



INTERNET AND CELLPHONES PROVIDE NEW ADVERTISING VENUES

July 12, 2004

In an effort to combat popular ad-skipping devices such as TiVo, advertisers are turning away from the standard television commercial and focusing on your cell phone and your favorite movie and video game.

Do you hate sitting through TV commercials? Advertisers and marketers think you do, so they are finding other places and often more subtle ways to promote products.

Traditionally, advertisers show off consumer goods on 30-second television commercials known as TV spots. But ad executives and corporate marketers, concerned about the negative impact of ad-skipping devices, are shifting their ad budgets to alternative media.

Ad-skipping devices -- often called digital video recorders (DVR) or personal video recorders (PVR) such as the popular device TiVo -- allow consumers to fast-forward through those annoying, disruptive commercials.

To combat these devices, marketers are spending more on traditional product placements and corporate sponsorships, such as NASCAR's multi-million dollar contract with telecommunications giant Nextel. Advertisers are also exploring non-traditional product placement such as electronic games and movie trailers.

Product placement in video games

Many advertisers are experimenting with ways to reach an estimated 145 million video game players. Fast food giant McDonald's inked a multi-million dollar deal with electronic game manufacturer Electronic Arts to imbed the brand into the game The Sims Online. Players can now build their own McDonald's burger kiosks and make "virtual profits" on sales in their Sims world.

McDonald's senior director for Internet marketing, Neil Perry, said the company has shifted a substantial amount of its TV budget to interactive formats and expects to quadruple its spending on Web advertising by 2004 in efforts to reach hard-to-get younger audiences.

Is that cell phone an ad?

Companies are also imbedding product placement within movies and during movie trailers.

Have you noticed how movie characters always have a cell phone on hand? While that cell phone may just be a stage prop, it could be a cell phone manufacturer vying for your attention.

Indeed, specific cell phone manufacturers are increasingly displayed -- and not so subtly -- in popular Hollywood movies. Charlie's Angels certainly never left home without their Nokia cell phones. In "The Matrix Reloaded," it was Samsung's cell phone battling for your attention. Since the Matrix release, sales for the South Korean electronics company have risen significantly.

On-screen commercials in movie theaters are also becoming one of the nation's fastest-growing advertising sectors, with an estimated \$315 million spent on such ads in 2004, according to the Cinema Advertising Council, a trade association. The top advertisers include candy makers, the car industry and the U.S. military, the group's president Matthew Kearney says.

When a coke is worth a million bucks

Bob Jeffrey, the head of J. Walter Thompson, one of the largest U.S. ad firms, scared the media industry in June 2004 when he predicted that ad spending on TV networks could drop by half over the next five years.

"I think it's a foregone conclusion that network TV will decline if it continues to operate on the same model," Jeffrey told the Reuters news agency.

Thompson helped its biggest U.S. client, Ford Motor Co., place its product in the popular Fox show "American Idol." Winners receive a Ford Focus car along with their recording contract.

"American Idol" also promotes soda and wireless service. Ever notice that the three judges sit behind large red cups emblazoned with the Coca-Cola logo? And the host, Ryan Seacrest, reminds viewers they can submit their vote as a text message, but only if they have AT&T wireless.

Ford, Coca Cola, and AT&T Wireless shelled out \$26 million dollars for each integration deal, according to AdAge magazine.

So keep an eye on your favorite TV program and the latest movies and try to figure out when a character's new car is just a stage prop, and when it's another imbedded ad.

-- By Liz Harper, Online NewsHour

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