

THE HARMELIN² MEDIA[@] REPORT

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Hard Times by Jamie McCairns

"When times are good, you should advertise. When times are bad, you must advertise." (Anonymous)

The latter part of 2008 bombarded us with news of failing businesses, massive layoffs, falling stock prices and, really, just a lot of bad news. As a refresher, although I'm certain most of us are all too familiar with this information by now, the National Bureau of Economic Research (NBER) defines a recession as two consecutive quarters of decreasing Gross Domestic Product (the goods and services produced in the United States). In other words, a recession is a significant decline in economic activity that lasts more than a few months. Production declines, unemployment increases, real income decreases, etc. A recession begins when the economy reaches a peak of activity and ends when the economy reaches its low point. On December 1, 2008, the NBER officially stated that the U.S. has been in a recession that started in December 2007. And so we are faced once again with the frequently-asked question - what do we, as marketers, do now?

First instinct - batten down the hatches! Bear down! Cut expenses. Cut advertising! Ride it out. Cutting advertising sometimes seems to be the quickest, least painful option. Marketers can justify the ad cuts with rationales along these lines: "People don't have money to spend, so our advertising is wasted" or "Our competitors are cutting their ad budgets, so we can afford to slash ours." To address the latter, I will quote my mother: "If your friends jumped off a bridge, would you?" One advantage of advertising during a recession is that other companies have stopped advertising! Your business will continue to get exposure, but your competitors' will not. By being the loudest or the only voice speaking, you are giving your business the opportunity to obtain new customers, while making sure you hold on to your current customers. There is great potential to increase market share, and ultimately grow profit margin. Also remember, if you stop advertising, but your competitors do not, they are able to snatch YOUR customers. Brand awareness decreases when advertising decreases.

(Continued on page 4)

Confessions of a Boomer by Irene Neveil

Maybe I should have titled this article "My Foray into the World of Social Networks." Last year around this time, I decided that my personal goal for 2008 was to become a regular user of social networks. So I created accounts on LinkedIn and Facebook. But since I'm a fairly private person, I found myself abhorring the idea of posting my photo and sharing personal information online.

Late in the year, I realized that my 2008 goal had not been met. Although I was among the 22% of Boomers who were registered on such sites, I was not a true user. So my personal goal became a business goal. To understand how to best use social media for clients, I had to become a regular user myself. I had to take a deep dive.

So I opened an account on Twitter. And I am fascinated, finding myself compelled to check updates constantly. Will this pass or am I becoming addicted? On Twitter, one selects to "follow" people and companies. The "follower" then receives regular, text-like updates, or "tweets," about the people or companies he's following. Some link to articles relevant to their industries or interests. Some link to interesting sites. For instance, I now receive tweets from one of my favorite radio stations, WXPB-FM, letting me know who will be featured on that day's *World Café* program. I also like the tweets from colleagues. I figure since they're sending me the information, they must endorse the subject matter. So I consider Twitter a great place to receive valuable updates on travel, events, newly released studies, and breaking news. But it's the tweets from colleagues that I find so entertaining.

I won't mention names or events, but already I've seen a bit of drama, like how long a friend has been waiting in the airport for her luggage. And I've learned that I'm not alone in placing such high priority on what I'm eating for lunch. Another aspect of Twitter is the fact that other users can follow you! But honestly, I am not



(Continued on page 3)

Super Bowl XLIII by Lauren Stever

Every year, Super Bowl Sunday scores a winning touchdown by drawing in millions of viewers. Just last year, 97.5 million viewers watched as the New York Giants defeated the New England Patriots.

While many viewers anticipate watching the Super Bowl itself, many are equally excited to see the latest infamous commercials. Many of the most memorable commercials are those that are based on humor, trigger emotions, or feature well-



known celebrities. During last year's game, the cost of a :30 spot was \$2.7 million. This price tag increased from \$2.6 million in 2007, confirming viewers' continued interest in seeing the game as well as these spots. But with the state of the economy today, will your favorite brands be back for Super Bowl XLIII?

This year, a :30 spot in the Super Bowl is \$3 million, not including the cost to produce the spot. With the 12% increase in spot cost from last year, many companies are forced to ask themselves, "Is it worth it?"

Many Super Bowl favorites believe that it is. Anheuser-Busch and Pepsi-Cola have already purchased multiple ads for the game. Doritos will also be back in the game but to reduce the costs, they once again allowed fans to create its spot. As further incentive, Doritos will award the creator \$1 million if the winning ad reaches the #1 position on the USA Today Super Bowl Ad Meter. Monster.com has purchased an ad in this year's Super Bowl for the first time in four years.

While Monster.com has been M.I.A., its major competitor, CareerBuilder.com, has taken advantage of the Super Bowl to astounding success. In 2005, CareerBuilder.com saw a 50% increase in brand awareness after airing multiple spots featuring chimpanzees. Both of these brands are hoping to target not only the unemployed but also the companies that may be hiring in today's economy.

Although many advertisers are excited to stay on the Super Bowl bandwagon, the current weak state of the economy is convincing some to jump off. For the first time in 12 years, FedEx decided not to purchase advertising space as they could not justify the high price for a :30 spot. General Motors also decided not to adver-

tise this year even though last year the company purchased a full minute. However, the company will still gain exposure during the game by giving away a Cadillac to the Super Bowl MVP as it has in past years.

In an attempt to offer companies Super Bowl exposure while keeping down the cost, a Los Angeles entrepreneur proposed a plan where multiple advertisers could share a :30 spot. The entrepreneur would buy one spot and resell it to eight different companies. Each company would then pay \$395,000 to cover the \$3 million total spot cost as well as production of the commercial. Each company's logo would appear throughout the :30 spot and be featured on a special website called super-bowlglory.com. However, NBC did not approve the plan.

With the hot and cold advertising outlook companies have this year, it's hard to tell how successful NBC will be in selling all of the Super Bowl's advertising airtime. The network had early success but has struggled in recent months. By September 2008, 85% of NBC's airtime was sold, still leaving a dozen open slots. As of January 12, there were still 8 unsold slots according to reports in the trade press. Despite this fact, NBC still rejected the 8-company co-op spot.

Is \$3 million too much to spend on a :30 spot in today's economy? With the economy in an unpredictable state and fickle Super Bowl viewers watching, only time will tell whether companies that choose to advertise during the game can continue their winning streak.

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(Continued from page 1) **Confessions**

yet comfortable putting myself out there, so there's not much to follow with me . . . yet.

Next, to populate my Facebook page. So I uploaded my photo and personal information. I decided to be very selective with my friends so that I'm not simply adding every name I've ever heard of. No offense to the Northeast High School Class of 1980, but at this point you're basically strangers to me. And in case you're wondering, I have 13 friends right now. That said, I have to admit that I like this feeling of belonging to a club. It's nice to connect with former colleagues and friends. And now I'm even planning to post photos from my next vacation. Big step for me.

On the flip side, since I am totally honest about my age, I am constantly served anti-wrinkle ads on Facebook. They must be so jazzed to have an active Boomer in their network. Of course I get the targeting thing, but I find those ads annoying. I mean when I pick up and read my *More* magazine, I have consciously selected a personal media in which I expect and welcome advertisements and information on products that can help the aging process. Heck, they make me feel like I'm *celebrating* my age. But when I am on my Facebook page, I find it rather disheartening to have that unattractive wrinkled woman ad show up. Am I being overly sensitive here? I don't want Facebook defining me that way.

Okay, on to LinkedIn, the business professional network. So far, so good. The advertising is more business-oriented and non-intrusive. Here employees can really affect the perception of their employers. So we'd better look and sound proper — or risk our jobs.

I've always considered LinkedIn a great place to network with business peers. By spending time on the site, I'm appreciating its many other attributes. It can provide an easy way to check references for potential employees and potential employers too. It's even possible to find people who previously worked for the same boss you're thinking of going with. It can also provide connections to blogs and groups very relevant to one's interests and line of work. There are guides and applications that connect users within their own networks as well as from experts around the world. Need some quick expertise? Post your question on LinkedIn Answers. Oh, and I have only just gotten started. . .

The most apparent thing to me is that marketers should not even think about venturing into this space without an intimate understanding of how it all works. They need to be willing to listen regularly for feedback, to allow their "spokespersons" to be their own employees and customers, and even to employ a customer relations/social media specialist who is empowered to "speak" on a company's behalf. If done properly, it'll all pan out. Once when I felt guilty gossiping, a friend told me "bad behavior earns bad gossip." Be careful out there. One misconstrued social network event can earn you tons of bad PR and lost sales.



Jay Leno to Prime Time

by Brad Youtz

What do *Hill Street Blues*, *St. Elsewhere*, *L.A. Law* and *E.R.* have in common? All were scripted TV shows that aired at 10PM on NBC over the past 25 years. With this rich history of programming, many people were surprised when NBC announced that Jay Leno would have his own 10PM show to air each week-night, starting in the fall of 2009. Some change was inevitable because of the 2004 announcement that Conan O'Brien would take over *The Tonight Show* slot in May 2009. But who expected this?



One big reason for this move was NBC's desire to keep Jay Leno on the network. With the O'Brien switch imminent, other broadcast networks were ready to swoop in and give Leno his own late night program. According to media reports, ABC and FOX were two potential destinations. NBC realized this would be disastrous because a portion of Leno's loyal audience would follow him to his new network rather than watch his replacement. This would be very bad for a network who was last in the latest ratings period.

NBC also looks at this as a large cost-cutting measure. The cost is \$150 million for the network to produce a single season of a scripted drama. Mr. Leno's program will cost just over half that at \$90 million. With five less hours to program each week, the network will focus their resources to find programming that will appeal to an ever-fragmenting audience. One concern is the continuing decline of ratings across all networks in the 10PM hour. In the key Adult 25-49 demo, NBC national ratings have dropped 33% from Nov 2006 to Nov 2008 in the 10PM hour. CBS and ABC are also seeing declines, though not as dramatic.

That may seem particularly gloomy, but affiliates are looking at it as an opportunity. Lisa Howfield, GM of NBC affiliate KVBC in Las Vegas, is thinking positively. "It is simply a new approach to what we have become accustomed to calling 'Prime Time' television." KVBC will be forced to try the "new approach" in the fall, as affiliates used to

(Continued on page 4)

(Continued from page 3) **Jay Leno**

having 12 minutes of advertising to sell in *The Tonight Show*, will only have nine minutes during the ten o'clock hour, typical for prime programming.

Looking into the future, Howfield sees the possibility of Leno trying to reach a younger audience. "This is just my guess...but I think we'll see more musical artists that appeal to a younger demo and maybe some interactive segments that these younger viewers have come to expect."

Affiliates are also hopeful that Leno's show will hold the audience into their 11PM local news programming. Leno's show will air live 46 weeks out of the year. Reports indicate there could be live cut-ins during the 10PM broadcast to promote late news content and possibly Conan O'Brien's 11:30PM program. Network officials hope that airing Leno's show live will help "DVR-proof" the program, which analysts agree has hurt the ratings in this time period.

There is much at stake for NBC as they embark on this experiment. Can Jay Leno recapture an eroding audience in the 10PM hour? Is stripped programming in prime time going to be adopted by other networks in an effort to cut costs? Can the networks and affiliates work together to ensure viewers stay tuned in for the local news? By the first quarter of 2010 we should know these answers. Regardless, everyone from network executives to local affiliate management can agree on one thing — they are glad that they don't have to compete against Jay Leno on another network!

(Continued from page 1) **Good Times, Bad Times**

Instead of waiting out the bad times for things to go back to normal, why not consider taking advantage of the opportunities that are out there? Media vendors have deals to be had. There is available inventory across all media, priced to sell because demand is down. A company that is bold enough to take the smart risk stands to improve its position in the market, and do so with a stronger ROI.

What about the theory that advertising would be wasted because people do not have money to spend? People are still going to spend money on services and buy products in a recession. Spending does not stop completely. Consumers do start monitoring their purchases during a recession — they get stingy with their money. So more advertising, rather than less, is necessary to get these people to spend and prevent consumption from completely vanishing. The effort to recoup a position lost during a recession costs more in the long run than to retain it during the recession by continuing to advertise.

Of course, be smart about the ad spending — don't try to be everything to everyone. Some companies may tweak their message to acknowledge that their customers are under financial pressure. During the 1973-1975 recession, Quaker Oats promoted their grain products as a cheaper source of protein. The company saw increased sales in oatmeal, grits and cornmeal. A-1 Steak Sauce changed its message to let consumers know that they "weren't just for sirloin anymore" and showed the product being used on seemingly recession-proof hamburgers. Ball jar sales boomed as the marketer's campaign dwelled on the savings to be had by canning your own fruits and vegetables. So develop a strategic plan that targets your customers in the right media placements with right advertising messages.

Whether to advertise in a recession or not has been a question raised by ad agencies since the 1920s. The answer is yes, yes, you should advertise. You might say, well, of course that's what agencies are going to say — it's a self-serving study, how convenient! Remember that these studies were conducted by impartial researchers — economists, academics, business analysts. McGraw-Hill Research analyzed 600 companies in 16 different industries from 1980 through 1985, and found that those who advertised the same amount or increased their advertising had significantly higher sales both during the recession and for the three years after it — by 1985 sales were 256% higher than for those who ceased advertising. When studying the 1990-91 recession, Penton Research Services, Coopers & Lybrand, in conjunction with Business Science International, found that the better-performing businesses were those that focused on a strong marketing program. Those companies were able to solidify their customer base, take business away from their less aggressive competitors, and position themselves for future growth during the recovery. Advertising cutbacks actually diminish demand, and therefore, profit.

The fact that we are in the midst of a recession does not mean that there are absolutely no sales for each and every business; it means less dollars are active in the marketplace. There is no hard and fast rule that states that all businesses will have fewer sales. Advertising during a recession provides a distinct window of opportunity for those companies that view advertising as an investment rather than an expense. Companies can build brand equity, solidify a customer base, gain new customers and even seize customers from competitors who have decreased or completely cut their spending. People aren't going to spend money with companies they have never heard of; they will spend what they are able with companies they know about. There are going to be tough economic times. The good news is that recessions, on average over the last five decades, have lasted only about 11 months. The hard part is staying afloat during the down times. This is done through marketing and advertising.