

# TURBO-TELEVISION?

## **Interactive TV Has Been Just Two Years Away For More Than A Decade.**



Interactive TV. The idea is simple and powerful. Take the world's most effective ad medium and make it better by making it interactive. Let the viewer click on the TV image for information or even to purchase that sweater Ali is wearing. Turn passive to active. Make media magic -- Turbo-TV.

What's wrong with that picture?

Interactive TV has been two years away for more than a decade. The technology is remarkable, but in a sense trivial. The issue has always been do consumers want it in its present form? And will people (and advertisers) pay the money needed to make it better?

Although the idea is simple, the reality isn't. It's far too complicated for viewers and advertisers. That's because ITV people focus on the get-rich-quick technology and not the consumer benefits. The image is of 10,000 swarming ants trying to get into a tightly wrapped candy bar.

What they call Interactive Television is a lot of different things that are difficult to organize in a way that makes any sense to advertisers or consumers.

For example, *Interactive Program Guides* (a service), *Addressability* (a function), *Personal Video Recorders* (an appliance), *Video Streaming* (a technology). This creates confusion.

The ITV marketplace more logically divides into three distinct functions, often delivered in a variety of ways:

### **Search-Select-Capture**

*Search-Select-Capture*, which includes *Interactive Program Guides* (IPG's), *Personal Video Recorders* (PVR's) and *Video-on-Demand* (VOD). PVR's are often seen as changing the nature of television since they permit viewers to create their own program schedules and to skip commercials. Tivo and Replay are the leaders.

### **Internet-on-TV**

*Internet-on-TV*, which is physical convergence. This brings web content and interactivity to the television set. Today, as in the examples of WebTV or AOLTV, the functions co-exist on the set, but are not integrated.

*Internet-on-TV* will become important when digital broadband services are widely available to seamlessly join the TV and PC platforms. This will be true functional convergence.

### **Enhanced TV**

*Enhanced TV*. This is TV content made interactive and in some cases addressable. *Enhanced TV* has specific advertising applications right now, like interactive and addressable commercials (*Wink and ACTV*), but it is still experimental.

These three functions, *Search-Select-Capture*, *Internet-on-TV* and *Enhanced TV*, pure or merged, will have a place in the future of television regardless of the success or failure of today's products or the companies marketing them. They will most likely be extra-cost features of tomorrow's cable or satellite systems.

Interactive TV will be important to advertising. It can let advertisers do much more than deliver messages. It can better target consumers (*addressability*), it can let them ask for information (*interactivity*), and it can let them purchase products (*t-commerce*).

### **It's Difficult To Find Fire**

This real potential of ITV has been obscured by the exaggeration of its pitchmen. There is so much smoke that it is difficult to find fire. Most of the advertising benefits of Interactive, are best delivered through advanced set-top boxes and these are being deployed slowly. Furthermore, the "we pay while they learn" nature of most advertiser experiments with ITV makes it extremely vulnerable as the US economy softens.

### **The Business Model is Cable**

So what is the future of Turbo-television? The ultimate ITV package will probably be part of a larger system providing programming (as do today's cable or satellite systems), telephone (as do today's telecommunication's companies) and high-speed data (as do today's broadband Internet providers) through a single wire (they'll call it a pipe). All on a single monthly bill.

This will support a consumer friendly system offering all functions: Interactive Program Guide, Video-on-Demand, Personal Video Recorder,

Internet-on-TV and Enhanced TV. And many others we haven't yet thought of.

This is the technology model of the major players. Their business model comes from cable, not broadcast TV. It has the viewer as the major source of revenue, with a minor role for advertising to add to subscription dollars.

So despite the interest and despite the hype, just how important advertising dollars will be in the grand interactive scheme of things remains unclear.

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