

How home media consumers adopt advance media and technology services*

Starting in the fall of 2005, PricewaterhouseCoopers' Entertainment Media and Communications Advisory Practice and Luntz, Maslansky Strategic Research, a division of Omnicom, began a study conducted through a series of focus groups with consumers in order to gain a qualitative understanding of media consumption patterns and the emerging digital advertising trends in the age of digital content delivery.

In November 2006, two focus group sessions consisting of broadband household users, ages 25 to 54, were conducted with a focus on media consumption patterns, new advertising models and opportunities to drive revenue from broadband households.

Findings

Consumers are overwhelmed by technology—older adults find the choices most confusing, while younger consumers are comfortable with variety of options. The 25 to 35 age group cite not enough time and money as being potential barriers to more adoption. However, both groups are willing to pay for a variety of services that solve their technology issues and advance the sophistication of their experience.

Consumers want simplicity and relevance.

Implications/opportunities

- **Content Owners**—Leverage programming process to educate and lead with advertising driven programs like DVR and HD tutorials, and new shows on technology issues. Distribute through new digital channels, locally generated programs and targeted web sites.
- **Advertisers**—Ease of use and understanding of products will build long term consumer loyalty.
- **Communications and Distribution Companies**—Provide many points of customer service contact that truly serve customers—in-store, in-home, online and phone assistance, i.e., provide equipment set-up, tutorials, connectivity to others.
- **Advertisers**—Display your relevance and meaningfulness over multiple platforms. Consumers want their computer video viewing content experience to mimic their television experience. Consistency of the look of ads on multiple devices reinforces value.
- **Communications and Distribution Companies**—Take a personalized approach to your offerings. Consumers will buy-in when they understand what greater value your service or product provides i.e., faster broadband speed makes quicker upload of Myspace pictures or better computer videophone service.

Findings

Most consumers are technologically challenged and need help with in-home technology. It is so important; they are willing to pay for these services.

DVR's will disrupt current advertising model.

Consumers dislike banners and pop-ups, like online ads that they actively seek out, and will download ads from YouTube and others.

Consumers will watch and engage with advertising if it is non-intrusive, relevant and appropriate for the device on which they view it.

Consumers would welcome the ability to access relevant advertising on their own terms. The 25 to 34 age group wants instant access and the ability to browse and buy through their TV, PC or mobile phone.

The triple play offering is driving consumers to acquire all three services from one provider and is commoditizing the pricing. Overwhelmingly, the number one response for switching is price, with the primary winner being the cable companies.

Consumers view the phone land-line as a life preserver.

Implications/opportunities

- **Communications and Distribution Companies**—Dialogue with your customers. Ask consumers what services or features they are interested in to make their lives easier, especially with their computer. Many want these services, but don't know what's out there, which places extra emphasis on need for customized education.
- **Content Owners**—Provide consumers with reason to watch ads by making them relevant, tied to programming, more elegant and consider seamless product placement.
- **Advertisers**—More accountable data is needed from media partners i.e., better metrics on viewers per ad and click throughs on who is watching or interacting with ads. This will allow for more effective targeting of relevant consumer groups.
- **Communications and Distribution Companies**—Develop new techniques to leverage DVR's to serve brands. Create one national on-demand advertising standard by which to measure effectiveness. To better leverage ad effect with consumers, companies will need to research and implement technology which can drive more dynamic ad insertion into content.
- **Content Owners and Communications Companies**—Develop and execute advertising much the same way as current programming, creating different content for different devices within their inherent limitations.
- **Advertisers**—Develop ad content unique to each device.
- **Content Owners**—Partner with service providers to embed interactive links to advertisers “showcases” and other related content.
- **Communication Companies**—Provide the choice of “bookmarking” advertiser messages and offers for later retrieval.
- **Content Owners**—Partner with communications companies in their push to drive share and reduce churn.
- **Communications and Distribution Companies**—Cable companies—Build value by making service easy to use and dependable. When selling the triple-play, mention the added security and safety of a second phone system. Telco's—become recognized as a viable video provider more rapidly.

Findings

The triple play can be strengthened by including wireless and thus moving to a quad-play.

Consumers measure their cable/satellite quality only by reliability.

Implications/opportunities

- **Content Owners**—Evaluate how the experience of your content can improve over all three screens.
- **Brands**—Evaluate how your brand can gain exposure over the third screen, and be integrated with computer and television. Increasingly, consumers are accessing all three at the same time—and the quad play will only increase this behavior.
- **Communications and Distribution Companies**—Promote this service beyond the obvious benefit of one bill for all four. Partner with content owners to promote new viewing experiences across all three screens that consumers will gain only through the quad-play.
- **Content Owners**—Promote the different viewing experiences of your content—via pay-per-view or online. When consumers are educated about all of their choices, they will start to evaluate content not just by viewing access, but by viewing options.
- **Communications and Distribution Companies**—Consider ways to change consumer perception and break this mold. Quality should be measured by the options, choices, and control consumers have, not just by reliability. Educate consumers on all of the offerings and services through ads and customer communication.

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