

Quocirca's Straight Talking – The New Age of Web Ads

By Clive Longbottom, Service Director, Quocirca Ltd

IPTV (internet protocol television) is all the rage in the quadruple-play markets where telecommunications companies hope to sell landline, mobile, internet access and video services. At the same time, the likes of Google and Yahoo! are looking at how they can make money by providing similar services such as streaming video.

The big problem is how this is going to be funded. With the telcos' customers driving average revenues per user (ARPU) ever lower, the hope has been on increasing advertising revenues through capturing users and using clever placement of adverts on the web, particularly through audio and video content.

But we've seen the impact of electronic advertising fall dramatically. How well disposed are you the latest craze of intrusive adverts - the ones which drop down over the page as soon as you hover anywhere near them, or that automatically take over the page until you click 'close' on them? Have you bought anything in the last month due to having seen an advert for it on the web?

Web advertising is in poor health. The click-through figures have gone from the low one-per-thousand page impressions, to the lower one-per-tens-of-thousands.

Those responsible for the marketing of web advertising then try to get the advert on more pages. However, the contra-argument to this is that it only means there are many more people not paying attention to the advert and becoming immune to the advertised brand.

With no capability to register to opt-out for such advertising (unlike the TPS and MPS services in the UK which allow you to get away from the worst of the direct telephone and paper mail direct marketing exercises), you're stuck with what the online players throw at you.

With IPTV, the problem is larger - the majority of television broadcasters are funded through advertising. Historically we sat there and watched the ad break because we couldn't be bothered to do anything else. Then along came the personal video recorder (PVR) and - presto! - we could cut out the adverts if we wanted to.

Now IPTV gives us our own PVR capability: we can time slip, fast forward, rewind, do anything to the stream if it is not too heavily controlled (and most of the digital rights management systems will still allow

adverts to be cut). So, all of a sudden, we have a massive choice of programmes that we can choose to watch, when we want to watch them - and we can do this without having to bother about adverts.

The outcome should be that the market for advertising disappears, and we are left having to pay full rate for what we want to watch. But this is unlikely to happen because everyone loses out - the advertisers lose a channel, the IPTV providers need to charge more just to survive and the consumer can't afford the ad-free channels.

Instead, through the use of IPTV, advertising will be finely targeted. Rather than broadcast adverts, IPTV providers can multicast them to those with specific profiles or even uni-cast them to specific people - a bit unnerving when the television suddenly says: "Yes, Clive Longbottom, we have the haemorrhoids cream for YOU!" but a possibility, nevertheless. If they get this right, they can actually raise their advertising rates for casting fewer adverts because the returns will be so much higher for the advertiser.

Another payment option for IPTV is different offers to different people. How about serving adverts for those who pay £20 per month, while offering fewer (or no) adverts to those who are willing to stump up £60? A sliding scale could be used for those who opt-in to specific types of advert - and as it is all based on IP, advertisers will know whether the advert was watched or not.

There's an even better way to go - in the movies, product placement is big business. Getting a telephone handset, a watch or a can of drink on to a film is the best advertising a company can get - providing that the film is a good one. The same goes for a lot of television programmes - but these tend to be more regional in their view, and the placement of a bar of Hershey's chocolate in Friends isn't worth a great deal to Hershey when the programme is broadcast in the UK.

But, hey, we're talking IPTV here - we can modify the picture on the fly. Sport is a leader in this area. Look at how, during some televised sports events, scores and team news are shown as if they are part of the playing field. Many sporting venues now have hoardings that are essentially blue backgrounds for the application of electronic advertising during televising of the game.

This idea could be extended to IPTV programmes as well. Imagine that the majority of items in a show or movie were blanks which were populated with an advertiser's offering on the fly. In the US, it's Bud and Hersheys. In the UK, It's John Smiths and Cadburys.

Take this a step further too and, for viewers of certain economic profiles, the newspaper on the table is The Sun, for others it's The Times. In the kitchen, the cereal box is Kellogg's All Bran if the programme is shown at 2:30 in the afternoon, or it's Fruiti Loops if it's 8:00 in the morning.

Sure, the way programmes are made will have to change but it is to everyone's benefit. The advertisers get their product placement, the programmes get sponsored on a worldwide basis and the viewers get subliminal advertising instead of suffering more OdorEaters or Cillit Bang adverts.

IPTV doesn't mean the death of advertising. The broadcast medium offers a new lifeline to the advertising community - provided it seizes the opportunity in both hands.

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