

THE HARMELIN MEDIA REPORT

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Mobile TV by Debbie Sprawka

One of the nation's largest telecom companies recently announced plans to allow subscribers access to live TV through mobile phones. Verizon Wireless has announced that



it will launch live TV in first quarter of 2007. Verizon joins MobiTV, which is the live TV application

for Sprint and Cingular. Currently more than 2 million wireless subscribers (1.4% of users) access TV through their cell phones and the mobile TV universe is expected to increase significantly with Verizon's entry.

Verizon will launch up to 20 channels, including broadcast channels FOX, CBS and NBC. Comedy Central, Nickelodeon and MTV are expected to be included as cable channel offerings. There will also be an opportunity to subscribe to a premium service, similar to HBO. The live TV offering will begin with popular shows such as *CSI* and *Late Night with David Letterman*. Additional programming and channels will be added as users become acclimated with the application and as usage grows. The current live TV mobile carrier, MobiTV, includes programming from MSNBC, ABC, CNN, ESPN and The Weather Channel.

Verizon and MobiTV will offer advertising on this medium, but it is not clear how packages will be sold for the new Verizon service. Packages may potentially be sold on a cost-per-thousand basis, similar to network TV, or a cost-per-click basis, similar to online.

Most mobile phones already offer the consumer various clips of TV, comparable to video on demand. However, the live TV offered by Verizon and MobiTV matches what traditional TV can offer. Most importantly, the programming is live and the quality of the picture has

(Continued on page 3)

The End of Analog by Elizabeth Bradford

So who else got a flat screen TV for Christmas? Did your TV come with an expiration date? Mine did. A sticker attached to it said, "Notice: This TV has only an 'analog' broadcast tuner so it will require a converter box after February 17, 2009 to receive over-the-air broadcasts with an antenna, because of the nation's transition to digital broadcasting on that date, as required by Federal law. (It should continue to work as before with cable and satellite TV systems, gaming consoles, VCRs, DVD players and similar products.)." The sentence in parenthesis made me think Santa had recently purchased stock in Circuit City or Best Buy. It turns out this isn't Santa's doing, but Uncle Sam's.

Legislation passed by Congress and signed by President Bush in 2006 cleared the deadline for the end of analog broadcasts. On February 17, 2009, television sets based on technology used for the last 60 years could cease to work. American households will be responsible for ensuring that their TVs are equipped to receive digital TV broadcasts only.

While it sounds dramatic, the majority of Americans will not notice the change. As my new TV told me, this deadline will not affect those who already subscribe to cable or satellite TV - something most American households already do. But there are approximately 17 million households that rely exclusively on an antenna to receive TV broadcasts. Between now and February 17, 2009, those households, which make up 15 percent of all TV viewing households, will have three options: buy a TV with a built-in digital receiver, hook up their analog sets to a cable or ADS service such as satellite or buy a converter box. Industry experts think most consumers will do one of the first two.

Most consumer electronic stores like Circuit City have been posting "consumer alert" signs explaining which TVs are capable of receiving broadcasts after the cut-off date. Due to a "digital tuner mandate" from the FCC, this problem goes away in March 2007 when all TVs will be equipped with a digital tuner. But what about the large base of consumers who aren't in the market for a digital TV and aren't on the leading edge in terms of adoption? The government will not only have to educate the general public about these changes, but also reach out to those who do not get the message or are otherwise confused. This could ultimately result in offi-

(Continued on page 4)

Killing the Violence

by Jaime Varjian

It has become a common sight on television to see a bloody corpse cut into pieces or a woman being stabbed with a close up of the knife piercing the skin. This kind of gore has become all too common in primetime programming and it appears that 2007 will not be any different. Unless, of course, Congress steps in.

The Federal Communications Commission (FCC) is preparing a report that has been in the works for the past two years. This report will cover the negative effects of violence on viewers, the limitations on the FCC to regulate the violence and the definition of "harmful" television violence. FCC Chairman Kevin Martin said, "I have said that, with hundreds of channels to choose from, consumers today have access to some of the best programming ever produced. But television today also contains some of the coarsest and most violent programming ever aired." He also made note of a survey that found that 58% of people believe that there is too much sexual and explicit language, 50% believe that there is too much sexual content and 66% believe that there is too much violence on television. Today the violence has become more graphic, bloody and gory. It seems that violence has become the new indecency.

Some Congressional leaders are putting the subject of television violence on the top of their lists. Some believe that the first step would be to give the FCC the authority to regulate what is aired since the industry bosses do not seem to be controlling it themselves. Many of the producers and creators of some of the most popular shows on television today are defending their decision regarding the content of their shows. They claim that the violence is essential to the story line and critical to keep up with their competition.

Violence in the media is not necessarily a new issue in Washington but it has become a hotter issue in recent years. An article published by the Parents' Television Council (PTC) reported that TV violence has increased a whopping 75% since a parallel study was conducted in 1998. They estimate that the average American child witnesses about 12,000 violent acts on television per year. While these reports focus on primetime television, the head of the PTC pointed out that we also have to consider the syndication of typically violent shows such as *Law & Order*, *24*, *CSI* and *The Sopranos*.

Convincing the court system to include violence in the standard definition of indecency will not be easy as the term usually refers to something of a sexual nature. Currently the FCC has the authority to regulate indecency but not violence. The FCC hopes to have this report prepared for a hearing before the Senate Commerce Committee early this year followed by a hearing before the House. Although there will be obstacles, they can be conquered if Congress agrees to let the FCC regulate the violence aired on TV.

Product Placement

by Allison Markward

With the advent of technical advances such as satellite radio, TiVo, podcasts, and OnDemand offerings from cable television providers, advertisers are finding it challenging to reach consumers with traditional methods of advertising. Advertisers have been forced to be creative in the use of non-traditional advertising methods such as product placement. Product placement is a form of advertising in which brand name products, packages, signs, and corporate names are intentionally positioned in movies and TV programs. Product placement can be in the form of verbal mentions in dialogue, actual use by a character, visual displays of a corporate logo, brands used as set decoration, or even pieces of actual radio or television commercials.

Product placement dates back to the early 1950s but really did not take off until the 1980s as a recognized form of advertising. In 1982, the sales of Reese's Pieces candy saw a

65% increase after being featured in the film *E.T.* Also, the 1983 movie *Risky Business* featured Tom Cruise wearing a pair of Ray-Ban sunglasses and Bausch & Lomb immediately saw a 55% increase in sunglass sales.

A research study conducted by *Advertising Age* estimates that companies will spend a record \$4.25 billion dollars on product placement advertisements this year alone. Companies such as Apple have advertised their products on such popular television shows as *The Office*, *CSI-NY*, and *24*. Reality television shows have also played a major role in advancing product placement techniques. Shows like *The Apprentice* have contestants write advertising jingles or shoot commercials for featured products as part of their apprenticeship.

The future of product placement looks even brighter. Projections show that the product placement in all forms of media will likely grow 15% annually through 2009.



Media Convergence by Ryan Beck

With the unveiling of Apple's latest technology, the iPhone and iTV, media convergence is becoming more of a reality than a theory. Media convergence is the idea that as communications technology develops, our current technology will begin to fade out much like vinyl records and VHS tapes. However, rather than losing the medium all together, it will evolve and merge with the other media devices.



Specific appliances would no longer exist as they could multi-task and have multiple functions.

Presently, this shift in technology can be seen with the ever growing list of features found in cellular phones. They began as tools only capable of making phone calls. As technology improved, users could play games, check email, and as of late listen to music and watch television clips. Just recently "The N," MTV's teen network, agreed to supply Sprint with clips of the network's top shows to be purchased as a package by mobile subscribers. It will be initially unsupported by advertising as it is a \$4.95 subscription. MediaFLO and Verizon revealed during the 2007 Consumer Electronics Show that they have teamed up to offer real-time television content to subscribers. Apple's first foray into the cellular market allows consumers to utilize desktop-class email, web browsing, maps, and web searches. It can hold up to 2,000 songs and additionally play audiobooks, videos, television shows, and movies. Phones have gone beyond their original purpose and have become multi-media devices. This one has even replaced the familiar touch tone keypad with a LCD touch screen.

Media convergence is not limited to cell phones in today's age. The modern home is already being affected by the consumer's desire for simplification. LG Electronics sells a refrigerator with a built-in television. Home theater systems combine DVD players with surround sound, whereas at one time those components were purchased separately. Some televisions are equipped to act as both TVs and computer monitors, thus eliminating multiple screens. More recent technology including TiVo has already begun to merge with several cable companies. Launched in 1997, TiVo was one of the first companies to offer DVR or digital

(Continued from page 1) **Mobile TV**

been improved. The improved quality comes from using a traditional TV signal rather than the cellular network for distribution.

TV Guide is also attempting to jump on the bandwagon. TV Guide is in development of an electronic guide for mobile TV that would come pre-installed on mobile TV-capable phones. The guide will assist the user in quickly finding content of interest, similar to the guide available with cable and satellite providers. As with the cable and satellite guide, the mobile TV guide is also expected to include advertising. However, it is important to note that TV Guide faces the challenge of developing a guide that is compatible with all carriers.

Experts estimate that ad revenue for mobile TV will eventually become a multi-billion dollar industry. As improved technology launches and the quality and content increase, the usage is expected to follow. One research expert has estimated that by 2011, mobile TV advertising will be the largest mobile advertising category at \$8.9 billion worldwide, compared to \$49.8 million in 2007. However, the small screen and shorter viewing time (average viewing time is 12 minutes) will continue to be challenges.

Mobile TV is now the fastest growing wireless data service. Marketers are interested in how to capitalize on its potential for new audiences. Stay tuned.

Around the Water Cooler

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

What mid-season premiere TV shows do you watch regularly?

American Idol (FOX)	71%
24 (FOX)	45%
Rome (HBO)	10%
Knights of Prosperity (ABC)	8%
Extras (HBO)	6%
None	10%



(Continued on page 4)

(Continued from page 1) **Analog**

cialists visiting communities on a home-by-home basis to answer questions and show non-technical consumers how to set up and use a set-top converter box.

The new legislation includes a government subsidy program under which eligible households can apply for up to two \$40 vouchers to use toward buying digital-to-analog set-top converter boxes, although they cannot be combined to buy one converter. Presumably the vouchers will go first to low-income households, but that's not specified in the legislation. The National Telecommunications and Information Administration (NTIA) is expected to publish a notice of proposed rule-making describing its plans for the program and seeking public comment. Of a \$1 billion budget, only \$990,000 has been earmarked by Congress for the subsidy program. If you do the math, \$990,000 divided by \$40 works out to a mere 24,750 vouchers. Since that's far short of the current need for converter boxes, the NTIA, regardless of which system they adopt, will be leaving a lot of people "in the dark." And - what a converter box will cost in 2009 is a big question. Only two manufacturers have boxes on the market today and most of them are sitting in warehouses, due in part to their high price (about \$250) and low demand. Although most observers expect the converters' price to drop, that will depend on the size of the market - another unknown factor.

So what will happen to those analog signals, also known as the 700MHz band? The government's ultimate plan is to auction off the freed-up analog spectrum to technology companies and raise a projected \$10 billion to offset government spending. In addition, the move to all-digital will free valuable radio spectrum, some of which will be allocated to improve radio communications among fire and police departments and other first responders.

Eventually the switch to all-digital will be a win-win for everyone. Viewers will benefit from higher quality programming, broadcasters can deliver up to six channels on a digital platform and the cutoff date is sure to drive sales in an already hot digital TV market. For me, it means that as of February 17, 2009 I will have a TV set to sell - cheap!

Harmelin Media Welcomes SuperPretzel

Harmelin Media is pleased to announce that Brownstein Group Brand Communication has asked us to plan and buy media for their new account, SuperPretzel. J&J Snack Foods, headquartered in Pennsauken, N.J., bakes its SuperPretzel products at several facilities around the country. J&J was started in 1971 and now is the leading soft pretzel producer in the world - over 3 million per day!

SuperPretzels are found in the freezer section of your food store. Each SuperPretzel is pre-baked to perfection. Just heat them in the oven or microwave and you'll enjoy a soft, warm, delicious treat. Harmelin Media and Brownstein Group look forward to a long-lasting relationship with SuperPretzel.



(Continued from page 3) **Media Convergence**

video recording services. Now in 2007, the company has reached an agreement with the cable provider Comcast to deliver TiVo's functionality to digital cable subscribers at a slight additional cost, and thus eliminating a second box alongside televisions. Apple's contribution to home media convergence is named iTV. This product wirelessly syncs media found within the iTunes library on your computer with the iTV product. Once this is done, all movies, music, TV shows, home videos and picture files can be accessible for enjoyment on your television. There will no longer be a need to watch the missed episode of your favorite television show on your computer monitor, as you can now share it with the family in the living room.

Media convergence is moving along slowly but at a steady pace. If companies such as Apple continue to innovate, the theory may become a reality much sooner than some people initially expected. Do you still call a phone that can do everything a phone?

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