

The Once and Future King

TECHNOLOGY BRINGS NEW CHALLENGES, NEW OPPORTUNITIES

BY JACK FEUER

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The television business today faces daunting challenges. But it's moving quickly—and often smartly—to meet the demands of a digital marketplace. Reports of the medium's demise were clearly exaggerated. The industry is determined to reinvent itself and remain the channel of choice for advertisers.

"We have all of these digital natives who use broadband as a principal or supplemental way of consuming what used to be called television," said Lori Schwartz, senior VP of Interpublic's Emerging Media Lab. "You can't swing a dead cat without hitting a broadband portal."

Here's how Mike Lotito, president of media consulting firm Media IQ, describes it: "The television business has been entering the mature side of its life-cycle for a while, but it's really finally coming to terms with it. Mature businesses have more competitors, price pressure and infrastructure challenges, and they're not the most popular thing in town anymore. In the last year, the heads of the networks have realized that and are figuring out how to change their processes."

Anne-Marie Schaffer, senior VP of media for Los Angeles agency Ignited, who formerly ran the giant Cingular account at Mediaedge:cia, observes, "The broadcasters have been pretty quick to develop good content for the Web and are providing a really engaged opportunity for advertisers to create some unique placements we can't do on television."

Nielsen research shows the networks' own Web sites are the most popular destinations for viewers when they watch streaming television over the Internet. Half of all viewers in that study went to

ABC.com, more than any other site,



NEW OPTIONS TV programming today is routinely viewed online, via DVRs or on iPods.

followed by NBC.com and CBS.com.

"Obviously, there is significant fragmentation of the audience and increased choice, but that's created increased viewing," said Ed Erhardt, president of ESPN

service launched by NBC and News Corp. in March, is already sold out, NBC Universal CEO Jeff Zucker told attendees at the International Advertising Association conference in New York.

"The Internet is truly an extension of our existing network business."

—Leslie Moonves, president-CEO, CBS Corp.

At a February earnings call with analysts, CBS Corp. President-CEO Leslie Moonves said, "The Internet is truly an extension

and ABC Sports customer marketing and sales. "Industry factors like the writers strike and other things ebb and flow, but television is growing."

Indeed, television today has leapt out of the box—a cavalcade of content, from broadcasters and cable networks, all mashed up in true digital fashion, served over various screens and controlled in various ways by the viewer.

Ad inventory on Hulu, the video-on-demand online

of our existing network business," and noted that the CBS Audience Network "has more than 300 affiliated Web sites and is the No. 1 provider of online television programming in the business." He also said CBS might eventually join with its competitors and offer content.

So far from being done in by the Internet, the present-tense version of TV may actually provide solutions to the thorny problem of how to monetize advertising online beyond the booming search category. "The irony is not lost on me that, beyond search, the Web's best prospects for advertising growth rely on how much it

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