

More Ads Coming to TV-- Even to Former Havens

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(AP) -- Coming soon to your TV: More advertising, in places you might not expect.

The ads are showing up where people used to enjoy a break from advertising, such as video on demand and on-screen channel guides. Even TiVo, which became popular for its technology that lets people skip TV commercials, is developing new ways to show ads.

As a result, you won't necessarily see more traditional, 30-second commercials. Instead, many of the new TV ads will resemble online ads - interactive and often shaped for individual members of the audience. They'll also be harder to ignore. Typically, you can't opt out of seeing them.

The companies behind the latest kind of ads hope they'll especially appeal to advertisers that are increasingly careful with their marketing budgets. In turn the advertisers are betting viewers won't be turned off - as long as the ads pitch products and services tailored to consumers' particular interests.

In a trial that ended last year in Huntsville, Ala., Comcast Corp. found that viewers shown targeted ads watched them 38 percent longer than folks who got less-relevant commercials.

"People like to shop. People like to research products," said Charlie Thurston, president of the advertising sales division at Comcast, the nation's largest cable TV provider. "Where advertising is intrusive is when there's a complete mismatch

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between product and viewer."

The increased advertising on pay TV services is striking, given that the industry started with scant ads as one way to appeal to subscribers.

Revenue from advertising on cable TV was just \$100 million in 1981. By 2000, though, it hit \$10.5 billion and then doubled this decade to \$21 billion, according to research firm SNL Kagan.

To put this increase another way: There were 15 minutes and 30 seconds of advertising in the average hour of prime-time cable TV last year, up 14 percent from 1999, according to TNS Media Intelligence.

But that statistic doesn't account for advertising appearing in new formats on your TV.

For instance, Time Warner Cable Inc. is layering another ad on top of a TV commercial in order to keep the viewer engaged past the 30-second spot. In several markets, Time Warner Cable subscribers watching a Big O Tires commercial might see a banner from the company pop up at the bottom of the screen, telling them to push a button on the remote control for more information. Then pushing another button would let them request a coupon in the mail.

TiVo, the creator of the digital video recorder that panicked the TV business by making it simple to skip ads, now flashes banners on TV screens when users pause, fast-forward or delete shows.

Viewers who paused "The Biggest Loser" TV show saw an ad saying "Jenny Craig says you've got more to lose!" If you used TiVo to pause "Iron Chef America" on the Food Network, this popped up: "Sub-Zero:

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Every cook deserves the best!"

"We were once a foe of the networks, now we've become a friend," said Tara Maitra, TiVo's general manager of content services and ad sales. "We're working with the industry ... to get users to engage in a world increasingly equipped to fast-forward through commercials."

Dave Zatz, a 37-year-old network engineer in Herndon, Va., isn't happy about it because he bought a TiVo digital video recorder and pays a subscription to skip ads.

"It's obnoxious," he said of the ads that appear when a TV program is paused. He said other ads have been on the periphery or appear on the menu page. This is the first time he's noticed TiVo layering an ad on top of an actual program.

He said he's been wondering, "Who are TiVo's customers?" People like him, or advertisers? "They're getting paid on both ends."

One ad buyer was told by TiVo that a "pause" ad costs \$20,000 a week with exposure on 15 programs. That would be a bargain by some measures: A 30-second commercial airing once on prime time TV costs about \$150,000, on average. TiVo would not confirm its rate, saying that what an advertiser ultimately pays can vary widely, depending on what's negotiated.

Video on demand services - where you can watch movies and TV shows usually with fewer commercial interruptions than broadcast TV - are also expanding as a venue for ads.

Cablevision Systems Corp. has been adding advertiser-specific video-on-demand channels over the years and now

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has nine, including one dedicated to Walt Disney Co. People who tune in can watch videos of Disney theme parks, order a free DVD featuring Disney vacation locales and ask a customer service agent to call. Cablevision found that Disney ads snagged 7 to 10 minutes of viewers' attention - a long time compared to 30-second TV commercials.

During a stretch of several months last year when responses were being measured, Cablevision found that 23 percent of people who watched the ads booked trips with an agent.

These and other new kinds of ads sprouting on pay TV services are meant to entice recession-weary advertisers that want to know whether their ad dollars are effective, said Josh Martin, vice president of emerging media at ID Media, a unit of Interpublic Group of Companies in New York.

Cablevision's video-on-demand channels let advertisers know how many times viewers watched a video, how long they stuck around and how often they requested more information.

"It's sort of a march away from the classic 30-second commercial ... towards accountability," said David Sklaver, president of KSL Media Inc., a media planner and buyer in New York.

Many of the new ads being tried by pay-TV operators make use of consumer targeting, which tailors ads to someone's presumed interests.

The companies can get a good idea of what viewers might like by using demographic information, such as age, income, household size and other data that can be bought from consumer-information brokers such as Experian. The set-top boxes in consumers' living rooms

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can receive or store several different ads and then choose which one to show, depending on the viewer.

Seth Haberman, CEO of Visible World, a provider of customized TV ads whose clients include the nation's five largest cable TV operators, said viewers who would rather skip ads should realize they subsidize the cost of producing cable TV content.

"If you took out the ad support, your bill would triple or quadruple," he said.
"There's no way around it."

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