

THE HARMELIN MEDIA REPORT

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Second Life by Patrick Cleary

My mother, like most mothers, told me that I could be anyone and do anything in the world that I wanted. I took that to mean that I could be Spider-Man, but since I never looked good in spandex, I needed to put that dream to bed. That is, until recently. I now have the chance to live out this dream in another world — the online, virtual world called Second Life. It is a world that is almost limitless in its possibilities, and it is drawing a lot of attention from consumers. And where consumers go, marketers follow. Some of the smaller companies involved with Second Life use it to sell direct to the web visitors, but most of the larger businesses use it for branding.



Linden Lab®

Second Life is a creation of San Francisco-based Linden Lab. It was started in 2003 and, according to creator Phillip Rose-dale, it's a user-defined world of general use in which people can interact, play, do business, and communicate. It has grown to over six million users, or residents, with about 30,000 logging on each day. The bulk of Second City transactions are in virtual real estate and made with Linden Dollars, the official currency. Linden Dollars (L\$) are exchangeable for real world currency. The exchange rate usually fluctuates around L\$270 to \$1 and about \$1 million are exchanged daily.

In addition, a small portion of the sales in Second Life are for both virtual and real goods. Residents have copyright protection for all digital creations in this world, such as clothing and music, and they trade and sell with other residents. According to Second Life, residents should be free to benefit from their innovative creations. There are a few companies, like Dell and H&R Block, who use Second Life as a reference for purchase points. For Dell, residents can create their PC, look at the product in an office space setting, and then they are directed to Dell.com to complete the transaction. H&R Block is using Second Life to promote its new product, TANGO, and directs people to the site when they wish to purchase it. Sales, though, are a still only a small portion of how Second Life is being used.

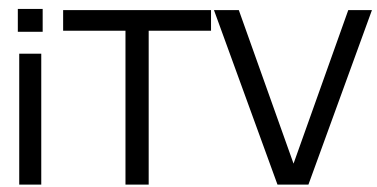
Most big companies that are involved with Second Life are doing so to create brand awareness in a new and different way.

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Interactive TV Ads by Lindsey Derr

In the world of television advertising, the marketer's main goal is to persuade the viewer to act in a desired way. That could mean buying a product, using a service, or even voting in an upcoming election.



The challenge lies in getting the viewer to act on what they see. There is almost always a lapse in time between when a person views a commercial and when he has the opportunity to act on it. For example, when you see a commercial for a new breakfast bar, do you immediately get in your car and drive to the grocery store? Or if you see a commercial for a new car, do you immediately get on your computer and go to the auto manufacturer's website? Of course not. But what if we could simplify and shorten this process for viewers? That's the idea behind interactive TV ads. They are the newest tool in the fight to engage and persuade viewers.

Interactive television ads are used regularly in England and are currently being tested in Canada. They are expected to be widespread in the U.S. by 2008. Viewers will be able to use their remote control to click on an icon within a 30-second commercial to get more information on the product, and even to purchase the product in some cases. The transition time from

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Hasta Luego Hiatus

by David Sexton

Television series usually go on hiatus from May until September after running their season finales in mid-May. More recently, shows have gone on longer hiatuses and have even taken mid-season hiatuses. This leads the way for fewer re-runs for the shows that are aired, but also leads into possible loss of viewers. If there is a long interval between shows, fans may start losing interest. Pundits have offered many reasons behind this season's ratings declines, but none included the possibility that each of the declining series took a wrong turn in its plot or characters.

The hiatus has become something that ABC's



Lost utilizes in order to keep the episodes fresh from week to week, instead of playing re-runs during bye weeks. *Lost* premiered its first episode of Season Three on

October 4, 2006 and aired the half season finale a month later on November 8.

The show then went on a three-month hiatus until February 7, 2007. By this time the show had changed timeslots from 9-10PM to 10-11PM. That change permitted a racier program for its adult target demographic, and it also avoided FOX's phenom *American Idol*.



When starting the second half of Season Three, *Lost* lost its strong lead-in, *Dancing with the Stars*, when the hit celebrity dance contest moved from Wednesday and Thursday nights to Monday and Tuesday nights. This left *Lost* with itself to lean on as a lead-in — ABC ran re-runs of the previous episode before each week's new episode. Due to the long hiatus, many viewers were unaware that the show had returned and with the later timeslot, some viewers went to bed not knowing it was on.

The hit HBO series *The Sopranos* is known for

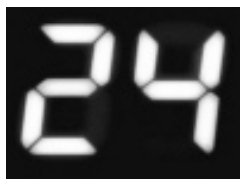


its long hiatuses, which began to grow from season to season. It was not until season five ended that the

show would take its longest break. *Sopranos* took a year and ten months before returning to

HBO for its final season of mafia mayhem. The final sixth season was broken down into two separate halves, with a hiatus of ten months from June 6, 2006 until April 8, 2007. Since this is the series' last season, there was hope that the ratings would get a boost. But no such luck. It is time for the HBO godfather of organized crime to be taken out, and that's exactly what is about to happen.

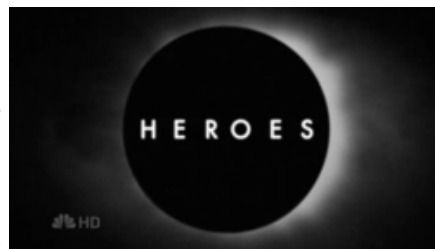
FOX has been able to push back its number one-rated drama/action series *24* to premiere in January instead of a fall premiere as most other series do. The show



that chronologically takes you through the life of Federal Agent Jack Bauer, and the rest of his Counter Terrorist Unit agents, lasts twenty-four episodes per season with each episode representing one hour in the day of Bauer. For the first three seasons of *24*, the show premiered on the last Monday of October or first Monday in November and throughout the season there were several hiatuses. In the fourth season, the premiere was put off until January, but then it ran in its entirety until the season finale without re-runs or hiatuses. This has seemed to do well for the series with its fan base, and has actually given other series the opportunity of starting new seasons at the beginning of the new year instead of the usual fall start. *24* is the one show that has been able to encompass the hiatus and actually use it to its advantage.



NBC's *Heroes* has had two hiatuses even before its first season ended. *Heroes* premiered on September 25, 2006 with a lot of hype and developed a cult following after only a few episodes aired. After two months of promoting and growing a large fan base, the show went on a hiatus during the holiday season on December 4. A month and a few weeks later, *Heroes* returned for two more months before taking a



(Continued from page 1) **Second Life**

One example is Coldwell Banker. While Coldwell owns a large amount of real estate in Second Life and sells it to residents, its main objective is not to make money. According to David Kirkpatrick of *Fortune*, Coldwell is looking for ways to participate in the Second Life community with what they are calling the "new consumer." The main objective of Coldwell is to create real value for residents. Coldwell locations in Second Life are staffed with real employees who are willing to help with both virtual land transactions and real-world land issues. "In the end this is about buying and selling homes in the real world," says Charlie Young, senior vice-president for marketing at Coldwell.

The most popular commercial use of Second Life is B-to-B communication. Companies such as Cisco and IBM are establishing themselves in this virtual world to create a new way of effectively interacting with potential clients. Cisco and IBM conduct brainstorming sessions, seminars, and special training classes for clients in Second Life. Similar to web conferencing, Second Life allows for quick, real-time interaction. However, since ideas can be brought to life instantaneously in this world, responding to the needs of the client has become more streamlined. Client feedback is one of the benefits of Second Life. For Cisco, Second Life represents the perfect opportunity to embed itself in a world of network engineers. The opportunity for spontaneous interaction is invaluable, according to Christian Renaud, chief architect of networked virtual environments for Cisco. Clients can voice their needs to a company representative and see prototypes come to life almost instantly. That is something that is not available in the real world.

But Second Life is not without its drawbacks. First, obesity is a growing problem in the U.S. It certainly is not going to be helped by letting people get the sense of living life without leaving their computer screens. Instead of just watching a movie online, now they can walk their avatar (their online persona) to the movie theater, buy some virtual popcorn and a soda, find a seat and enjoy the show. Laziness is going to reach new heights.

More seriously, security is a major issue with Second Life. A number of the client sessions that companies hold are private. However, since all Second Life interaction is run through the Linden Lab server, there is no assurance that these conversations or meetings are truly private. For major companies that are sharing sensitive pieces of information, it is essential that they can assure their clients that the interaction is secure.

Tracking is another major issue. Linden Lab currently provides no accurate measure of how many people visit the different locations in Second Life, let alone how long they stay there, what they do, or how much they spend. In fact, even the data provided in this report is speculative since its numbers cannot be verified. For now, companies are happy to just be involved with the Second Life audience, but if no effective mode of tracking is developed, it is very likely that a majority of these companies will find their way out of the virtual world and back into the real one.

Be anything and do anything that you want. That has a large appeal to so many people around the globe, and likely means that millions more will flock to a world like Second Life. This creates a huge consumer base for companies to create interaction. So far, sales have been a small portion of Second Life. Most major companies, like Coldwell Banker, are branding themselves by creating a live interaction with the Second Life residents. For others, like Cisco and IBM, Second Life has created a great opportunity for more effective B-to-B communication. But with the issues of security and tracking still very real and uncertain, Second Life's window of opportunity is growing smaller and smaller. Until these issues are resolved, it's potential as a online media tool is limited.

Around the Water Cooler

**A Completely Unscientific Survey of Harmelin Media Employees...
This Month's Question:**

What social networking or interactive entertainment websites have you ever logged onto?

MySpace	67%
Facebook	43%
Second Life	4%
You Tube	4%
None	22%



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viewer to consumer will be very short.

This new format will be reliant on cable and satellite providers because viewers will need to use a remote control and set-top box. Currently, Navic Networks has deals with Time Warner, Cablevision, and Cox. Wink Communications, the innovator of interactive ad technology, was acquired by Open TV, which has now inked a deal with EchoStar to air interactive ads nationwide.

U.S. broadcast networks are becoming increasingly more receptive to this new format. With the potential to reach over 20 million satellite viewers and with over 1,000 interactive campaigns worldwide to date, it is quickly moving to mainstream. Demand by advertisers will speed this up.

Not all advertisers, however, will get exactly what they need through this format. In order for interactive ads to work, a few things need to be taken into consideration: the product itself, the program in which the ad is placed, and the purpose of the ad.

This format will work well for advertisers with more expensive and more complex products. A viewer in the market to buy a complex product, such as an automobile, needs to gather a multitude of information before making that purchasing decision. This format allows the viewer to gather this information instantly. It spurs the interest and then elaborates. It brings the two-way communication we now have through the Internet to the television screen. The viewing and response experience is intensified.

The program in which these ads run is also important. A viewer is less likely to interact during a drama than they are during a sporting event. Sporting events are great programs to advertise related product commercials because the viewer is already excited about the product. For instance, running an interactive commercial for golf clubs during the British Open would be a cost-effective way to generate sales.

The UK's TV marketing resource, Thinkbox, reports that TV ad interacters are 105% more likely to purchase advertised brands than standard TV viewers. They also report that brand awareness is 56% higher among TV ad interacters than viewers of linear TV ads.

Television is currently considered a traditional media, but these new innovative developments could change the face of TV advertising as we know it.

Harmelin Media Welcomes Colonial Penn Life Insurance

Harmelin Media is pleased to announce that we've been asked to assist Colonial Penn Life Insurance Company's in-house media department with several projects. The Philadelphia-based company has served the needs of its policy-holders with 'old fashioned' customer service since its inception forty-five years ago.

With over 800,000 life insurance policies and \$1 billion worth of life insurance in force, Colonial Penn specializes in selling affordable insurance coverage directly to the consumer. Colonial Penn is a leader in offering life insurance to the mature consumer. Harmelin Media looks forward to a long-lasting relationship with Colonial Penn Life Insurance.



(Continued from page 2) **Hiatuses**

second hiatus. The series went on hiatus from March 5, 2007 until April 23 and came back against heavy competition



with ABC's *Dancing with the Stars*. *Heroes* took a hit

in the ratings due to *Stars*, but it is still by far the number one new show this season and a fan favorite. The show has been a huge success for NBC and one that has been needed for the network after seeing flop after flop with its new dramas. NBC just needs to find out how to keep the audience in touch with the show by staying on schedule so that viewers do not lose it in their regular television rotations.

Despite *Heroes* early success despite hiatuses, in the long run they need to go. Every television series that has used a hiatus sometime in its run has lost ratings and viewers. If these top-rated series want to stay on top, then the best idea would be to copy 24. Either start your series later and run it through the entire season non-stop, or take a hiatus from time to time and take your chances. Television networks altogether have to say, "Hasta luego hiatus" and see how their shows' ratings and viewers fare.