

# Alcatel 5900 Dedicated Advertisement Channels

## Introduction

Alcatel 5900 Dedicated Advertising Channels (DAC) is an operator solution provided by Alcatel on top of IPTV platforms, which enables brands, SMEs and retail stores to create their own on-demand channels to which end users can subscribe.

The solution is based on Alcatel's 5900 My Own TV solution, with which anyone can create open or closed My Own TV channels and upload content to these channels. Channels are being defined as an aggregation of on-demand clips linked to the same interest field, and are brought in a unicast way (like Video on Demand) and not broadcast way to end users. Dedicated Advertisement Channels are channels to which everybody can subscribe to via a yellow pages system or via links originating from broadcast channels or other open channels.

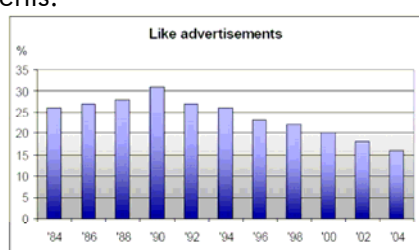
## Television Advertising's changing world

"By 2010, traditional TV advertising will be one-third as effective as it was in 1990 ", McKinsey told to the company's Fortune 100 clients in august 2006. That shocking statistic, delivered in a report on media proliferation, assumes a 15% decrease in buying power driving by cost-per-thousand rate increases; a 23% decline in ads viewed due to switching off; a 9% loss of attention to ads due to increased multitasking and a 37% decrease in message impact due to saturation.

Traditional advertising mechanisms like 30s television commercials are being fundamentally challenged as a result of:

- ✓ Technology advancements that give consumers increased choice - entertainment, information, communication and transactions
- ✓ New platforms and services which compete for consumers' time, attention and dollars
- ✓ Emerging patterns of consumer behavior, including user generated content, reduced attention spans, increased multi-tasking and rising mistrust in advertising.

In conclusion, agencies recognize people have the choice to skip or avoid advertising, which causes them to shift their strategies. A recent report stated that 65% of US feel "constantly bombarded" by advertisements, 59% feel that those advertisements have almost no relevance for them and almost 70% declared their interest in products or services to skip advertisements.



**Figure 1 End users dislike advertisements more and more**

## Permission marketing:

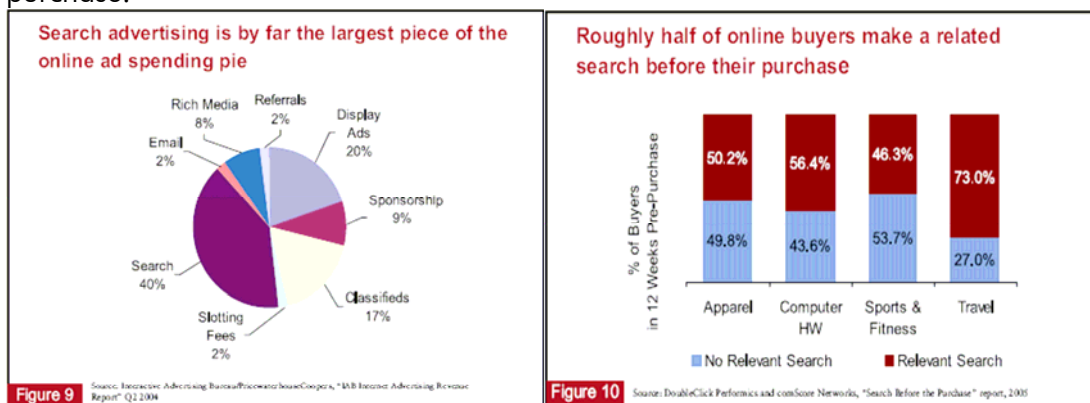
Instead of spamming people with 30s commercials, P&G CMO Jim Stengel breaks a lance for pull marketing: "All marketing should be permission marketing. All

marketing should be so appealing that consumers want us in their lives. We should strive to be invited into consumers' lives and homes."

The goals of "permission or service marketing" (source: DoubleClick & Nielsen//NetRatings) are

- ✓ Help people make purchase decisions when they are seeking advice (e.g. sponsored search on the Internet like Google)
- ✓ Provide regular product and category information on demand
- ✓ Passively await the user to engage interactive, information-rich content provided in an easy, low barrier manner
- ✓ Make ads that customer want to share and enjoy over and over again
- ✓ Is also called "Invertising"— marketing that consumers invite into their lives

The Internet gradually evolves in this direction as banners make place for more permission marketing proof mechanisms like sponsored search. This also proves to be very cost effective as half of online buyers make a related search before their purchase.



**Figure 2 Permission marketing on the Internet: growing and effective**

### ***IPTV's new advertising mechanisms***

IPTV has some inherent characteristics (personalized, unicast), which make it very suitable to apply permission marketing principles on television, next to the more standard advertising mechanisms we know of. Next to Dedicated Advertisement Channels, which will be covered in more detail here, there are many other solutions which can be provided and are listed below.

### ***Dedicated Advertisement Channels***

Alcatel 5900 Dedicated Advertisement Channels are on-demand channels created by advertising or media agencies for brands, retailers or SMEs and are provided by operators integrated in the IPTV solution to end users. They can show videos, photos and other multimedia and consumers can subscribe to a channel if they are interested in it. DACs are not broadcast channels, which means you don't need 24h content x 7 days: the brand decides when he publishes new videos or photos to the channel and replaces old videos.

The channel owner gets details on the number of people subscribed to the channel and can even get statistics on viewing behavior. If the consumer decides to opt-in to provide more information in exchange for more personalized follow up, even details of the individual subscriber and his viewing behavior can be provided.

The channels are shown on television, people can zap from broadcast channels to these channels and can see them in their personalized EPG. People can interact with

individual videos: e.g. to ask more info, to see the nearby shop or to get a printed folder sent to their home.



**Figure 3 Dedicated brand channels via My Own TV**

## DAC Subscription

Alcatel 5900 DAC provides flexible channel discovery and subscription support: end users can subscribe to channels via yellow pages and channel search shown on television, via links from broadcast or other DAC channels or via invitation.

Yellow pages and search:



**Figure 4 DAC discovery via search or yellow pages**

Subscribing to DACs from links on broadcast channels is the most promising, as this requires minimal effort from the end user. Today, in some interactive television markets it is already possible to interact with commercials via e.g. the red button to be redirected to dedicated advertisement locations (DALs), Internet alike sites on television where people can see more content or interact with the availabilities. This way however, people miss part of the broadcast stream and advertisers lack a longer-term relationship with the interested consumer. Links or broadcast programs or commercials alleviate this:



**Figure 5 DAC subscription via links on Broadcast channels**

## Detailed Reporting

DACs are on-demand channels to which end user subscribe, and there is as such a clear reporting mechanism available to go beyond Gross Rating Points like currently used for Broadcast television to more interesting statistics like Cost Per Subscriber or Cost Per View.

## Industry Proof points

A recent KPMG report states: "Up to a quarter of major retailers in the UK will have launched a brand channel in the next three years".

Broadcast brand channels have to cover as much as 24 hours a day, 7 days a week - people won't watch them for 15 hours a week. Therefore, DACs solve these issues as there is no need for a broadcast license nor for 24x7 content and advertisers only pay publicizing to the people they really reach, since even detailed reporting can be provided.

## Business model

Operators will provide advertisers with the means to setup DACs and depending on multiple parameters like number of channels, number of subscribers, number of views and storage occupied the charging will take place. Cost per subscriber and cost per view will be the two main terms to compare with gross rating points, cost per thousand and cost per clicks.

## Examples

There are many examples of DAC channels one can think of, from pure product information to entertainment channels, with subtle advertising. Some example categories:



**Figure 6 Examples of Dedicated Advertisement Channels**

- ✓ Product info channels
  - Fashion shows of a clothing mark, providing info on nearby shops
  - Car mark information, providing means to book test drive or get a folder
  - Sponsored holiday information videos showing hotels, country,...
- ✓ How to do-it-yourself channels
  - Channel showing how to DIY, sponsored by DIY store
- ✓ Product placement channels
  - Sponsored cooking program by food chain
  - Baby info channel sponsored by pamper chain
  - Department store promos and offering videos
  - Sport videos, sponsored by a sports mark or shop
- ✓ Job channels
  - Showing videos of companies hiring new people, sponsored by recruitment agency
- ✓ Real Estate channels
  - Providing videos and photos of houses and apartments on sale, showing map location

## **Conclusion**

Alcatel 5900 Dedicated Advertisement Channels provide today the means to bring advertisements to interested people on television, in a flashy and interactive way. It is cost effective - no broadcasting – and with full accountability backwards to advertiser. The DAC consumption is fully controlled by end user; there are flexible discovery and subscription mechanisms as well as recommendation and sharing support.

Brands can change the content of their promo-TV in real time, without having to rely on VCD or tapes.

Dedicated Advertisement Channels combine thus the best of two worlds: the easy, lean backward consumption on a mass media device like television with the (cost-) effectiveness, efficiency, reporting and personalization of IP.