
The Future of Television Advertising

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The camera focuses on 'Bud' Miller, CEO of Ford Motors. Bud has been kidnapped by ZANNA, a terrorist organization that will use the ransom money to finance a membership drive. Although he's been captive for weeks, Bud has been able to conceal his tiny Cingular cellphone from his captors, allowing him to stay in contact with Ford headquarters. This is particularly important given the new ad campaign being created by Saatchi and Saatchi to showcase the newest model of Ford Explorer. Bud knows he is crazy not to reveal his whereabouts, but his captors are relatively benevolent (keeping him well-supplied with Pepsi and Snickers bars, because, as his captors say, "That's what Americans eat, isn't it?") and he just can't afford any delays in the start of the ad campaign . . .

Scene from the new television show, *All My Cars*

Perhaps we exaggerate when we suggest that the above vignette describes the future of television advertising, an environment in which the lines between entertainment and promotion have not just been blurred, but have been almost completely removed. Yet, as we detail in this chapter, the above scenario is not all that far-fetched. With so many technological innovations emerging that challenge the traditional method of delivering entertainment, many question the viability of television commercials as we know them. This is true not only in the trade press, but also in academe (cf. Baker 2003; Rust and Oliver 1994). Advertisers are experimenting with a wide array of solutions, many of which have been around since the advent of television broadcasting, to address their concerns over the dwindling commercial audience. However, there are also industry voices claiming that many are exaggerating the picture.

How to approach the task of commenting on the future of television advertising? The task is daunting if for no other reason than its ambiguity.

What do we mean by 'the future,' by 'television,' and by 'advertising'? With respect to the future, we have greatly restricted the time horizon, and have focused primarily on the very near future, roughly comprising the next five to ten years. Although it is possible to imagine what the far future holds (e.g. personalized ads sent directly to brain-embedded chips, bypassing conscious processing), the unpredictability of technology, advertisers, and consumers themselves makes accurate forecasting a low-probability endeavor. With respect to television, we consider the medium as it is currently used, but also consider a future that includes interactive television. With respect to advertising, we liberally include any type of paid promotion that appears within or between programming. Thus, this definition not only includes traditional commercials, but also promotional practices such as product placement, product immersion, sponsorships, or any combination of these.

Given our near-term focus, the objective is to outline the current major trends, examine them in-depth to assess their likelihood of contribution to significant future change in the industry, and to offer observations about what is likely to occur over the next decade to commercial television. One important limitation that should be acknowledged is that our assessment and critique emphasizes American television advertising. This is primarily because American television developed as a commercial enterprise and advertising has always been the major source of revenue for the industry in the USA. Although advertising is definitely a part of the television landscape in European countries, state-owned and noncommercial stations have been a major force in Europe for many years. In many European countries, these stations garner a significant share of the viewing audience. Furthermore, television in Europe is more heavily regulated than it is in the USA. Therefore, America tends to be the extreme example of both the problems and the potential solutions that likely will inform the future of television advertising.

CURRENT TRENDS

There are several trends causing both excitement and consternation in the industry. A recent review of selected trade publications (including *Advertising Age*, *Mediaweek*, *TelevisionWeek*, and *The New York Times*) offers a wide array of concerns. Despite different terminologies for related concepts, these can be loosely categorized into three major areas, the first and foremost of which is technological innovation and its implications. Of particular concern are the consequences of deep penetration of personal video recorders (PVRs) and video-on-demand (VOD). These devices allow

viewers to avoid ads within and between recorded noncommercial programs with remarkable ease, and much of the concern in the industry pertains to how to deal with this presumably inevitable loss of ad viewership. At the same time, advertisers are excited about the prospect of interactive television, which should allow for customized and direct contact with the viewer.

The second issue is in many ways a response to these technologies: the trend toward product placement, or, more broadly, product integration. Product integration involves weaving the product into the 'fabric' of the program, usually through a combination of such techniques as product placement and immersion, blurring the lines between entertainment and promotion (Shrum 2004). Given that many industry analysts believe that technology that allows viewers to avoid ads surely means that viewers will do so, these alternative tactics are an outcome of strategies to reach viewers through the programs themselves.

The third area of concern revolves around the issue of ad clutter. Over the years, two trends have clearly emerged, particularly in the USA: (a) more television time devoted to ads and (b) shorter ads. These two trends translate into a huge leap in the number of ads shown in any given time period. Industry professionals worry about two consequences of clutter: less ad effectiveness due to cognitive overload and loss of viewers due to their annoyance with the barrage of ads.

In the following sections, we address in more detail each of these issues and attempt to provide a balanced perspective on the current state of practice. As previously noted, the continued success and viability of television advertising has been questioned time and again, particularly when the discussion focuses on the effects of new technologies. Of course, this is to be expected: new technologies often spawn apocalyptic visions regardless of the domain, and provide substantial material for science fiction writers (see Chapter 3). Moreover, it can be very exciting to think about a brave new world in which technology has fundamentally changed the way we live. Yet two points are often overlooked. With respect to the end-user (i.e. the viewer), old habits are often difficult to break, so the diffusion of technologies and their correspondent effects usually take much longer than is predicted. With respect to the producer (i.e. the advertiser or network), it again is the case that old habits are hard to break, so the 'tried-and-true' methods typically have remarkable staying power in spite of predicted revolutions in business practice. Nevertheless, when faced with real and imminent threats, businesses often prove eager to adopt new methods for dealing with change. For these reasons, it is important to assess the proper weight to be assigned to particular threats.

Technological Innovation

The greatest area of concern for the industry involves technologies that allow for greater viewer control over ad exposure. Whether they take the form of VOD, PVRs, or interactive television, their threat to traditional viewing habits is fairly clear. VOD refers to the ability of networks to provide programming to individuals at any time, rather than at a specific scheduled time for a mass audience. PVRs are devices that allow individuals to easily record programming and avoid undesirable elements (such as ads). Interactive television will allow viewers to interact directly with producers to influence specific aspects of programs.

VOD's threat pertains to its ability to provide easy access to alternative programming such as movies. Networks worry that such greatly expanded program choice, and particularly *commercial-free* program choice, will siphon away viewers from their own advertising-supported programming. The threat of the PVR is in its ability to easily avoid traditional ads. PVRs allow users to record a program in digital format, store the information on a hard drive, and play back the program at the users' convenience. Moreover, this playback can occur in real time such that the user can pause a 'live' event and start playing it again without missing any programming. Most important from the network and advertiser perspective, PVRs allow for very quick and efficient skipping through recorded segments such as ads. It is estimated that the household penetration of PVRs will be over 20 percent in the USA, France, Germany, and Great Britain by 2007 (Green-span 2003) and that worldwide shipments of PVRs will be over 30 million units by 2007 (In-Stat/MDR 2004).

It seems clear that these new technologies have the very real potential to change the way we view television. Research indicates that 70 percent of PVR users report skipping ads (Baron 2003). Additionally, a viewer can give a program (such as a sporting match) an hour head start, then tune in and fast-forward through uninteresting parts (e.g. lulls in the match). However, the new technologies also allow advertisers to adapt to their advantage. For example, interactive television, which will allow viewers to interact with the show, request information, and even change endings, will also allow advertisers to provide very targeted, customized ads to individual viewers. This type of technology should greatly enhance the efficiency of ads and media buys.

Product Integration

Product integration is the tactic that advertisers have adopted to combat the ad-zapping possibilities of new technologies. It essentially involves

weaving the brand into the programming. The logic of many advertisers is that they want to become 'zap-proof,' and one of the ways of accomplishing this is to get out of stand-alone ad insertions and into the program itself. It should be noted that the extent of the practices discussed in this section vary dramatically across countries. Most of this discussion draws from what is happening in the USA; product integration has traditionally been severely restricted in many European countries.

Product placement

One of the well-known forms of integration is product placement, which involves having the brand visible in a scene, such as a Viking range in a kitchen or a character drinking Coca-Cola. Until recently, product placements tended to be more prevalent in films than in television, if for no other reason than regulation: placement within films is largely unregulated, whereas regulatory agencies in the USA and the European Union (EU) have restrictions regarding paid placements for television programming. Of course, films typically appear later as televised movies, and advertisers are developing clever ways of getting around the 'paid' aspect of placements. In particular, complex barter arrangements may be used in which actual cash does not change hands, but the advertiser supplies a free location for filming (e.g. a department store), free products for the production crew (e.g. cars, computers), joint promotions of the film or program, and so forth (McCarty 2004). Although the amounts 'paid' by the advertiser may seem minimal compared to the cost of advertising, they are often crucial for program production. In many cases, it may mean the difference in being able to produce a particular program.

Recent content analyses provide a glimpse of current practice and future potential. For example, in a study that assessed the top three American networks (ABC, NBC, and CBS), fifteen branded products appeared in the average 30-minute program, of which approximately 40 percent were negotiated product placements (Avery and Ferraro 2003). Although the presence of product placements revealed in this study was significant, there is clearly potential for additional placements (by either increasing the number of branded appearances in a program or increasing the percentage that are negotiated placements).

With respect to product placement in Europe, the EU as a whole and individual European countries have enacted much stricter limitations compared with those in the USA. Generally, a product is allowed to be in a scene only to the extent that it is essential to the story. However, the restrictions are difficult to enforce, and the practice appears to be evident in numerous countries in Europe (Freys 1993). Over the last decade, there have been suggestions made by many to legalize the practice (Cowen

2003), motivated to some extent by the presumed diminishing impact of traditional advertising.

The possibilities for an expanded presence for product placements have spawned a cottage industry of firms that specialize in brokering such placements. Placement brokers contract with companies interested in having their products placed in films and television programs, arrange for a network or film company to supply them with scripts in progress, read through the scripts to determine points in which it would be reasonable to show their client's product, and then negotiate for placement (Ganguzza 2002). The negotiation may involve varying levels of influence on the nature of the script. At the simplest level, it may involve something as innocuous as a mention in a script of a desktop computer being used, and the placement broker merely asking whether it could specifically be an Apple computer. However, the broker's client may be in the process of rolling out a new laptop, and thus the broker may ask if the script could be altered such that the desktop computer becomes the new Apple laptop. Still more influence on the script process might occur if no computer is specifically called for, but could be easily integrated into the scene, and thus the broker negotiates the inclusion of the product category into the program.

The extent to which the product placement process intrudes on the creative vision of writer and producer can vary substantially. Although many placement brokers are adamant that they do not want to inhibit creativity in an effort to promote their clients' products, and in fact suggest that to do so would actually hurt the industry (Ganguzza 2002), it is also clear that it is in the client's best interest (and therefore the broker's) to do whatever is possible to secure the placement, and it may be difficult for a producer running overbudget to turn down some sort of financial incentive. Indeed, some placement brokers are becoming so sophisticated that they get input from producers, writers, and advertisers as to how their client's product could be integrated into a script in a creative way (Whitney 2003).

Product immersion

It is one thing for a brand to appear as a placement in the background of a scene, but quite another for it to be an integral part of the storyline. Clearly, within certain constraints of realism, the impact of being an integral part of the story plot should be substantial. Product immersion refers to this process of weaving a brand into the forefront of a story rather than into its background. Thus, for example, ABC has incorporated Revlon into one of its soap opera plots, and it has been reported that NBC will integrate a new Avon cosmetic line into three episodes of its soap opera *Passions* ('Product Placement' 2003).

Placement-friendly program development

Given the phenomenal success of product placement (McCarty 2004) and the consequent eagerness of advertisers to reap additional benefits, it has not escaped the notice of networks and program producers that certain types of programs may be particularly conducive to product placement. However, it is important that there is a 'fit' between the program and the product being placed within it.

Product placements have become part and parcel of such reality shows as *Survivor*. In this case, it is natural to focus on a beverage if the contestant is suffering from extreme thirst. A reality show called *The Bar* on Scandinavian television uses furniture supplied by the Swedish furniture manufacturer IKEA (Marsh 2001). But why stop there? It is a logical step to develop a program in which the products themselves are a major focus. In ABC's *Extreme Makeover: Home Edition*, which is sponsored by Sears and includes frequent placements of their tools and appliances, a team of designers and workmen race to completely renovate a house in just a few days. In Discovery Channel's *No Opportunity Wasted*, contestants are challenged to 'live in the moment' and attempt to fulfill a dream, such as being a rock star. Mastercard sponsors the show because they believe that the challenge theme of the program is consistent with their brand identity (Stanley 2004). Contestants are given \$3000 credit on Mastercard for their attempt to fulfill their dream. Another example is *Queer Eye for the Straight Guy*, a reality program in which five gay men give a heterosexual man a fashion and lifestyle make-over (hair, clothes, home decoration, food and wine, etc.). Clearly, this is an ideal show for a variety of product categories to be promoted, and many of the placements on *Queer Eye* have resulted in phenomenal sales increases (Song 2003). In general, reality shows are an excellent venue for product promotion and these kinds of shows have become popular in several countries. For example, versions of the Dutch program *Big Brother* have found success in the UK, the USA, Italy, France, and Spain (Riding 2001).

Client-developed programming

Although it has not yet happened in the current television environment, the next logical step in developing product integration opportunities is for brands to create the programs themselves. Assuming the programs are in fact popular, it is a win-win situation for networks and advertisers. The networks avoid the expense of costly program production, and the advertisers avoid the time-consuming process of negotiating the quantity and quality of placements. At one time, Ford was rumored to be creating a prime-time drama in which Ford cars and trucks were shown prominently

throughout the program. This creative endeavor is similar to the series of films that BMW created and offered via the Internet in which their cars were not only featured prominently, but were in fact intended to be the stars of the show. Time will tell whether such practices will make their way to television. Regulation will also affect the extent to which this may happen. The 'Television Without Frontiers' directive of the EU states that advertisers and program sponsors cannot influence the editorial content or scheduling of the programs (Aubry 2000). Therefore, it is unlikely that such collaboration will make its way to European television in the near future. In the USA, such production by advertisers may also be avoided, as it is reminiscent of problems in the early days of television, when such influence over programming by advertisers led to quiz show scandals.

Program sponsorship

Also increasingly popular as a promotional strategy are sponsorships, which refer to situations where the advertiser pays all or some of the production costs of the program, such as a televised sporting event. In the USA, the sponsors receive frequent mention (e.g. 'Brought to you by...'), often purchase a significant portion of the advertising for that program, and now receive product placements in the package. Sponsorship in European countries is generally more restricted. For example, regulations in the UK restrict what can be said in the sponsorship credit and when the credit can appear in the program. However, there is evidence that some of these restrictions have begun to relax in recent years (Carter 2004).

As previously noted, Sears has sponsored a reality home improvement program that prominently features their products. Another example is *Pepsi Smash*, a summer live music series in which Pepsi is the primary sponsor. In exchange for sponsorship, Pepsi contributed significantly to the production costs, is mentioned prominently throughout the broadcast, and receives numerous product placements (Bachman and Flass 2003).

It is interesting to note that the concept of sponsorship is not at all new. In fact, many early American programs were sponsored by single advertisers. Examples from the 1950s include *Goodyear TV Playhouse* and *Kraft Television Theater*. These shows were controlled by a single sponsor and the ad agencies acted as producers and fought for control of programming. There was a tendency for commercial messages to be blended into the programming of the shows (Fox 1984). This practice was stopped primarily due to the quiz show scandals of the 1950s, which revealed that the contests were in fact rigged, and thus the supposed 'reality' nature of the programming was actually scripted. Ironically, some of the same

charges have been leveled against today's reality television programs (Soriano 2001).

The common thread underlying all of the different types of product integration is that the advertiser is as much partner as client with the networks in the production process (Consoli 2003). Whereas advertisers once were solely given consideration in terms of placements within programs and the avoidance of programs whose content might reflect negatively on the advertisers, the advertisers now have much more input into the actual programs, which are increasingly becoming showcases for the brands that are placed within them.

Advertising Clutter

Advertising clutter refers to the proliferation of advertising that produces excessive competition for viewer attention, to the point that individual messages lose impact and viewers abandon the ads (via fast-forwarding, changing channels, quitting viewing, etc.). Two particular trends in television advertising practice in the USA contribute to this clutter: (a) the increase in the number of ad minutes per program hour and (b) the use of shorter commercials (e.g. 10- and 15-second ads). These two trends have produced an environment in which the viewer is bombarded with a constant stream of rapid-fire ads, and industry analysts rightly worry that viewers will become alienated.

To truly understand current trends in ad proliferation, it is necessary to view current practice within its historical context. In the 1950s, the standard length of American commercials was 60 seconds and the networks did not sell advertising in smaller units, although the practice of 'piggybacking' (i.e. ads for two unrelated products presented in the same 60-second commercial slot) began around 1956 (Martilla and Thompson 1966). In the early 1970s, the networks finally recognized the interest in shorter ads and began to sell 30-second spots (*Advertising Age's History* 2004). The 30-second spot became the norm during the 1970s, with a majority of spots being 30 seconds in length from the early 1970s until today (Cobb-Walgren 1990). In the mid-1980s, 15-second spots became relatively common. In 2002, the majority of spots were 15 or 30 seconds, and only 6 percent were 60 seconds in length (Television Bureau of Advertising 2004).

More striking is the increase over time in total ad minutes. In the early 1960s, the National Association of Broadcasters (NAB) revised their code to limit the number of commercials per hour, the number of minutes of commercial time per hour, and the number of products advertised in a commercial (Campbell 1999). However, piggybacking of ads continued throughout the mid-1960s, and it was estimated that up to 25 percent of 60-second ads were piggybacks (Martilla and Thompson 1966). Although

more 30-second spots were being sold in the 1970s, the amount of commercial time per hour remained fairly constant, given that the NAB code dictated the amount of time that could be devoted to nonprogramming time.

In 1982 the US Department of Justice (DoJ) brought an antitrust lawsuit against NAB. The DoJ took the position that limiting the length and the number of commercials per hour effectively constrained the supply of ad time, artificially increasing the price of time to advertisers, thereby violating federal antitrust laws (Campbell 1999). Because of this lawsuit, the NAB ceased enforcing the code, effectively allowing networks and local stations to sell more advertising time per hour. From slightly over five minutes of advertising per hour for prime time programming in 1986, prime time advertising time per hour began to rise in the mid-1980s (Kent 1995). Note that American 'prime time' occurs between eight and eleven p.m. on the East and West coasts, and between seven and ten p.m. in the central region of the country. Fig. 6.1 shows the ad minutes per prime time hour from 1992 to 2001. As the graph illustrates, ad minutes have increased from just under 10 minutes per hour in 1992 to slightly over 12 in 2001, a 140 percent increase from the 1986 levels and a 24 percent increase in just the last ten years.

Other day parts have an even greater number of ad minutes, and these have also increased over recent years. Table 6.1 shows the number of minutes of ad time in 1992 and 2001 for the various day parts. All day parts except local news have shown a clear increase since 1992. Note also that these figures are based only on the major broadcast networks. On many cable channels in the USA, ad minutes per hour can run well over 20 minutes, even during prime time.

According to a study from PhaseOne Communications, the total break time for prime time has increased over the past decade (Misdom 2004). Total break time includes commercials, sponsorship announcements, promotions, teasers, and public service announcements. The average time for these messages during the three hours of prime time increased from 38.7 minutes in 1991 to 52.7 minutes in 2003 (roughly, an increase from 13 to 17.5 minutes per hour), as shown in Table 6.2. The average length of breaks has also increased over that same period of time, resulting in the total number of breaks declining during prime time (see Table 6.2).

These numbers suggest a startling amount of advertising during a given hour of American programming. Contrast this with the early days of television, when there were typically four commercial breaks lasting two minutes each per hour, and today's viewers are treated to twice as many ads (and, of course, much less programming content). Given that the majority of spots are now 30 seconds in length (rather than the minute-long commercials of the past), with some 15-second spots thrown in for good measure, one can appreciate the information overload consumers no doubt experience as a result. Additionally, the fact that adver-

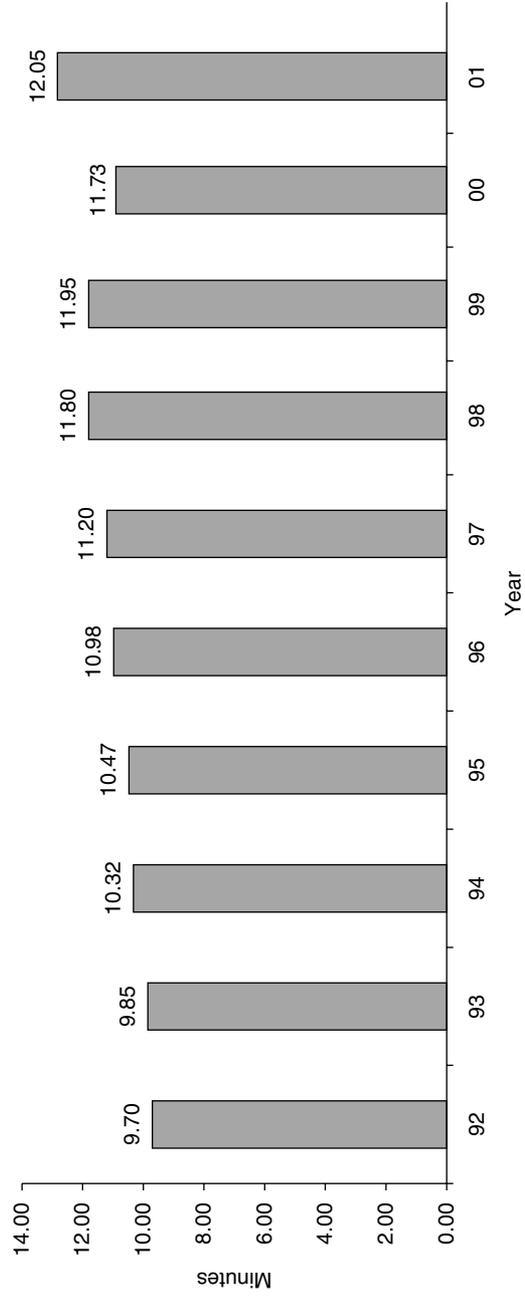


Fig. 6.1. Advertising minutes per prime time hour on US network television
 Source: American Association of Advertising Agencies and Association of National Advertisers, Inc.

Table 6.1. Minutes of advertising time per hour for day parts, network television, USA (1992, 2001)

Day part	1992	2001	Percent change
Network news	14.12	15.67	11.0
Local news	13.80	13.87	0.5
Early morning	13.82	14.93	8.0
Daytime	14.80	17.23	16.4
Late night	13.93	15.85	13.8

Source: American Association of Advertising Agencies and Association of National Advertisers, Inc.

Table 6.2. Analysis of commercial break time, network television, USA, for total 3 hours of prime time

	1991	1998	2000	2003
Total break time	38.73	47.64	49.94	52.72
Average break length	1.77	2.17	2.95	3.16
Total number of breaks	22.33	22.00	17.00	17.00

Source: Misdom (2004), PhaseOne Communications.

tisers currently produce fewer commercials (Ephron 2003) suggests that viewers end up watching the same ads repeatedly. Even very creative spots are likely to wear on viewers if they see them several times per hour.

At present, clutter is not as much of a problem in Europe, compared to the USA. Table 6.3 shows the average minutes of advertising per hour for four countries in Europe and the USA for four different years. For each of the countries, the amount of advertising of the major stations or networks is

Table 6.3. Average number of minutes of advertising per hour (Average of top networks in each country)

	1996	1999	2001	2003
UK ^a	7.00	7.00	7.00	7.00
France ^b	4.79	5.84	4.19	4.96
Germany ^c	7.33	8.72	6.49	8.40
Italy ^d	7.63	9.62	7.24	9.61
US ^e	13.63	14.72	14.97	N/A

^aAverage of stations ITV, Channel 4, Channel 5, and GMTV. ^bAverage of stations TF1, France 2, France 3, and M6. ^cAverage of stations RTL, RTL 2, SAT.1, and PRO 7. ^dAverage of stations Canale 5, Italia 1, and Rete 4. ^eAverage of networks ABC, CBS, NBC, and Fox. Note that these numbers differ from Fig. 6.1 because they include all day parts (Fig. 6.1 is prime time only).

Source: European data from ZenithOptimedia, *Western Europe Market & MediaFact, 1996–2003*; US data from American Association of Advertising Agencies and Association of National Advertisers, Inc.

averaged. The average minutes of advertising per hour in each of the European countries is below ten minutes for all four years. The amount of advertising in the UK is consistent, averaging the maximum amount allowed for each of the years. For the other European countries, no clear trend in the amount of advertising is apparent. By contrast, there is a trend toward more minutes of advertising per hour in the USA across the same years.

POTENTIAL SOLUTIONS TO THE CURRENT INDUSTRY CRISIS

In the previous section, we detailed trends that are developing in the relations among advertisers, networks, and viewers. Although the short-term future of some of these trends seems self-evident, it is unclear they will last for a significantly long time. Moreover, the longevity of each of the trends (technology, product integration, and clutter) is dependent on the viability and longevity of the others. In fact, it is difficult to overemphasize the irony of this interdependency: growing dissatisfaction with advertising due to excessive clutter fuels demand from viewers for technologies that will allow them to bypass the source of dissatisfaction, which in turn fuels demand from advertisers and networks to develop technologies and promotional practices that will allow them to bypass viewers' efforts to bypass that dissatisfaction. In the following sections we assess the longevity potential of each trend. We also make predictions and suggestions about what each trend, or its consequences, will or should look like in the near future.

Technology

As noted earlier, the PVR has prompted a number of pronouncements that television ads are heading toward a quick death. The popularity of PVRs is very high among those who have them. One study found that 23 percent of PVR owners indicated they avoided all commercials and more than 20 percent indicated they no longer watch 'live' television but instead only watch via their PVR (Chunovic 2002). However, assessing the success of technological innovations can be tricky. Indeed, the penetration of PVRs appears to be only about 4.5 million units worldwide as of the end of 2003 (In-Stat/MDR 2004). Such low penetration may result from an enthusiastic but small market of consumers who are willing to change their viewing habits, or it may result from the inability of PVR manufacturers to intensively produce and distribute their product.

In addition, legal issues surrounding the use of recording devices such as PVRs are far from clear. Some legal opinions have even suggested that fast-

forwarding through ads is illegal (Felten 2003), and networks sued one PVR provider (now bankrupt) for its inclusion of an option allowing viewers to automatically skip ads. Thus, just as with videocassette recorders and audiocassettes, the affected industry tends to mount legal barriers to the penetration of the technology. However, in most cases, these barriers serve to only slow the diffusion of technology.

Product Integration

At the time of this writing, the use of product integration, in all its various forms, is widespread in the USA. The logic underlying its use is that if it is the case that viewers are annoyed with advertising (both in terms of quality and quantity), skipping ads when they can and ignoring them when they cannot, advertisers can circumvent this practice by getting their products into the program. This logic has some immediate, short-term appeal, but unfortunately tends to break down upon closer scrutiny. The problem lies in how the practice is executed, the extent of the integration of the product into the program, and how viewers react to the practices. Each of these has ramifications for understanding the potential effectiveness of product integration.

The level of product integration has important implications for the viability of the practice. The industry thinking seems to be that more intrusiveness equates with more effectiveness. Presumably, the industry also feels that being noticed a *lot* is a key to placement effectiveness, although there is an understanding that as a placement becomes more intrusive and overt, it needs to be seamless so that it does not register with viewers as an outright product plug. This notion is also starting to influence the measurement of placements. iTVX has launched new software that evaluates how integrated the brand is into the scene, how clearly visible the logo is, and how seamless the placement is. The software combines these assessments with how many times the episode has run to assess overall impact in terms of monetary value (Sherman 2003).

The notion of intrusiveness presents a paradox of sorts for marketers (Ephron 2003). Even though intrusiveness may in fact increase awareness and recall of placed brands, the intrusiveness may also entail a different type of mental processing. Friestad and Wright (1994) addressed this notion in their *persuasion knowledge model*. In their view, consumers have a schema regarding marketers' persuasion attempts. When consumers are confronted with what they believe to be a marketing attempt, they process the information differently than if they did not recognize the attempt as persuasive: they scrutinize it more carefully, argue with the message, and effectively change the meaning of the message (McCarty 2004). To the extent that the placement is more noticeable, it is more likely to be recognized as a persuasion attempt. However, most marketers also seem to believe that unless the product is

noticed, it cannot have an effect, in terms of either increased awareness or more favorable product attitudes. In other words, 'If you notice, it's bad. But if you don't, it's worthless' (Ephron 2003: 20).

Recent scientific research on how people process information contradicts this view, however. Research in cognitive and social psychology clearly shows that learning, preference formation, and persuasion can occur outside of conscious awareness (see Erdelyi and Zizak 2004; Zajonc 1980). Moreover, not only can information be stored outside of awareness, it can be retrieved outside of awareness as well (Jacoby 1984; Schacter 1987). It is possible that product placements can avoid being overtly noticed by viewers—and thus avoid activating consumers' persuasion schemas—and still have the types of effects that marketers desire. Of course, it is one thing to show support for these processes in the lab and quite another to show effects in the field. Still, as Law and Braun-LaTour (2004) noted, *new* methods should be developed for measuring the effects of product placements that operate at a low level of awareness. Current methods are inadequate precisely because they assume that even if the encoding of information into memory is not conscious, it should still be possible to consciously retrieve those memories. Thus, methods need to be developed to ascertain the effect of both nonconscious encoding and nonconscious retrieval.

This discussion clearly implies that less overt placements may actually have the greatest long-term effects, particularly on more complex processes like attitude change. But how does a product get mentioned and handled 'covertly?' In addition, what are the implications of the overt versus covert distinction on more integrated practices such as product immersion and integrated sponsorships? Clearly, the entire premise of these practices is their overt nature. In our view, the answer to these questions lies in the notion of *fit*; that is, the extent to which the product placement fits with the plot and scene structure. The notion of fit is important because it focuses on not simply whether a placement is noticed, but *how* a placement is noticed. A product placement may be a relatively seamless one in which a logo, product mention, or product use makes sense, both in terms of the plot and the filming. For example, viewers will likely tire (if they haven't already) of the constant, overt logo or brand name placements in which an actor awkwardly drinks a beverage so the brand name is never obscured, or the camera lingers on the grill of a car just a little longer than seems normal so that the logo registers more deeply. Such devices can annoy viewers because they interrupt the feeling of 'transportation' into the program, and they may also activate processing effects that serve to raise defenses against persuasion (Friestad and Wright 1994). In addition, the process of transportation, in which the viewer feels transported into the program or film itself, has been shown to increase the persuasive power of fiction (Green et al. 2004), and thus interrupting such transportation actually works against the goals of the placement.

The same notions of fit and seamlessness are equally applicable to practices such as product immersion and integrated sponsorships. For example, viewers have become accustomed to the close link between sponsorships and sports (see Chapter 5). Not only are many sporting events sponsored (e.g. the Nokia Sugar bowl for American college football), but logos appear on golf bags, shirts, and caps, and brand names are widely apparent at NASCAR races. Thus, it may not have caused that much viewer disruption or annoyance when the American network Fox Sports entered into sponsorship agreements with various beer and automobile makers, allowing their products and logos to be prominently displayed and mentioned in programs like *The Best Damn Sports Show Period* (Linnett 2003). Similarly, reality programs such as *Queer Eye*, in which the focus on particular products is an important part of the plot, make for a relatively seamless fit between the placement and the entertainment value of the program.

Despite these examples, it remains unclear whether advertisers and networks can hold the line on excessive proliferation of these practices to avoid such an oversaturation of product integration that viewers cannot escape noticing. Networks clearly are very enamored of the reality genre of programming, for at least two reasons: (a) the programs are relatively inexpensive to produce and (b) they provide ready-made vehicles for placement, which generates more money on top of the normal revenue for the traditional ads. However, even if these programs remain popular with many viewers, excessive reality programming reduces the viewing options for people who do not like them, making it likely they will turn to entertainment other than television.

Ad Clutter

Ad clutter is perhaps the most potentially vexing problem that advertisers and networks face. Clutter results from too many ads competing for the viewer's attention, thereby reducing the effect of any particular ad. However, the solution to the problem of clutter would require some decisions that may prove to be too difficult for networks and advertisers; networks would have to reduce the amount of ad time they sell and advertisers would have to make longer ads.

Despite the difficulty of these decisions, we argue that they are precisely ones that networks and advertisers should make. The current state of advertising will surely be untenable as technology provides viewers with more options. Not only will viewers likely leave traditional television programming, but also the excessive clutter will reduce the effectiveness of ads. Persuasion is a complex process that takes time. Viewers must not only be induced to attend to the ad, but to also elaborate upon it in their

minds. This capability is surely absent in the 10- and 15-second ads and it is unclear whether 30-second ads do it particularly well either.

Nonetheless, there is some evidence that advertisers and networks may be willing to make some of the required changes. Some marketers are developing longer commercials that more resemble the programs themselves in that the focus is as much (if not more) on the story as on the product. These so-called 'advertainments' are short stories that use sponsorship and relatively minimal product placement. For example, the American sports network ESPN helped Sears create a short, six-minute program called *The Scout*. The program is shown in 90-second segments on ESPN's *SportsCenter*. ESPN also has plans for another short film to be sponsored by Miller Brewing (Ives 2004). These efforts resemble the innovative short films that were created by BMW and offered via the Internet, but with fewer and less overt placements.

These efforts appear to be an innovative attempt to address the clutter issue. But one important issue still remains: Do these advertainments take the place of ads or the place of programming? Clearly, to address clutter, it must be the former. However, a concern is that rather than replacing the current, overexposed ads, they will replace programming, thereby reducing the value of the entertainment program that induced viewers to watch television in the first place.

CONCLUSION

Our purpose in this chapter was to assess the current state of television advertising with a particular eye toward trends over the next decade. Although this time horizon is very conservative, it seems somewhat pointless to speculate on what advertising will look like twenty or thirty years from now when all of this depends on precisely how advertisers and networks address their near-term problems. For example, much of what has spurred a near panic in the industry is the threat of technologies such as PVRs. Yet the appeal of this technology is almost solely a result of the current state of television advertising (such as ad clutter and program alterations). It may well be that if advertisers and networks addressed the customer dissatisfaction issue, by making programs more appealing (i.e. with fewer ad minutes, and thus longer shows) and ads more appealing, then the desire to aggressively seek out these new technologies might lessen.

Unfortunately, this is not likely to be the case. Advertisers seem to think that consumers do not like television advertising. If not simply wrong, that notion may be a gross overstatement in that consumer attitudes are more positive than commonly believed (Shavitt et al. 1998). Commercials are some of the most talked-about, most-remembered, and hence, we would

argue, most effective marketing phenomena. In the USA, programs devoted exclusively to ads are common (e.g. *The World's Funniest Commercials*), Super Bowl advertising is discussed frequently on news programs both before and after the game, and many viewers even indicate they watch the Super Bowl just to see the ads.

What consumers do not like is *bad* advertising (and too much of it). Yet advertisers seem reluctant, if not unwilling, to squarely address this issue. Instead, advertisers assume that in order to get viewers to watch ads, they must be tricked into doing so. As Kalter (2003: 18), CEO of Doner Advertising recently argued, advertisers are 'treating consumers as wild animals that must be trapped inside an advertising "environment,"' and 'the underlying message is one of hostility, distrust and disrespect.' We wholeheartedly concur with this view.

So what is the future of television advertising? Does the opening vignette paint an accurate picture of the viewer landscape to come? Although such a scenario may come to pass, we doubt that it has a prolonged future. Once complete saturation is reached, viewers will likely be sufficiently repelled that they will turn to other sources of media entirely. Perhaps they might even return to print.

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