, your marketing plans must evolve from linear and chronological campaigns to a three-dimensional set of tactics where the audience is in the center and the axes are content depth, time, and partnership.

Start the planning process by outlining a “timeless” set of messages. Plan a staged dialogue rather than a chronological dialogue that is placed on a calendar. This way, no matter when a consumer drops into your experience, they can follow the complete brand path. Also plan ideas that account for the past, present and future, and then encourage consumers to engage and return to your content over time and possibly even promote the establishment of a community around it.

Then, if it all still feels overwhelming, give your agency friends a call. As strategic planners, we live for the chance to chart the uncharted.

### About the Author



As a Strategy Manager with Avenue A | Razorfish in New York, Grant has led planning of integrated digital marketing initiatives within media and entertainment, consumer goods and automotive. Grant’s recent clients include: Ford, Infinity Broadcasting, and BMW.

Before to joining Avenue | Razorfish, Grant worked with Sanofi-Aventis to plan and execute digital consumer programs. Prior to that Grant worked for Euro RSCG 4D as a Strategic Planner where he led planning for BMW’s relationship marketing initiatives during the U.S. launch of the MINI Cooper. Along with reintroducing an automotive icon, Grant worked with top marketers such as: Intel, Discovery Channel and IBM.

Grant holds a Bachelor of Arts from Miami University.

You may send your suggestions and questions to Grant at [grant.owens@avenuea-razorfish.com](mailto:grant.owens@avenuea-razorfish.com)

### About Avenue A | Razorfish

Avenue A | Razorfish ([www.avenuea-razorfish.com](http://www.avenuea-razorfish.com)) solutions are entrenched in deep technology, rigorous analytics and a rich understanding of customer needs, including award-winning web media and creative, search marketing services, email marketing/eCRM, and world-class creative, design and implementation of customer websites, intranets and extranets. Avenue A | Razorfish operates three U.S. regions – East, West and Central – with offices located in major U.S. markets, the U.K., Australia, Germany and headquarters in Seattle. Clients include AstraZeneca, Best Buy, Disney, Kraft, Microsoft and Starwood Hotels & Resorts. aQuantive, Inc. and all of its operating units are committed to Internet privacy.

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)