

The speed of life*

2008 Consumer Intelligence Series

"If it's something that I'm into, like I subscribe for, then yeah, I'd be fine with (advertising). But, if it's just some random advertisement that I don't care anything about, then no."

-14–19 year old consumer

"If I got free downloads, I wouldn't mind listening to a 5 second ad before getting the song. But, that's kind of along the line of paying or getting value back to listen to ads."

-26–34 year old consumer

The Future Business Model: Monetizing Content

Discovery sessions conducted on February 4, 2008

Series Overview

As part of our global research program, PricewaterhouseCoopers Entertainment, Media and Communications practice is conducting a series of consumer discovery sessions to elicit candid feedback and gain new understanding of consumer attitudes and behaviors in a rapidly changing media landscape. This research will help identify emerging trends and provide fodder for consideration of how best to monetize content. The following is a summary of what we discovered when talking with consumers, ages 14–18; 19–25; and 26–34, about their receptivity to marketing messages across various platforms.

Summary: Age Matters

The differences in media receptivity and behavior between younger and older groups of consumers are clear. Companies need to understand these differences in order to better target consumers and engage them in a conversation. If there is one thing these various demographic groups have in common, however, it's that consumers increasingly want ads that are personally relevant to them. While consumers are used to the omnipresence of advertising and have become more accepting of its growing pervasiveness in new media, they also turn away from ads that they don't find personally relevant and become irritated when those ads interfere with their access to content. The personal nature of alternative media, such as social networking sites, blogs and mobile devices, allow consumers more control and personalization; as such, they want any advertising to align with that personalization. Consumers perceive devices such as mobile phones and MP3 players as "my personal space" and resist unsolicited messages.

Most consumers, however—particularly young consumers aged 14 to 18, are willing to accept advertising on personal devices so long as the ads are integrated, non-interruptive, targeted and provide something in return, such as special offers, discounts or rewards.

Our key findings are as follows:

- 1) Advertising that is integrated in an appealing way and does not interrupt its medium is accepted and can even enhance content.
 - On the Internet, this means ads that visually or thematically fit in with the site's content, such music or movie ads on an entertainment site, or simple logos and one-line messages on social networking sites.
 - For virtual worlds and video games, integrated advertising fits into the context or storyline of the game, typically in the form of product

“So while I’m waiting for (a show) to download, then they have the ad coming and I’d be fine with that. And it would be a little entertaining, I guess, to have something to watch while it’s getting ready. But then, once the show starts, I wouldn’t really want anything during or after, because I’m probably not even going to watch it after the show is over.”

-14–18 year old consumer

“They need to somehow compensate me, like we were talking about with the Internet. There has to be some sort of compensation because carrying a billboard around in your pocket is just ridiculous almost, in my opinion, and they can’t expect you to just be able to do that to me without me switching services”.

-19–25 year old consumer

placement. For example, advertising on billboards in stadiums featured in sports games. In this case, the integration of the advertising is welcomed and perceived as actually enhancing the games’ realism.

- For personal media, such as cell-phones and MP3 players, more permission and less intrusiveness is required for acceptance of ads. For example, consumers will most easily accept messages while they are waiting for these devices to power on or content to download.
- For audio devices such as cell phones and MP3 players, visual content is considered less intrusive than sound. For cell phones, this means free text messages of brand logos instead of calls. For MP3 players, the messages absolutely cannot interrupt the music.

2) Consumers increasingly expect targeted messages reflecting demographic relevance and personal lifestyle interests.

- As nontraditional media becomes more personalized and targeted, consumers express a correlating desire to receive relevant advertising. For example, they would prefer to see movie ads on entertainment sites and sports-related ads on sports news sites.
- Younger consumers need to be engaged within the first few seconds, while older consumers will accept longer, less appealing ads if the content is relevant.
- On sites where consumers post personal information, such as MySpace or Facebook, users prefer advertising that features relevant brands, products and services. Conversely, ads that are not targeted—such as a car insurance ads reaching a 14-year-old user—are viewed as annoying and lead to negative perception of advertising overall.
- Consumers are willing to trade personal information for more relevant advertising messages. Most consumers, especially the younger ones, regularly divulge demographic and personal interest information, particularly on social network sites or sites where they purchase products or services. There is a prevalent sense of resignation across age groups that personal information can be easily accessed in this era of cyberspace.

3) Resistance to advertising on non-traditional media can be offset with incentives.

- Consumers will tolerate advertising in exchange for compensation, such as offers, coupons, free ring tones and discounts on products or services.
- For younger consumers, to “break the barrier” on advertising on personal media such as mobile devices and MP3 players, there is a desire to receive something substantive and related to the medium in return, such as discounts on services, free unlimited text messages, or a discount on provider rates. Other incentives may include content perks, such as free ring tones, songs and movie downloads.

“They target us for our money, but if we’re listening to music, we’re listening to music for a reason. We’re not on TV or on the Internet where there are ads. We’re listening to our music. It’s a totally different thing.”

-14–18 year old consumer

Implications to Your Business

- 1) Advertising needs to integrate into media content both by execution and by product or service offered.
 - Advertising on these sites should be more about presence than persistence. This can set the stage for a positive brand relationship with the consumer.
 - Making the message relevant to the user’s interests communicates that the brand understands them and can strengthen the brand-consumer relationship.
- 2) Advertisers have an opportunity to meet customer needs by offering more targeted messages on alternative media.
 - Most consumers, particularly younger consumers, are willing to divulge personal information if it means better targeting for products or services relevant to their lives. Questions about gender and age do not raise confidentiality concerns and users do not see a downside to revealing that basic information.
 - Consumers often have already revealed personal interests on their social networks, such as entertainment preferences, sports and hobbies, and wish advertisers would pay attention to this information to create more relevant ads.
- 3) Advertisers should explore creative opportunities to provide relevant incentives to consumers in order to make it more acceptable and engender a positive relationship with the consumer.
 - Younger, more price-conscious consumers are particularly receptive to opportunities to save money by reducing media access fees and getting free perks.
 - The same rules still apply: ads need to integrate within the content, not interrupt it.

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