

Skipping Ads? TV Gets Ready to Fight Back

By Bill Carter

A leading television producer and two major advertisers have joined forces to present a live variety show with no commercial interruptions. Instead, the advertising messages will be incorporated into the show.

The advertisers, which so far include Pepsi and Nokia phones, are buying six hours of air time to create what the program's producer, Michael Davies, called "a contemporary, hip Ed Sullivan show" for the youth-oriented WB Network, part of AOL Time Warner. The hourlong program, to be broadcast for six weeks this summer, will try to highlight the companies' products in various ways, like putting singers on a set dominated by a logo or building comedy routines around a product.

The experiment reflects growing anxiety among many advertisers and network executives about the rise of personal video recorders, like TiVo's, which make it easy for viewers to skip commercials. Although the network commercial is far from extinct - advertising spending increased for television in the last year - many executives are concerned that a decline in the effectiveness of the 30-second commercial could rock the economic foundation of broadcast television, which depends on advertising as its main source of revenue.

The show is already drawing wide attention in the television industry. The idea has been given credibility because Mr. Davies, a native of Britain, produced ABC's landmark "Who Wants to Be a Millionaire," the program that started the reality television craze in the United States and changed the face of prime time.

The working title has been "Live From Tomorrow," but that is expected to change, perhaps to "Live From Right Now."

While the move is billed as a forward-looking response to a technological threat to the business, it actually harks back to television's earliest days, when a single sponsor bought a time period and presented a show, like the "Kraft Television Theater" or "The Philco Television Playhouse," and featured only its own products in its commercials. The roots go even deeper, all the way back to the beginning of soap operas, a genre that owes its name to the laundry detergents that began sponsoring them on radio. Early soap operas incorporated scenes that had characters do the washing while praising the product.

Networks eventually became troubled by the arrangement, partly because they wanted more control over the programming and partly because they expected to make more money by using 60-second commercials with multiple advertisers.

The quiz show scandals of the 1950's, which came about because sponsors manipulated the outcome of the games, reflected badly on the single-sponsor model and gave the networks the opportunity to seize back their time periods. Eventually, the standard commercial length became 30 seconds because networks could make more money that way.

In another throwback to an earlier television era, Mr. Davies said he intended to stage the show in New York and present it live. "I think in a way we're finding ourselves going back full circle to the 1950's," Mr. Davies said. Final details have not been completed.

For example, deals must be struck with the local television network affiliates, which are allowed to sell a small percentage of a program's commercial time. WB executives say they believe that they can persuade the stations to place their commercials immediately before and after the show so it can be viewed without any interruptions.

The new show is likely to look like a combination of an HBO program - running without interruptions - with a series of fast-paced, entertainment-driven infomercials. Mr. Davies said the connections to the sponsors, never subtle or sneaky, would be clear through on-camera logos and frequent mentions of the companies and their products.

Mr. Davies said the program would be broadcast in June and July.

The sponsors and Mr. Davies want to write a template of sorts for how future television shows can deal with the problem of viewers' using digital recorders by TiVo and its competitors to eliminate commercials.

The penetration of the digital recorders is slight thus far, at only about one million homes. But as satellite and cable companies and television-set manufacturers increasingly build such recorders directly into their equipment, the amount of viewing done through the devices is certain to grow.

Even now, with the penetration so small, many advertisers are looking for ways to go beyond the commercial. So far that has largely meant "product placement," inserting companies' products into the action of prime-time shows - but often in clumsy ways. Some shows have made the incorporation of sponsors more overt, as on "The Best Damn Sports Show Period" on the Fox Sports Net cable channel. That show signed up Labatt to provide the beer on the show's bar set.

"Viewers hate it when they think you are trying to be deceptive with them, sneaking advertising into scenes," Mr. Davies said. "We're going to be completely open about it on our show and hopefully completely creative."

Among the possibilities he cited was a permanent Pepsi display behind every music performance on the show. He said the producers had also come up with suggestions like having some rap artists, like Method Man and Redman, go to the Nokia headquarters in Finland to take part in their internship program. "We could make a little three-minute funny film out of that," Mr. Davies said.

The show will have two main sponsors, Pepsi and Nokia, and four secondary sponsors, Mr. Davies said. Visa is likely to be one of these.

Mr. Davies added that the show could charge a movie company, for example, for an appearance by one of the stars of a new film. It could also charge for guest hosts. He explained, "The question will then become: Will we be bold enough to tell a movie company that we're advertising your movie on our show so you have to pay for it?"

The show is a partnership between Mr. Davies's company, Diplomatic Productions, and the two main sponsors. They will have to buy the six hours of time from WB at a cost of \$600,000 to \$1 million an hour, and they will pay all production costs.

"We're not going to make a great deal of money this summer," Mr. Davies said. "But if we hit, we could really build into something in the future." As with all television shows, this one's success will be determined by the ratings it draws and, almost as important in this case, the amount of attention it generates for its groundbreaking format.

James Twitchell, a professor of English and advertising at the University of Florida and the author of several books on the history of advertising, said of the move, "It's about time." He said advertisers had to respond to the ways technology had changed viewing habits, beginning with the remote control. "That was the cross against the vampire of advertising," he said.

But he noted that advertisers were also responding by trying to make their commercials more entertaining. "Advertising is becoming art," he said. "You don't need it, but it's fun to look at."

A leading advertising executive, Donny Deutsch, the chairman of Deutsch Advertising, said: "The 30-second commercial is not doomed, certainly not in our lifetimes. Somebody is going to pay for TV. But advertisers have to be more and more creative, whether with product placement or something like they're doing with this show."

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