

# THE HARMELIN MEDIA REPORT

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## The Battle for Home Entertainment by Debra Potts

In the 1970s, there was the battle between eight-track tapes and cassettes; the 1980s saw the fight between VHS and Beta. Now there's another battle for the future of home entertainment: HD-DVD versus Blu-Ray Discs.

What are HD-DVD and Blu-Ray? They are optical disc formats used to record and play back high-definition video (HD) and store large amounts of data. Traditional DVDs can only hold 4.7 GB of information, while HD-DVDs can hold 30 GB and Blu-Ray can hold 50 GB. While the traditional DVD can only hold one movie and some special features, the new format can hold several HDTV movies, special features and interactive content. You can also get more than 100 hours of standard definition programming on these new-format discs. Imagine placing all 180 episodes of *Seinfeld* on one disc.



Blu-Ray and HD-DVD utilize blue laser technology; the traditional DVD uses red laser. Blue laser has a shorter wavelength than the current red laser. The shorter the wavelength, the greater the ability to read and write data over a tighter surface area. This allows more storage capacity on a disc.

So if HD-DVD and Blu-Ray are both using blue laser technology, where's the battle?

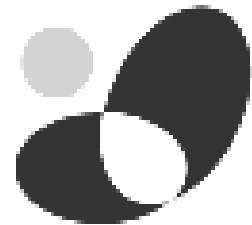
New DVD players will be able to accommodate both the old and new DVD formats in the same unit, which means that the players will be able to read both red and blue lasers. However, Blu-Ray has a tighter track pitch (single thread of data that spirals from the inside of a disc all the way out) than HD-DVD. This makes the two players different. Due to

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## Coming Soon - WiMax by Peter Ross

So you have an iPod to listen to while you're mowing the lawn and your car is equipped with the newest satellite radio system giving you just about any format you could want for your daily commute. Just when you thought you had it all, there is a new technology getting ready to launch in the next few years that will revolutionize the way we obtain our media and how we connect to the Internet.

Many are familiar with WiFi, which allows us to surf the Internet with no wires while at home or in public places. The catch has been finding a location with a signal, or shelling out money for a router attached to a high speed cable or DSL connection. WiMax will change all that. WiMax is a wireless technology that allows the transmission of very high bandwidth connections over a distance of more than 30 miles. Bandwidth means speed. WiMax will be comparable to the speeds of DSL at a range of 30+ miles. This means that instead of connecting to the Internet at home through your DSL or cable, you'll be able



WIMAX

to connect from anywhere that has coverage from a WiMax network. This will be similar to how cell phones access cellular networks today.

Many may say, "I can already get the Internet with my Motorola Moto cell phone or BlackBerry." Today's cell phones have the ability to do limited web browsing, access email, and download limited music and short videos. In many urban areas cellular networks offer '3G' cards that allow laptops wireless Internet connections from anywhere. But 3G can only reach speeds of 784 kilobits per second. WiMax promises to deliver the capacity, range and stability

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## Advertising for a Cause by Katie Fritchman

Today's brands are constantly trying to go the extra mile to gain customer loyalty. In this quest, some advertisers are finding that "cause marketing" raises brand loyalty and simultaneously improves sales.

Cause-related marketing began decades ago. In the 1980s, American Express joined with the Statue of Liberty Restoration Project in its marketing efforts. American Express pledged to donate one cent toward the project for each use of its card. This effort resulted in a \$1.7 million donation by American Express. The credit card company also saw a 28% increase in card usage by cardholders, leading to a win-win situation.

A current example is Banana Republic's "Drop Your Pants" campaign. In exchange for bringing in a pair of old pants, shoppers earned a discount on a new pair. Banana Republic then donates the old pants to Goodwill. The shoppers not only receive a price cut, they can feel good about contributing to charity.

These campaigns can associate a brand name with a worthwhile mission. Each year Avon helps raise money to fight breast cancer with its "Avon Walk." While committing to an important cause means a great deal of corporate responsibility, stopping the walk could cause supporters to distrust the company. Advertisers must be careful how in-depth their cause marketing initiatives go. Losing trust can cause a loss in profits. The greatest way to gain trust and avoid loss is by making the cause marketing campaigns transparent.

Some companies have built their business around a cause. The London company Radio Taxis has branded itself as the world's first carbon-neutral taxi company. The taxi service measures the carbon pollutants that its cars emit and then invests equally in air-cleansing products. Industry executives realize that while consumers may wish to contribute to the greater good, they do not want a dramatic lifestyle change. But if they have to take a taxi every day, why not take one owned by an eco-friendly business?

The M·A·C AIDS Fund is viewed as one of the cosmetics industry's best cause marketing campaigns, spearheaded by M·A·C Cosmetics' \$70 million contribution to its fund since 1994. Over thirty companies sponsor the Philadelphia Eagles 'Fly for Leukemia' charity, which raises money for children's cancer and leukemia research. Many companies are supporters of the Make-A-Wish Foundation, which enriches the lives of children who suffer from life-threatening medical conditions.

Many corporations and consumers believe that cause marketing should be a component of all advertising campaigns. Gaining consumer trust on a deep level is not easy. Cynics may question a company's intentions of wrapping their brand around a charity — it may backfire among the skeptics. But with charities benefiting on such a large scale, why not PR?

Cause marketing allows marketers to address current social issues with their resources and funding while satisfying marketing objectives. It's win-win for all.

## News Hunger by Lucia Franco

Hunger. We all feel it, and it is something that must be satiated. Most times, it's a hamburger, a steak, or a chicken wing that satisfies us. But our stomachs are not the only part of our body that experiences hunger. Our muscles hunger to be worked, our skin to be soothed, and our minds to be enriched — enriched with more knowledge and information about the world that surrounds us. And just like when we decide where to go to feed the hunger in our bellies — McDonald's, Chili's, or a hot dog stand — we need to decide where we will get our news and information as well. So where, in fact, do we go to get our news?

Let's start with the medium that has made a big splash lately — television. With the past year's changes in network news anchors, television has created a considerable amount of excitement over who will come out victorious from the changing of the guard. It may be a race of endurance to simply see who can hold on the longest. Among network news viewers, Adults 45+ are over 30% more likely than the average Adult 18+ to watch television news programming. According to MRI, younger demographics' evening news viewership indexes 25% below average. In addition, only 28% of Americans regularly watch any nightly network news, according to the Pew Research Center. So is Katie Couric really going to make a difference? What about what she left behind — morning news? Here the audience is a little more specialized with a strong female presence. Still, Women 45+ are the primary demographic.

Switching to local news, the pattern is similar: local news is strongest among Adults 40+. However, the percentage of Americans watch-

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ing their local news is much stronger than national news, with 54% of Americans tuning-in to their own local Jim Gardner on a regular basis.

The radio news story looks a little bleaker. Only 36% of Americans polled say that they listen to the radio for news. The primary demographic of listeners is white males 45+ who are 30% more likely to use radio as a news source. This low percentage of listeners is consistent with a 10-year slide that radio has been experiencing. In 1996, according to the Pew Research Center, 44% of Americans polled said that they listened to the radio to get their news. Today that number has fallen by eight percentage points.

What's black and white and read all over? Well, newspapers, but less and less each day. Forty percent of Americans read the newspaper to get their news. This is down 10 percentage points from where it was in 1996. Adults 45+ are 15% more likely on to gather their news from local newspapers, according to MRI. This demographic skews much younger when looking at national newspapers like USA Today; Adults 18-44 are their primary readers.

Where do young people get their news? Don't they *care* about what is happening? The answer is, yes, they do care; they have just found a different place to feed their news hunger — the Internet. The primary news reader online is the younger male. Whether they are viewing their subscription to a news magazine or newspaper, or visiting CNN.com, Men 18-44 are going online to get their news. Overall, online news viewing barely outranks network news programming; only 31% of

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the different physical attributes, it's too cost prohibitive to manufacture a unit that can handle both formats in one machine.

And thus the battle begins.

HD-DVD uses manufacturing techniques that are similar to the current DVD. Content duplication houses will not have to retool to produce HD-DVDs. Blu-Ray discs require a new manufacturing process. The consumer cost for Blu-Ray players is about \$1,000 while HD-DVDs are around \$500. The actual discs are being sold at a comparable price — anywhere from \$25 to \$40.

To win the battle, each needs industry support for content and hardware. Blu-Ray has the support of seven of the eight major movie studios while HD-DVD only has the support of three. What does this mean for the consumer? Some of the studios might support one of the formats but not both. One's favorite movie title might be issued on just one format, not both. Blu-Ray also has support from the world's leading consumer electronics, personal computer, and media manufacturers. The new PlayStation 3 (PS3) is also supporting the Blu-Ray format. HD-DVD has less support from the major players which means that hardware for HD-DVD will be limited.

HD-DVD launched their products in April 2006, hoping that their lower prices will sway consumers their way. Blu-Ray launched their products in June 2006, hoping that even though they have higher pricing on their units, consumers will be swayed by the number of supporters backing them. Consumers are a little reluctant to purchase the products on either side for fear that if they choose to buy HD-DVD products and Blu-Ray eventually wins out, or vice versa, the consumer will be stuck with relatively expensive products that will be incompatible to anything that comes out after that.

The big question is: "Who will win?"

## Around the Water Cooler

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

### What're your primary media for news?

<b>Internet</b>	<b>42%</b>
<b>Local TV News</b>	<b>30%</b>
<b>News Radio</b>	<b>21%</b>
<b>Network TV News</b>	<b>17%</b>
<b>Cable TV News</b>	<b>9%</b>
<b>Local Newspapers</b>	<b>9%</b>
<b>National Newspapers</b>	<b>4%</b>



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that cellular networks are unable to provide.

This emerging technology is giving rise to the concept of "personal broadband." Personal broadband involves the ability to have high-speed broadband Internet from anywhere instead of being tied to



your home for downloading to an iPod-type device. In the future, devices similar to today's cell phones and iPods will be combined. They will not only provide voice communications but would

allow consumers to download full-length movies, videos, TV shows and music at speeds only seen today with a home Internet connection. Also, WiMax's increased capacity and performance will enable consumers to watch and listen to streaming video and audio.

Expect to see hybrid-type devices such as WiMax-capable televisions and stereo systems that will allow consumers to download entertainment directly. With the push of a button, your future radio or television could download the newest episode of *Lost*, bypassing your traditional Internet service provider or cable company. With the push of a preset button, your vehicle radio could be WiMax-capable, giving you access to endless amounts of your favorite audio from the Internet in the form of Podcasts, MP3s, and streaming audio from Internet radio stations. Cable TV and satellite radio could be in for some tough competition.

How soon can we expect this technology to emerge? Initial rollouts are happening now with the introduction of the WiBro (close relative of the WiMax technology) network in South Korea, which will be the first emergence of personal broadband. Many experts predict that deployment of WiMax could be much faster than the adoption of cellular phones in the 1990s. We could start seeing the introduction of networks and devices in the next five years.

## Harmelin Welcomes Goodwill of Southern New Jersey/Quaker City

Harmelin Media is pleased to announce that we've been named the media planning/buying agency for Goodwill Industries of Southern New Jersey/Quaker City. A non-profit, community-based organization, Goodwill's mission is to provide education, job training, and employment services that help prepare local residents with disabilities and disadvantages for employment in the community. They have seventeen retail locations in Philadelphia and Southern/Central New Jersey.

Goodwill is funded primarily by revenue it receives from selling gently-used donated items. Harmelin Media will use its expertise to plan and buy media that targets potential customers for Goodwill's retail locations. Watch for a TV campaign on broadcast and cable television featuring "the Goodwill Guy!" We look forward to a long-lasting relationship with Goodwill Industries of Southern New Jersey/Quaker City.



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Americans go online for their news. But according to *USAToday.com*, 71% of people with Internet access go online to get their news, versus the 59% who use local TV, 50% who use national TV and radio, and 40% who use local newspapers. The Internet has become the news vehicle of choice for most Americans. It has evolved from just another option for gathering news to the medium that determines how, where and when we get it.

So how are people feeding their hunger to get the news? When it comes to older demographics, the traditional media formats are leading the way. However, look to the adult who's under 45 and you find they are almost always in front of their computer. The Internet has grown from virtually non-existent to one of the most relied-upon sources of news today, up approximately 30% from 10 years ago, making it the fastest growing news medium. Traditional news outlets have not become obsolete; TV's presence has continued to remain strong. News-viewing trends, however, are showing that if these traditional news outlets wish to remain relevant to their future audiences, they must find a way to effectively build a presence online so that they do not render themselves "user-less" in the future.