

THE HARMELIN MEDIA REPORT

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Online Video Ads by Emily Orrell

According to *eMarketer*, in 2006 U.S. businesses will spend approximately \$410 million on Internet advertising that contains video, a phenomenal increase of 82% in one year. Moreover, online video advertising shows no signs of slowing down. Online video advertising is expected to rapidly skyrocket, with ad spending projected to almost double to \$775 million in 2007, and reach \$3 billion by 2010.

The increasing popularity of online video is easily explained. Online video ads utilize the sophisticated technologies available with Internet advertising while simultaneously capitalizing on the advantages of television. Internet advertising's strengths are its ability to precisely target a market, follow the behaviors of a target in the online environment, and track the success of an ad through post-click behaviors. This type of information is valuable for advertisers because it enables them to maximize an ad budget and analyze the return on investment. Television advertising is favored by advertisers because of its ability to captivate an audience with an advertising message that allows creativity through sight, sound and motion. However, a major disadvantage of TV is the costly expense for its mass reach. With online video advertising, advertisers can benefit from the best of both worlds. Videos in an online environment can offer the opportunity to reach a specific

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Marketing to Millennials by Gail Hillegass

For years, advertisers have strived to reach the lucrative Generation X. These consumers, born between 1965 and 1980, were teenagers and young adults with more disposable income than the generations that preceded them. Different from Baby Boomers in both lifestyle and spending habits, they changed the rules of how to market

to youth. Now, Generation X gives way to Millennials, or Gen-

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eration Y, and marketers must learn a new set of rules. There is still money to be made by marketing to Boomers and Gen X, but marketers are learning that it is best to catch consumers while they are young.

Three times the size of Generation X, Millennials were born between 1980 and 2000 and total nearly seventy nine million in the United States alone. They differ from Generation X in several ways. As Gen X took pride in individualism, Millennials tend to interact and respond to group and team activities. They are more conservative, viewing themselves as improvers of culture rather than the rebels that the previous generation imagined themselves. They value privacy and are close to their parents. A recent study by Merrill Lynch found that over 80% of teens claim to get along "extremely well" with their parents versus just 48% who claimed the same in 1974.

But perhaps the biggest difference is technological. As Generation X began using "new" technology like the Internet and cell phones in their late teens, Millennials grew up with it from early childhood. They are the first generation to grow up in a world of mobile messaging and podcasting, making them quite different from the generation before them. Their universe of communication extends further than that of previous generations, thanks to the Internet, allowing them to bond with people at a distance rather than being restricted to those with whom they come into frequent close contact.

Even with the introduction of new media, Millennials are not immune to traditional media such as television, radio, out-of-home and print. By the time they are in their late teens, Millennials will have been subject to as many as 20,000 commercial messages a year. They are seen as "multi-taskers," with multiple media being used at one time. They are online, streaming music and communicating with peers with the TV on in the background. In

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Google . . . Not Just for Search by Carrie Wulff

Google, which makes 99% of its revenue from internet ads, is expanding into new areas like newspaper and radio ad placement. The search engine has just begun testing a new program that will allow media buyers to place ads in some of the top newspapers, including *The New York Times*, *The Philadelphia Inquirer*, *The Washington Post* and many other daily newspapers through its website. It will allow media buyers to see what ad sizes,

sections and days a newspaper is offering ad insertions. If the date, size of insertion, section, and publication fall within the criteria of the media buying specs, media buyers can then bid on the ad.

Buyers will be able to track through the Google website where and when their ads run. Google will provide advertising customers with the tools to create an ad on the spot. After uploading photos and entering information, agencies can send the creative directly to a newspaper. The newspaper will have the power to veto an ad, and they will set the ad prices.

Newspapers will have more to gain than Google. With the decline in ad revenue, newspapers are forced to find new ways to bring in business. Google will now provide newspapers with a new method to gain business. Google has already begun testing with a small group of advertisers including Netflix, eHealth and eBags, and plans to launch this opportunity to the overall industry early next year.

Print may not be the only advertising medium affected by this new approach. The search engine giant is already testing Google Audio Ads service. If this radio service catches on, there could be great potential to reach many smaller advertisers, such as small mom and pop companies, who are typically ignored by radio sales teams. Smaller companies with smaller budgets can simply upload an audio file or insert their name into a generic pre-recorded ad. The success of the program will depend on whether or not enough big radio companies turn over commercial time for Google to sell. The audio advertising service, dMarc, was purchased by Google at the beginning of the year. Since then, Google Audio has been selling leftover ad inventory to clients; the expanded program would allow the inventory to be directly available to anyone with an internet connection. Media buyers would have another alternative to weigh in executing their clients' media buys.

Google could potentially offer big stations a revenue guarantee in exchange for a fixed amount of inventory.

Clearly, major changes are in the works for the search engine super player. Both the print and radio ads are already drawing attention and Google is also looking into video advertising as well. If Google takes off, it could offer media buyers another alternative. But will Google guarantee fair radio spot rotation and newspaper page layout? If they expand to TV, will they guarantee rating points? A lot of questions will have to be answered.

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order to reach them, advertisers can't restrict themselves to just one medium. The message needs to be received repeatedly in various forms to break through.

Often advertisers will try to reach the new generation by advertising on facebook.com or myspace.com, but simple advertisements are not reaching the new consumer. They require authentic conversations between a brand and its customers, not flattering profiles. And if the Millennials feel as though they are being "marketed to," sometimes the advertisements on these networking websites result in parodies, attacks and inappropriate content that can be embarrassing to the advertiser. As they have been exposed to so many messages, they are cautious of advertising and don't accept ads as truth. They tend not to take the word of celebrity endorsers, as Generation X did. The most trusted endorsers are themselves, making word of mouth and viral marketing more important than ever. It is much more significant to have a product promoted by a peer rather than by an advertisement.

According to a recent article in *Ad Age*, Millennials are also finding other online places to hang out, attracted to smaller pockets of people with similar interests. It's a trend that offers exciting possibilities for advertisers.

There are five key words to remember when you are marketing to the Millennials: *intimacy* – speak directly to the customer as though they are your friend; *loyalty* – once you have won their trust they will continue to use your product or service; *awareness* – make your image appealing to this generation through the use of humor, irony and unembellished truth; *balance* – Millennials have embraced the 24/7 culture, your product should be available to them 24-hours a day; and *risk* – Millennials are born risk-takers because they were born into an era of great change.

NBCU 2.0 NBC's Eight O'Clock Hour by Alex Goldman

In October Bob Wright, Chairman and CEO of NBC Universal, announced a new initiative billed as "NBCU 2.0" which he described as a "wide-ranging strategic initiative to assure future growth, streamline and strengthen operations, and exploit opportunities created by the rapidly evolving digital and global marketplace." NBCU 2.0 will maximize the potential of the entire NBC Universal portfolio, including broadcast, cable, film, and theme parks, by creating operating efficiencies and reallocating resources to invest in new growth areas. The company-wide initiative is expected to reduce the company's annual administrative and operating expenses by \$750 million by the end of 2008. It will also result in workforce reduction of approximately 700 positions, about five percent over the same time period."



During the announcement, NBC Universal Television Group CEO Jeff Zucker indicated that NBC was considering replacing scripted shows at 8PM with cheaper-to-produce, reality-type shows as the network redirects resources from analog to evolving digital businesses. This statement sent shockwaves through the advertising industry. Shortly after the announcement, NBCU tried to explain that this was a cost-cutting business decision and that reality-based television shows would not necessarily air every night of the week in that time slot.

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target market with an engaging message, and then report back its success.

Pre-roll Video Overview. According to Forrester Research, the most popular video ads among websites are pre-rolls, or online ads that preface a roll of video. AOL's Advertising.com, which is currently the largest online ad network with 146 million unique users per month, added online video ads to their network this past spring. Pre-rolls are becoming increasingly widespread on websites, particularly on television news sites. These ads usually force the consumer to view the entire ad before the news video can be watched. They are frequently accompanied by a static "companion" ad that can be clicked through to the advertiser's website, and a post-roll can run after the news clip to re-engage the viewer and encourage post-click behavior. Also, introducing online video advertising into the media plan of a television advertiser is a trouble-free launch because an advertiser can "repurpose" his TV creative, or simply use the same commercial for their pre-roll placements.

How has the online audience responded to the practice of pre-rolls and video ads before consuming their desired content? According to Forrester, 37% said they have seen the ads before videos start. 22% saw companion ads alongside the videos during viewing, and 14% saw ads within or after videos. However, 72% also reported that these video ads were too long at 15 seconds or more.

In-banner Video Overview. An in-banner video is usually an IAB standard unit, such as 300x250 or 728x90, that runs video content within the banner. This technology can be implemented through various rich media companies who specialize in developing video online ads, such as Eyewonder and Eyeblaster. This type of online video advertising has the benefit of more effective measurement capabilities and reporting as research companies such as Nielsen track video ads that are within units. However, when utilizing a more technical banner ad there are site restrictions that the ads must follow, as well as a longer creative lead time for the development and testing of video ads, usually 4-6 weeks.

On-demand Video Content Overview. This form of video, popularized by the well-known website YouTube, is the third primary

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Around the Water Cooler

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

What New Primetime Shows Do You Regularly Watch?

Heroes (NBC)	35%
The Nine (ABC)	20%
Studio 60 (NBC)	18%
Brothers & Sisters (ABC)	15%
Ugly Betty (ABC)	10%
None	13%



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Andrea Ferrino, a media supervisor at Harmelin Media, summed it up best when she said, "Desperate times call for desperate measures. The topple NBC has taken in recent years is beyond painful. Reality and game shows are a fraction of the production cost of scripted programming and NBC is just crunching numbers. We have seen that all viewership is fickle, so the success of this move is yet to be seen, but from an initial budget standpoint, it's sure to be a win for NBC."

When asked if she thought NBC's move would work, Lisa Pickles, also a media supervisor at Harmelin Media, said "How many of these crazy shows will actually stick? My guess is not many. NBC is going to be left with big holes at the 8PM hour and have nothing to fill them with."

In a *Broadcasting & Cable* interview following the announcement of NBC getting out of scripted shows at 8PM, Zucker explained, "We are not going to get completely out of scripted; there is no hard and fast rule here. We are having a tremendous amount of success with *My Name is Earl* and *The Office*." He also emphasized that "there is no getting out of the fact that *Deal or No Deal*, *Dancing With the Stars*, *Home Makeover*, *Survivor* and *American Idol* are the biggest shows on the air at 8PM, and that's what audiences want to watch."

In an effort to calm the bad press, NBC announced in late October that it will attempt to regain its must-see-TV status on Thursday nights with a block of four sitcoms. Beginning late this fall, the new Thursday night line-up will be *My Name is Earl*, *The Office*, *Scrubs*, and *30 Rock*. The network will drop the Thursday night edition of *Deal or No Deal* at 9PM.

NBC Entertainment president Kevin Reilly said, "Scripted shows might still be scheduled during the 8PM hour; however, there is no question that development funds would be shifted from sitcoms to reality."

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Visit our website at www.harmelin.com

Harmelin Media Welcomes Peddler's Village

Harmelin Media is pleased to announce that we've been named the media planning/buying agency for Peddler's Village. Peddler's Village is located in the village of Lahaska, PA in Bucks County, a few miles west of New Hope. Peddler's Village is an exciting place where you can explore a world of shopping pleasures, delight your senses with an array of dining choices, stay overnight at the Golden Plough, and play with your children at Gigglesberry Fairy, Peddler Village's family entertainment center.

Peddler's Village offers events and festivals throughout the year that will make your visit even more memorable. Peddler's Village is surrounded by rolling hills and farmland and its stores, restaurants, and lodge are nestled within the natural beauty of a country village. Harmelin Media looks forward to a long-lasting relationship with Peddler's Village



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medium for online video advertising. With this medium, advertisers can air their television or specially formatted internet advertisements on user-generated sites. When the video ad is uploaded on the user-generated site, advertisers can drive traffic on other websites to promote viewership of the ad. While this can be a powerful component of the online marketing mix, it is not generally considered part of a media decision because there are rarely media placement fees. This type of online video advertising is best for viral branding purposes, since it is a buzz marketing technique and normally needs at least a month to build recognition. Additionally, these sites are usually created for entertainment purposes, and the ad content should reflect this.

Indeed, while repurposing television creative is a suitable method of testing online video advertising or remedying a last minute creative issue, it is critical to understand the environmental differences between television and online settings and refine advertising for each. For the online world, video ads can be optimized by commanding more calls to action, condensing the message into an ad that is brief yet effective, and using humor. As a final note, it is important to put this highly publicized medium into perspective. While online video can be a powerful marketing tool, it is always necessary to develop a thorough media plan that encompasses all aspects of media to effectively reach and retain the desired target audience.