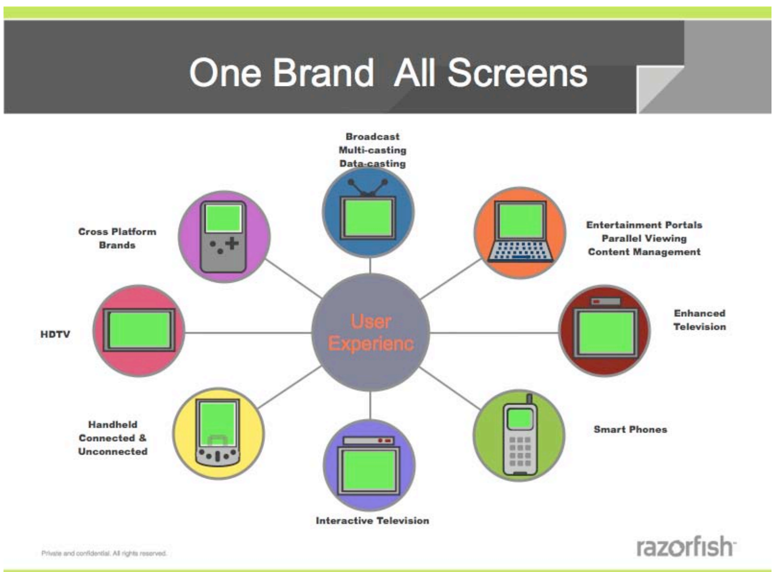
Let’s talk about our paradoxical future.
Will it be fragmentation or convergence?
Should we focus on narrowcasting or broadband?
Is it all about the HD screen or the mobile screen?
Who’s the competition? ITunes or You Tube?

We’re all trying to get a handle on the future. Back in 1999 I used to trot out this slide. One brand, all screens.



Not too far off the mark. But I never guessed it would come to this.

And yes, you can buy this at Sky Mall.com.

Obviously, what we’ve always called television is changing.

An iPod is not a television, but we can use it to watch television programming.

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A computer is not a television, but we can use it to watch television programming

And a phone is not a television, but we can use it to watch television programming.

If you remember last year I talked about this and diagrammed the different gatekeepers to a show like *Lost*. My concern was that if ABC isn’t the only “channel” or way to access *Lost*, why is the ABC brand relevant to the viewer? In other words, if I, as a viewer, can get *Lost* without ABC, why do I care about ABC?

I advocated weaving channel brands with show brands to keep our stations, our channels, our networks relevant. I still believe that but have come to realize it’s only one facet of the problem.

The true value of all these different platforms is not their ability to deliver audience to television shows, but to move in the other direction—to expand television with content that flows across multiple-media channels—using the unique qualities of each to enhance the television experience.

In this case, the Lost Experience, to deliver what is now called "transmedia" storytelling.

What is that? It can be using old media…

(ABC Lost Sawyer reads: *"I'll be the only person to find out whodunit."* :12)

Actually, you can find out "whodunit" by buying a copy of the fictional novel that Sawyer reads on Amazon.

Or hybrid media, like the ABC call-in spots for Lost’s Hanso Foundation that overwhelmed the network phone banks.

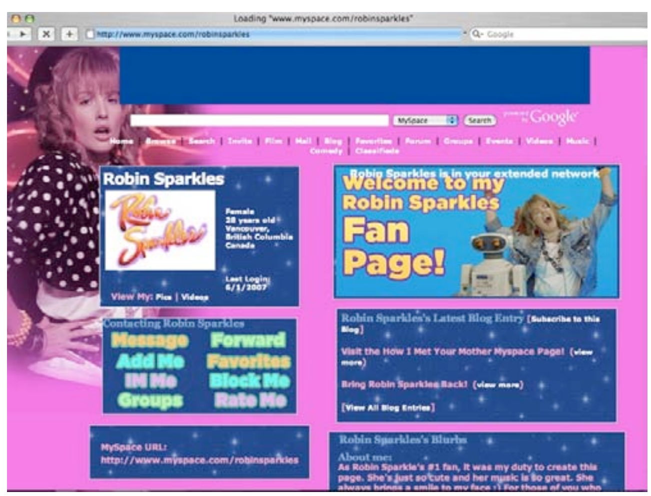
(ABC Lost Hanso :15) Or even a simple treat. **(ABC Lost Apollo :15)**

That, of course, was the candy bar Hurley finds in the hatch. Which you can get by going on-line.

Notice the connective tissue—interactivity primarily through the web. Transmedia storytelling is the real interactive TV. The opportunity for viewers to be physically involved in the story.

But don’t think this is just not just for edgy serialized dramas.

(CBS HIMYM Robin Sparkles :20)

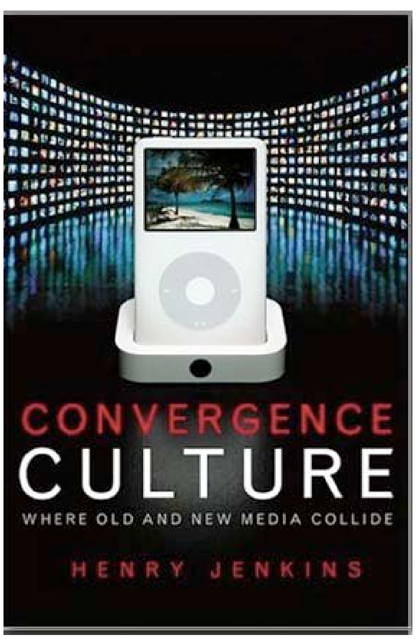


Last fall, the producers of CBS’s *How I Met Your Mother* seeded My Space with a Robin Sparkles fan page complete with a stream of the entire music video.

It became one of the most viewed videos on My Space and You Tube that week. More importantly, the show's 18-34 year old ratings jumped and the next week the show had its highest ratings of the season to date.

This is all a part of what MIT's Henry Jenkins calls "world making." "The process of designing a fictional universe that will sustain franchise development, one that is sufficiently detailed to enable many different stories to emerge but coherent enough so that each story feels like it fits with the others."

My simple analogy is being on one of those storytelling rides at Disneyland like, let's be topical here, Pirate of the Caribbean. Normally, you get in the boat and the ride transports you across a story arc with a beginning, middle and end. But what if you could step off that ride at any of the tableaus and move in a new direction, follow a new story arc? That's what transmedia storytelling is all about.



It is all a part of "Convergence Culture," the title of Dr. Jenkins book. Not a convergence of technology, but a convergence of different ways of telling different stories that all intersect.

And it's not just about creative. It's big business. It is what is driving the horizontal integration of media companies, rather than the old media world of vertical integration. It's why everyone wanted a piece of You Tube, why Rupert Murdoch bought My Space and probably why Tom Freston got fired from Viacom.

In some ways, transmedia storytelling is nothing new.

Star Trek is a “world making” brand, but it built over 40 years with old media. World-making shows, transmedia brands, are now born that way—it is the new definition of high concept, “the look, the hook, the book.”

What does that mean for us, marketers? “World making” shows—transmedia brands—are incredibly powerful. Maybe too powerful. Everyone knows Star Trek, but how many people remember what network it launched on? As Damon and Carlton said this morning, *Lost*, the series, will end on ABC in 2010, but the stories—the brand—will continue on for a long time.

I go back to the question I asked a year ago. How does ABC remain relevant?

Lost—shows—are content brands, experience brands. They have depth and breadth and meaning. They are living, breathing worlds of stories, characters.

ABC—television networks— are collective brands. Aggregators. They are the sum of their parts and their success rises and falls with those parts. Sure, they can still stand for something.

They can “know drama,” “welcome characters,” even “not be TV.”

But people interact with content, experience brands. They come to collective brands to help them find experience brands that are relevant to them.

How do we keep our collective brands relevant when the television shows we launch are actually only one facet of the experience brand? Particularly as television's dominance in the consumer media mix continues to recede?

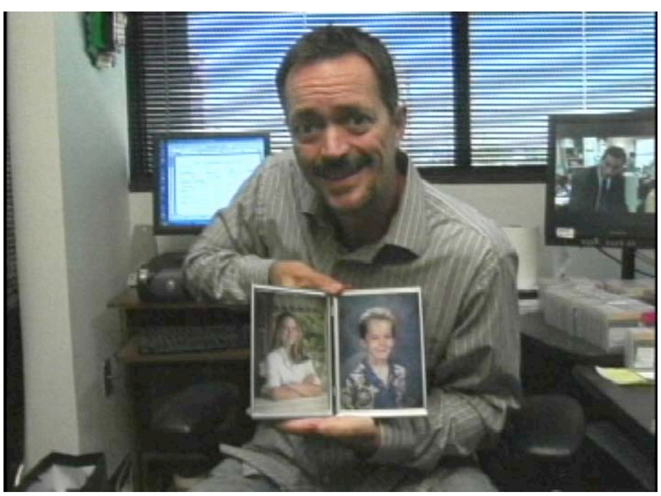
Well, the first step is making sure your TV brand is not just a TV brand. That it is a collective brand that feels native to every medium and to every platform—that it is a transmedia brand.

How do you become one? Here are my first three rules.

Rule #1. Be everywhere.

(Video: ABC Family Lincoln Heights :30) (Video: Bravo WAP Design :30)

Rule #2. Embrace everything.



(Video: NBC/YouTube Bill the Promo Guy 2:05)

Rule #3 Empower everyone.

(Video: DSC You Spoof Discovery Channel :30)

Obviously there's a lot more to transmedia brands. But I want to stop here and spend some time talking about the facet of transmedia brands we're most responsible for—television.

Television, as we know it, is continuing to split into two kinds of experiences: linear and on-demand. I believe that for many years to come both will exist side by side.

I often use the example of your car stereo system. You've got linear—radio, where someone programs the entertainment for you, and on-demand—CD, or cassette tape, or an iPod, where you program the entertainment for yourself. People move seamlessly between the two depending on the kind of experience they're interested in.

But the analogy ends there, because both linear and on-demand television are about to go through revolutionary changes.

Let's start with linear. As we've seen in the last couple of months, linear television continues to experience audience erosion, and be challenged by its inability to accurately measure its success.

Two weeks ago, Nielsen released its first pod ratings—measuring the commercial breaks. We know that we lose viewers during commercial breaks. Commercials decrease viewership. But we've always counted on content or at least the ratings for content to obscure that reality.

Advertisers, who look at the metrics of on-line advertising, want more guarantees that their expensive television advertising dollars are effective. The wobbly statistical model of program ratings is on its way to collapse.

What does happen when we rate breaks, not content?

Well, the definition of a hit completely changes. It's not the show that attracts the biggest audience. It's the show that holds on to the largest audience through the commercial break. And that's going to change everything.

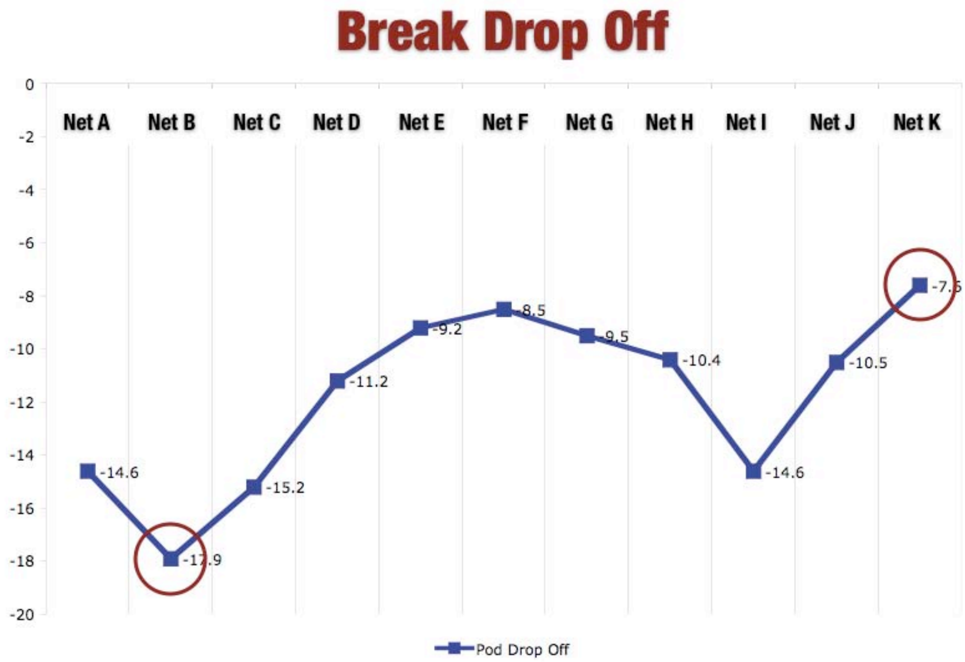
Even if you look at engagement measurement you begin to see it.

According to Impact Q Scores, shows like Desperate Housewives and ER, which consistently perform in the Nielsen Top 10 drop down to #11 and #16 respectively when measured for viewer engagement.

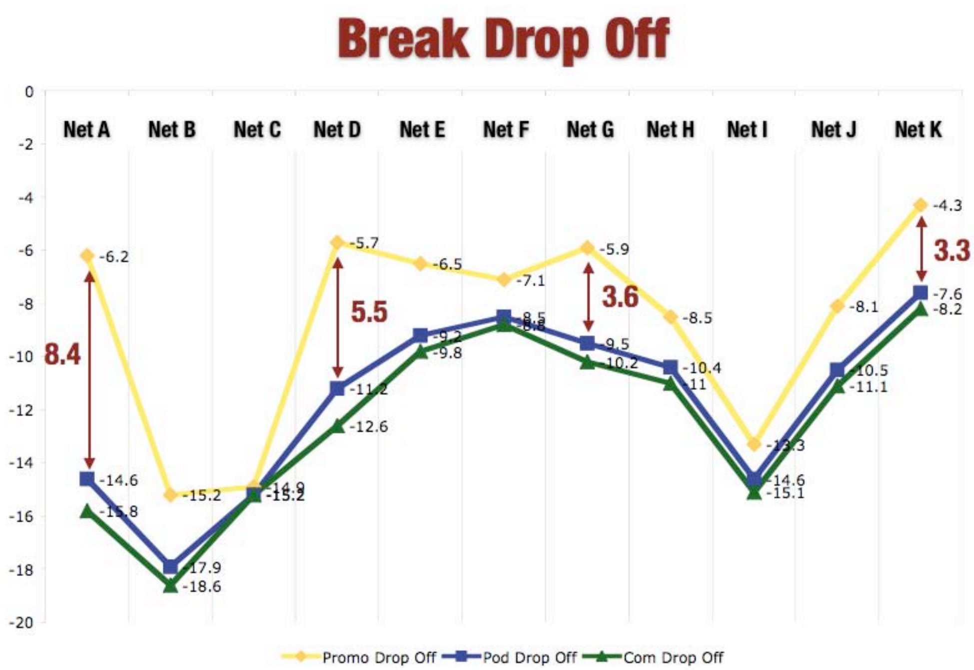
Being #1 is no longer a matter of quality content, but quality flypaper. How do you get people to stick with you?

How are we doing so far? Take a look at this chart.

Here's how 11 networks averaged over a 6-month period. This is viewer drop off during primetime breaks. As you can see, during the entire pod there is significant loss. The best being 7.6 to a devastating 17.9.



If you break it down to the individual commercial drop off, it traces a similar pattern. But look at this. The promo drop off varies wildly.



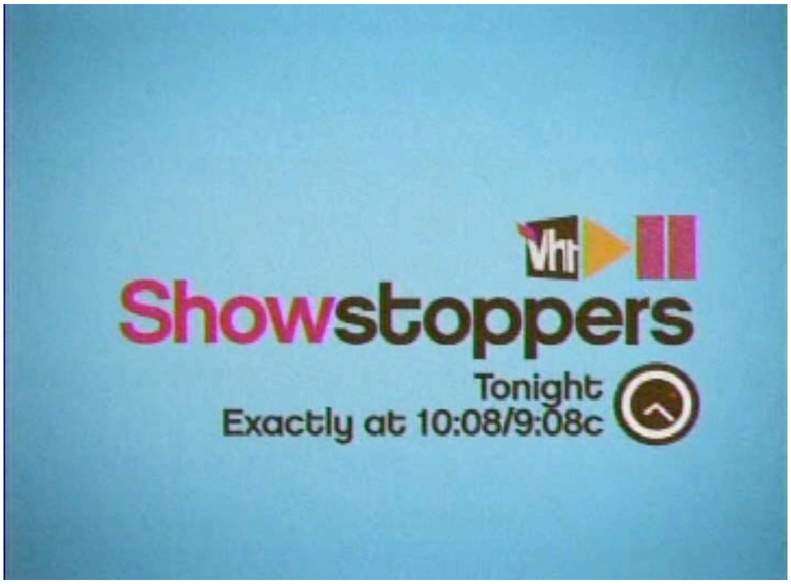
Why do some promos on some networks hold their audience? Is it the "a" position? That explains a couple, but not all. And even if it is true, how do we translate that deviation into a solution. How do we pull up commercial ratings?

Well, we've seen a lot of bold experiments this year:

The one that got the most attention from Madison Avenue seemed to be the CW with their Content Wraps—a nightly six-minute mini-program with integrated product placement divided into three two-minute segments airing at 30-minute intervals within the primetime schedule. Here's a cut down of one two-minute piece.

(Video: CW Content Wrap :45)

But arguably, E! Entertainment Television and sister network Style have been the most daring and varied with their Breakbusters. Single commercials surrounded by content, commercials surrounded by serialized interstitial content, short form versions of established full-length shows, shows within shows, countdowns, play-along games. One of my favorites is the E! News ticker that begins towards the end of a segment and crosses over into the commercial break, creating a bridge between the show and the advertiser's message. Simple and smart. **(Video: E! Ticker :25)**



VH1 also created a show within a show, but more of a variety show—Showstoppers. Not only do they meld different elements of the break together, they promote the break in spots and line-ups. Here's an example of a Showstopper promo, line-up, and an edited segment.
(Video: VH1 Showstoppers Montage 1:48)

Over at FOX they introduced what I guess you'd call a pod person—Oleg the taxi driver who appeared at different moments between commercials.

(Video: FOX Oleg x 3 :24)

And ABC decided to use accelerated flow tactics to move viewers into the break, creating near seamless transitions from program to commercial. Here are three segment "outros" from Ugly Betty, Dancing with the Stars, and Men in Trees.

(Video: ABC Outros x 3 :32)

And ABC seamlessly slides back into content at the other end of the break. Here are three "intros."

(Video: ABC Intros x 3 :45)

I think there's something to those, but I think you see the problem in the Sudafed spot. The creative needs to be contextually driven.

With some of the other experiments, I think "adding" to the break is a mistake. Clutter is an audience killer. And no matter how good your interstitial content, it will never have the same staying power as your shows.

For me, single spot breaks or reducing the break by blending promos and commercials together, I believe, is still the best bet.

(Video: USA Psych/AllTel :30)

(Video: TLC Turbo/Chevy :30)

Remember, research shows that viewers are open to our promo messages. If we can organically integrate them with our sponsors, it can be a win-win. Even just sponsored tagged promos can work, if they’re done right.

(Video: Discovery/Red Lobster :30)

See the world’s most amazing sea creatures. And then eat them!

OK. Maybe that’s not the best example. But you can just imagine some ad sales guy thinking he came up with the most brilliant tie-in ever.

What about the rest of the break?

For the last couple of years I’ve been talking about the emergence of trailer-like promotion—highly produced, intelligently written, well designed spots—as a means of engaging the audience on a deeper level. I’ve noticed some networks have embraced the concept more thoroughly than others.

(Video: DSC Pancake Trailer 1:41)

But we can’t fill every break with sixty second or two-minute promos, no matter how engaging they are. I’ve begun to notice more and more clever and highly entertaining short spots. Teases that grab your attention and capture the spirit of the series in clever metaphoric ways.

(Video: Bravo, Sci Fi, Discovery Teases :30)

OK. But what about getting rid of beaks once and for all? At least between shows. We know that’s the best place to increase ratings. Accelerated flow—reducing “psychological time” by making the break between programs seem shorter than it really is and therefore reducing the urge to change the channel—has become an art in and of itself. In the last decade we’ve moved from NBC 2000, the first squeezed credits, to near seamless transitions between shows. Some, like E! Entertainment Television jump-start the credits at the end of the last internal break.

(Video: E! Credit Example :30)

We continue through the end of the show, dip to black and fade up on the cold open of the next show.

Scripps Networks and Bravo on the other hand often bake the credits into the content then seamlessly transition to the next show. How well does it work? Here’s the end of one episode of Project Runway followed by the beginning of another.

(Video: Bravo Credit Example :15)

It’s hard to tell where one episode ends and the other begins.
Both these examples, E! and Bravo, allow for a near seamless transition from one show to another insuring minimal audience loss.

Let’s move from linear to on-demand.

We’ve seen the effects and implications of transitory technologies like TiVo, DVRs and VOD. Life-changing to be sure: viewers watch different and more. But really all they are doing is stirring the linear feed around a bit.

Let’s get our terms straight.
Video on demand is a server that sits in the cable operator’s office. He or she decides what goes on it. There is a limited capacity, because too many subscribers sucking at that server all at once will bring the whole system crashing down. The experience is similar to fishing in an ocean. There is lots of choice, lots of variety. You just have to know where to drop your net and how deep.

A DVR is a server that sits in your house. You decide what goes on it. And your capacity is limited by the size of the hard drive in the box. It is similar to fishing on a river. There are a good number of fish racing down the stream, but you have to know when to drop your net to catch what you're looking for.

But the next generation of on demand—the one that's already begun, involves a Buzz Lightyear Internet—"to infinity and beyond."

Unlimited choice. Unlimited capacity.

That's a pretty big promise. Let me show you how it's already happening.

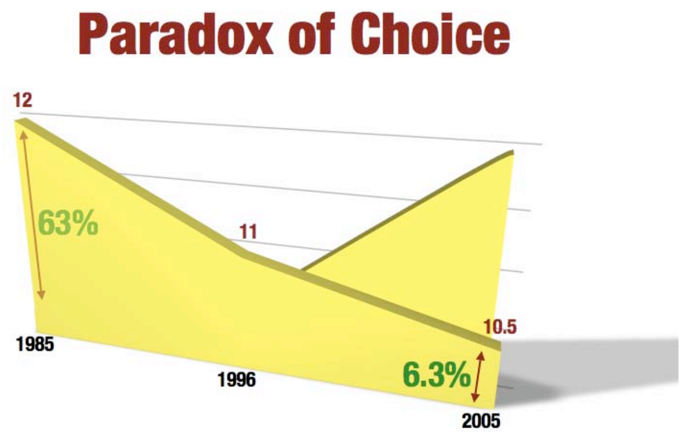
Let's start with iTunes TV Shows.

When I spoke at Promax last year there were 26 networks selling episodes on iTunes. Today there are 68, now broken up into 8 genres of Apple's choosing: comedy, drama, kids, nonfiction, reality TV, Sci Fi & Fantasy, Sports, and Teens.

Does this sound familiar? It should. It eerily parallels the history of cable TV.

If you jump back to 1980 in the states, there were about 90 million television households. Each household had between 4 and 10 channel choices. Twenty years later, in 2000, the number of households had grown to 97 million—incremental growth—but the number of channels available went through the roof. And that began what I call the middle ages of cable. People began to suffer from overchoice. Too many entertainment choices.

And with that we saw a change in behavior. The more channels that became available, the fewer channels people actually watched. In 1985, viewers watched 63% of the channels available to them. By 2005 that number had dropped to 6%. That has been called the “Paradox of Choice.” People become overwhelmed by the choices available to them and they retreat to a set of familiar channels.



But there are some real differences between satellite, cable and iTunes: its economic model: you purchase it episode by episode or series by series. And it’s platform: you watch it on a computer.

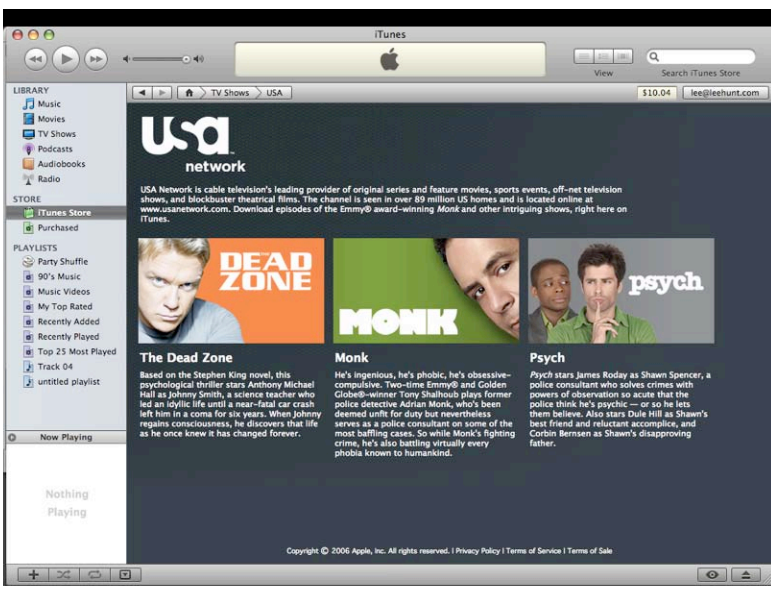
At least until a few of weeks ago when Apple began shipping Apple TV—a seamless, wireless bridge between your computer and your television.

Now my argument, comparing cable technology to iTunes, while really interesting, has another flaw.

All this assumes that with technological change what people want to watch will remain the same. Historically, that’s been true.

The CD was just a different platform for what people listened to on the radio. The platform didn't change choice.

TiVo is just a different platform for what people already watch on television. The platform didn't change choice, just made it more accessible.

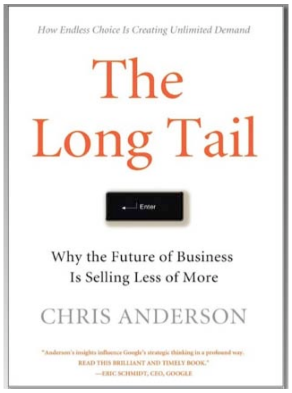


Even iTunes TV just mixes up a limited amount of popular television content.

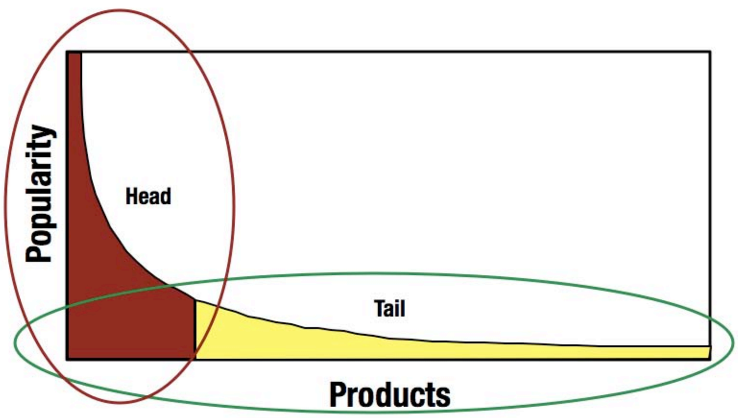
But iTunes *music*, Amazon and Netflix have all demonstrated that once you have access to a seemingly infinite amount of entertainment, it radically changes not just how people choose, but also what they choose.

It's what Chris Anderson describes in his book *The Long Tail: Why the Future of Business is Selling Less of More.*

Anderson argues that products in low demand—like obscure albums or books—can make up a market share that is equal to or bigger than the line-up current bestsellers and blockbusters, if the store or distribution channel is large enough. That's the long tail.



In other words, if you have a stock of 10,000,000 different CDs and you only sold one of each a month you'd still do better than if you sold a million copies of one hit CD. If you had a store big enough to hold a supply of 10,000,000 different CDs. Most "stores" can only afford to hold this much inventory—the stuff that sells consistently.



The store that can hold this much stuff is, of course, the Internet where the cost of digital shelf space is next to nothing.

TV deals with hits. Currently, there is no long tail in broadcast, cable and satellite television. We have limitations to our "store." There are only so many stations that can be broadcast, coax can only carry so many signals and even satellite has a finite bandwidth. Plus, more importantly, there are only 24 hours in a day to program. And three of those hours—primetime—tend to determine our success or failure.

Our economic model, up until now, has been pretty simple. We need a large audience that we sell to advertisers to cover the costs of production and distribution.

And to get a large audience, programming looks for formulas. That's why so much of television looks the same. But that will change. In the long tail, people make different entertainment choices.

Think movies.

Before the VCR we were limited to a dozen or so movies theaters showed and broadcast channels aired. With the VCR came the era of Blockbuster, where you could choose from literally hundreds of movies.

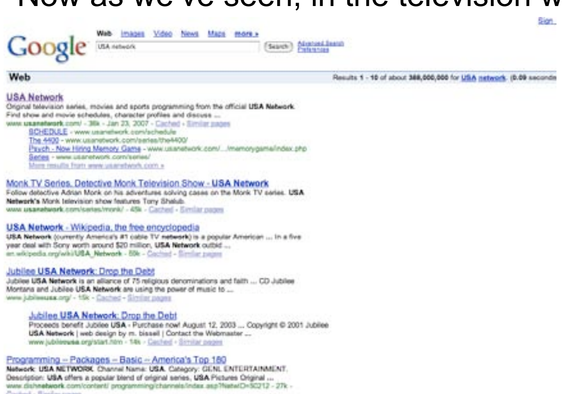
But now Netflix allows you to choose between thousands of titles. If you think about it, that's absolutely amazing.

And guess what happens when there is this much choice? What people want to watch begins to change.

In a Blockbuster store 90% of the rentals are new releases. That makes sense, that's what's on the shelves. Even with Blockbuster on-line, 70% are new releases and 30% are back catalogue.

But with Netflix, a pure Internet store, the proportion is reversed. 70% of the rentals are back catalogue. And only 30% are new releases.

Now as we've seen, in the television world that much choice wouldn't change choice, it would just give viewers a nervous breakdown.



Why does it work on the Internet? It's all about the tools.

They've got google search.

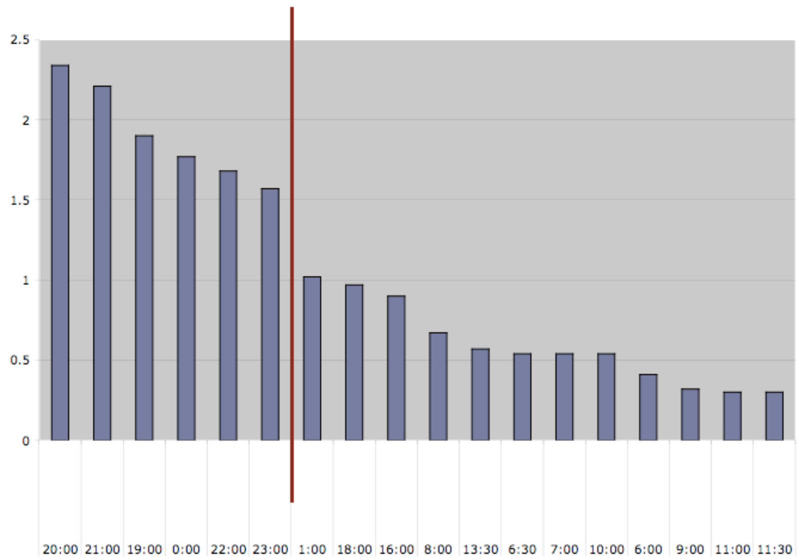
We've got IPGs, and in the majority of cable homes this: passive electronic program guides.

(Video: EPG example :10)

I'd have a nervous breakdown too if that was my search engine.

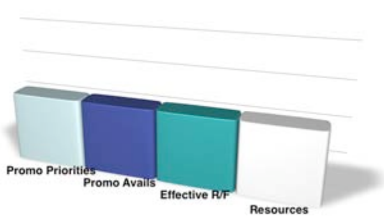
What does that mean for us? Viewers count on us—promo people—to engage and guide them. We're still selling since we still "push" our promos to viewers. We've gotten pretty good with the engagement, but as we take the leap to massive amounts of choice—the long tail, we've got to work on the guidance.

Let's try an experiment. Let's diagram the tail of a general entertainment network as an example.



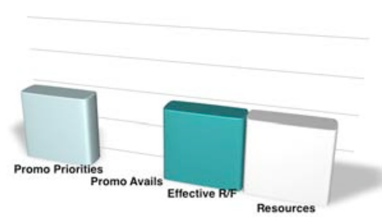
The y-axis is popularity, ratings. Along the x-axis are individual shows identified here by their time slot. As you can see there's not much of a long tail when you look at a day of this channel and it's ratings. We're limited by the number of hours in a day. Each program has to fit one after another. No overlapping. If we extended this to a week, a month, a season of the channel the tail would grow longer and longer and the head would get fatter and fatter. If we included every show this channel had ever aired, we'd have a true long tail.

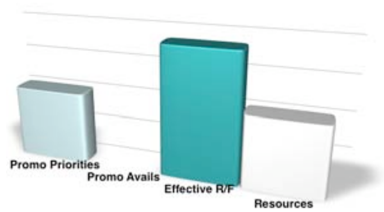
But for the purposes of this experiment, it still works. Right about here (red line) marks the end of our head and the beginning our tail: shows we don't promote.



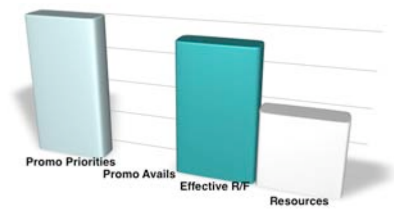
We can only service a small amount of promo priorities with our limited promo avails, the limitations of effective reach and frequency, and the finite amount of promo creative that can be made with our current staff and budget. It just doesn't make sense to spend time promoting those other shows.

But what if we could change one of the variables in this equation. What if we had no restrictions on promo avails? What would we do? What if instead of 2 minutes an hour of promo time you had 5 or 10 or 20?





Effective reach and frequency dictates that we’d stop promoting shows at a certain point to avoid over saturation and burn out.



That means our list of promo priorities would expand and our only limitation, what would hold everything back, would be the amount of new promos we were able to produce.

Well, that creates an opportunity for us right now on our websites. We have the ability to store every promo we’ve ever made for any show that’s already on the air at essentially zero cost.

Remember, the greatest strength of a promo is its ability to let viewers experience the show by sampling or trying it on for size. Letting them sample on a website where “snackable” entertainment is the norm makes sense. But what viewer would want to sit through hundreds of streaming promos hoping to see something worth checking out. Right now, we still “push” selected promos.

If we allow viewers access to all our promos, we’d need to set up a “pull” system. Let viewers select the promo of a show that’s of interest to them. Of course, we’d sort by show title, maybe daypart, talent, genre that would make it easier.

But what if they know nothing about the show? To be really successful look at the Amazon and Netflix model; collaborative filtering recommendation tools: tagging of content by viewers; grouping content into segments, “people like you also bought,” viewer recommendations and ratings.

Sorting and searching by those kinds of algorithms is the right way to help people find the material, but a more fundamental question should be do regular promos work in this space? What is the difference between “pushed” and “pulled” promo anyway?

A study this year by Dynamic Logic measured user reaction to 108 different pre-roll video ads. That’s not the same as a pulled promo, but there are some interesting implications. The study found the most effective ads, as measured by awareness:

1. **Still delivered a compelling message with the sound off.**

Something I’ve never considered before.

2. **Made the brand central to the creative (straightforward).**

Hopefully that is something we always do.

3. **Offered links to additional information online.**

Not something we normally do on-air.

4. **Made use of the companion display ad while playing.**

That’s a big difference. Being able to support our spot with banners and ads. Lots of creative opportunities there.

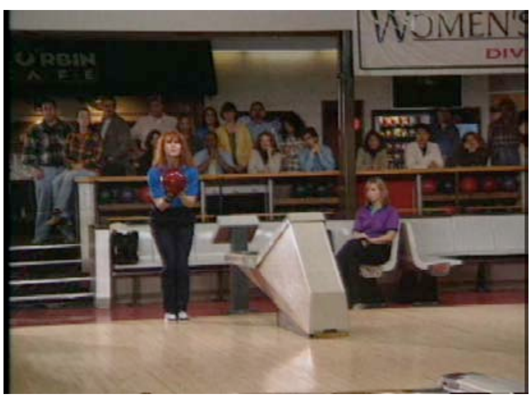
5. **Fit with existing offline ad campaigns.**

Standard Operating Procedure for us.

Overall, using an existing on-air promo may not be 100% effective.
Promos “pulled” from the Internet made need to be made a little differently.

But still, what’s the difference in creative between a “pushed” promo, one that viewers have no control over, and a “pulled” promo, one they select?
Let me give you an illustration. This is one of my all-time favorite promos.

(Video: FOX Sports Bowling/Hockey :30)



It’s brilliant. But as a pushed promo, it probably doesn’t work. The first :05 are purposely boring. That’s the set-up. But most viewers who don’t know that the spot has a twist, won’t stick around to see the ending, because the spot has been pushed on them like all the other promos and commercials. They think it will continue to be boring. But if I went to the FSN site, where I know the spots are really fun and entertaining, I’d likely watch the spot from beginning to end. That’s the beauty of a pulled promo. You have the audience’s full attention.

The reality is, because of creative narcissism, we tend to make more pulled promos. We like to believe that people watch our spots from beginning to end. Even though, more than likely, that is not the case.

I’m going to say our current promo inventory will probably work on-line.

But putting all the creative & tactical questions aside, the bottom line here is that even today, before we've opened up the long tail of television, there's the opportunity to begin to exploit the tail of our channels. As more and more of our viewers move to the web and hopefully visit our websites, we have the chance to offer them something more. We may not all be able to allow viewers to actually watch a complete show on our sites. But we can allow them to try on shows we don't have time to promote on-air.

We have always traded on affinity. With promo search tools, that ability will become sharpened. We've always counted on proximity, our messages being point of purchase, coming as close as possible to the decision making moment. And nothing could come closer than a click through.

We may lose the power of incremental messaging, the iterative process of building a brand through constant promotion, but we still have our most powerful tool—experiences—allowing people to sample or try on a piece of entertainment.

We often have scores if not hundreds of promos sitting on the shelf for shows we don't have time to promote on-air. Let's put them to use.

Time to wrap up. We've covered a lot of ground here. Overall, while the future is uncertain, I believe the need for our talent is not. As long as we understand that our future is more than TV, it is transmedia marketing. And as transmedia marketers we recognize that in order to do our jobs we need to be experts in engagement *and* guidance on every platform in every medium. We need to make sure we exploit all our technologies and take advantage of all the resources available to us—transplanting promos to the web, using collaborative search tools, fine-tuning engagement, and guiding our viewers to entertainment experiences that are right for them.

Now I thought we'd close with this year's bug collection. A random sampling of in-content messaging. Or perhaps we should call it in-continent messaging. "Pissing all over the programming."

(Video: 2007 Bug Collection :48)

If you'd like a copy of this presentation with the appropriate charts and graphics, send me an email at lee@leehunt.com and I'll forward you a PDF. Thanks for coming and enjoy the rest of the conference.