



Marketing Messages

MARY CHARLESON

Proliferation of DVRs poses huge challenges for television advertisers

The digital video recorder (DVR) is changing all the rules in the advertising game. That's the nifty little device most shops will insist on selling you when you ante up for that new plasma or LCD flat screen TV that has relegated perfectly functioning black box TV's to an electronic wasteland. The digital video recorder allows viewers to stop, start, pause, and record TV viewing. Seamlessly simple compared to its VCR cousin, which required a degree in manual reading and patience, the DVR allows viewers to record and effectively time shift television viewing at the push of a single button. A show, once recorded, will be subsequently recorded and saved to the hard drive every time it is broadcast in the future. Being stuck downtown at a meeting or dutifully appearing at your child's school talent night, needn't be such a sacrifice. But the scary part, at least for advertisers and those who make money in the TV ad business, is the ability of this little electronic box to allow viewers to skip through commercials

The DVR is no longer just for affluent early adopters, although this group is certainly well represented. According to February 2008 research across Canada just completed by **TNS Canadian Facts**, 38% of all Canadians own a DVR. Ontario has the highest penetration at 41%, while BC was 39%. 45% of those 18-24 years and 39% of those 35 years old and older own a DVR. 46% of those earning over \$80,000 own one. In a very short period of time, this technology has permeated our homes, arriving primarily on the back of the flat screen TV revolution.

According to **Josh Bernoff, VP Analyst, Forrester Research**, Boston, 60% of programs viewed, where DVR technology is present, are recorded. When recorded shows are later viewed, 92% of ads are skipped. "This reduces ad exposure by 54%. This is the incontrovertible math that tells you TV advertising can't stay the way it has been. The 30 second commercial is going to be a victim of this math," notes Bernoff.

"The percent penetration number from TNS Canadian Facts seems extremely high to me," notes **Andeen Pitt, Media Director at Wasserman & Partners**. "I have not heard anything like that number. I think **Nielsen** is reporting the US at 20% penetration and Canada is slightly behind. It is intuitive that the younger age group, more likely to be early adopters and frankly also those who spend a disproportionate amount of their income on electronics, will have a higher penetration rate. Over time this will balance out," notes Pitt. The **Bureau of Broadcast Measurement (BBM)** pegs overall household penetration of DVR's in Canada at 12-14%. **Carmen Hunt, Media Director at TBWA Vancouver** says, "Although the TNS numbers seem a bit high, I wouldn't be surprised because in Canada we are more urban. We've adopted broadband much quicker than elsewhere in the world."

Raymond Gee, Senior Research Associate at TNS Canadian Facts stands behind the research, but notes the discrepancy may be due to methodology. "I have no reason to doubt BBM's numbers. Our research was conducted through an online panel of 1,020 Canadians. People we're interviewing have more access to the internet, broadband connections, and cable and ultimately will be more tech savvy. The numbers will be higher than in a phone or mail back survey," notes Gee.

Regardless of how you view the numbers, there is a story emerging here that paints a very interesting picture within the growing tech savvy Canadian population.

The bottom line notes Carmen Hunt, at TBWA, "It's not simple anymore. Trying to do advertising in creative ways is challenging. With the way TV is viewed, we've always emphasized frequency because people can leave the room when commercials come on. This is really no different. The exciting thing for us is that people with DVR's are actually consuming more content. If it's an offer of interest, or the creative is really strong, they'll watch. This has also opened doors for branded content, product placement and in program advertising."

I'm convinced that there is something genetically linked between men and remotes, and with this little gem of technology now on their side, advertisers who target young males and affluent households will have their work cut out for them. Stay tuned, and don't touch that remote!

Mary Charleson, President of Charleson Communications, is a marketing strategist, speaker, and consultant. She writes monthly and can be reached at mary@charleson.ca