

TV+ shopping

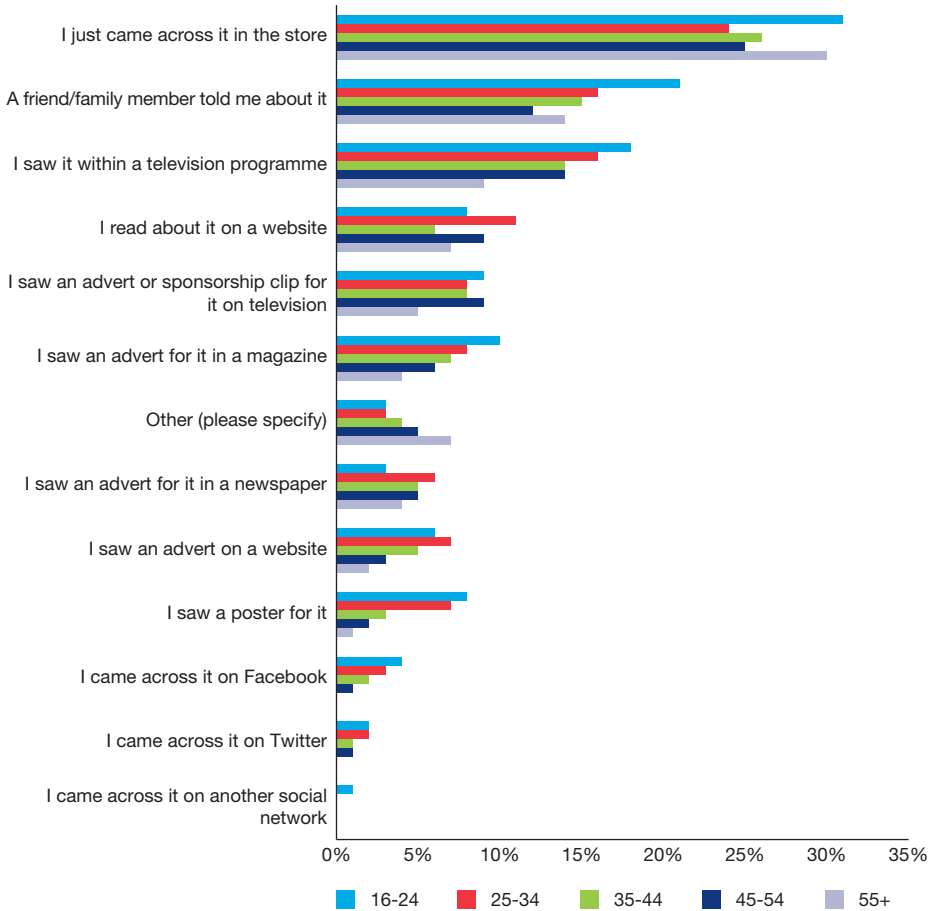


Television has long been recognised as a potent marketing tool, not just for its advertising slots, but for the impact that a person's or product's appearance on the platform can have. The music we own, toys in our children's bedrooms, ingredients in our fridges, the way we dress, the vernacular we use, the look of our living rooms: all of these are likely to have been influenced by what we have seen on television.

One in five 18-24 year olds found out about and then purchased a new product or service because they had seen it on television. There were only two more powerful influencers: coming across the product or service in a store and recommendations from friends.

Television's ability to raise awareness is stronger than all other forms of media. Even social networking, which is the most common specific activity people undertake while on the Internet and viewing TV, does not appear to be anywhere as influential on purchasing behaviour as television. Few of our respondents, across all age groups, have discovered and then purchased a new product or service via a social network relative to those who saw it on a television programme (see Figure 16).

Figure 16: Drivers of discovery that lead to purchase of new products and services by age group

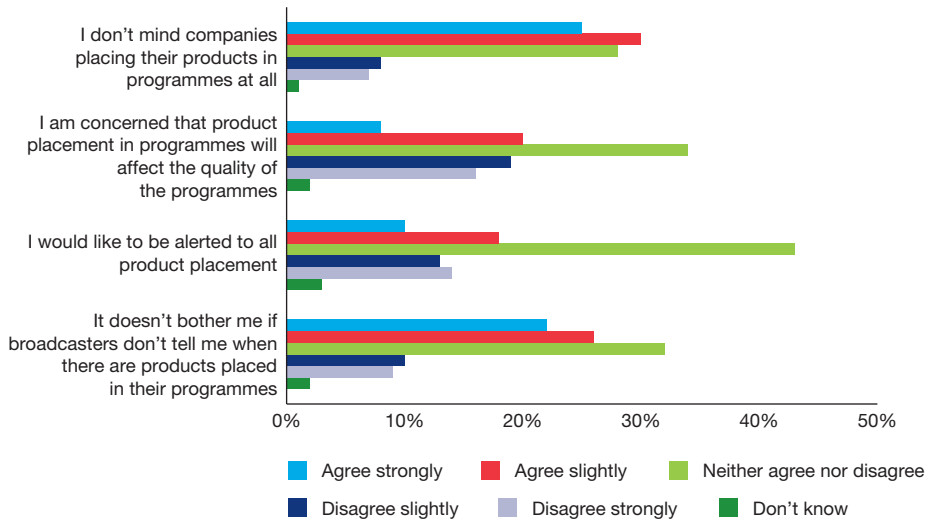


Question: Please think about the last product or service you bought that was not a routine purchase. By this we mean the product or service was new to you. Which, if any, of the following best describe how you found out about this product or service?

Source: Deloitte/GfK, June 2011. Sample: all respondents (2,000)

Product placement, still relatively nascent among UK originated television productions, may further bolster the ties between what we see and what we buy. The UK public appears quite accepting of this marketing technique. Over half of respondents do not mind products being placed in programmes they watch and only 15 per cent object.⁴⁹ Just under half are not “bothered” if the use of product placement is not signalled. More respondents do not believe product placement affects programme quality than those who do (see Figure 17).

Figure 17: UK attitudes to product placement



Question: Using the following scale, please tell us the extent to which you agree or disagree with each of the following statements?

Source: Deloitte/GfK, June 2011. Sample: all respondents (2,000)

Today, television informs and persuades our purchasing decisions. But it does not transact.

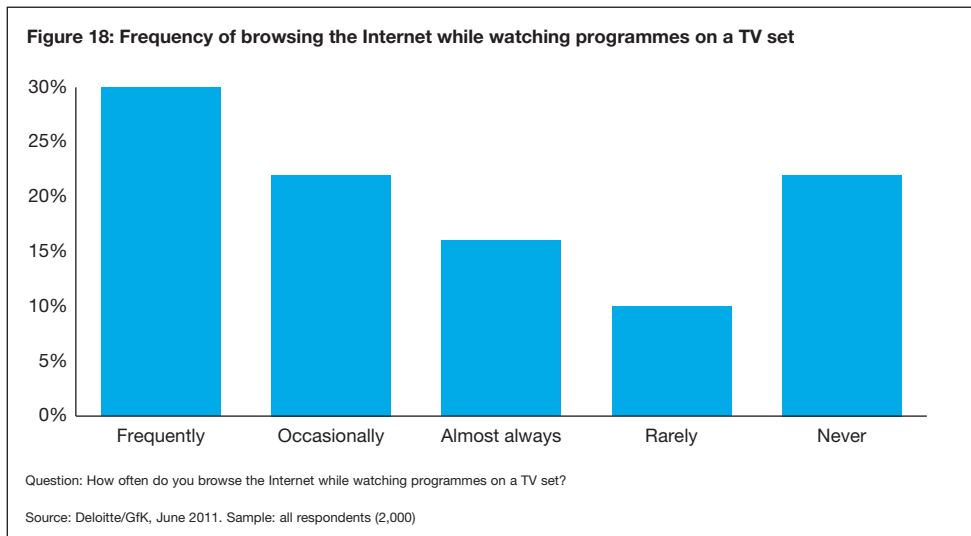
There have long been concepts of how television and purchasing might be more tightly integrated. One vision foresees us pointing our remote controls at the TV screen to select and buy the news presenter's tie. The majority of the technology required to deliver on this concept has existed for several years. But this approach to blending TV and sales is unlikely ever to be manifested. It would be complex to deploy, cumbersome to use and expensive.

While the convergence of TV and shopping may not occur within the television set, it is quite likely to happen in the living room. Three trends are likely to drive this.

First, there is the UK's fondness for connected computing devices: MP4 players, computers (tablet, laptop and desktop) and smart phones. In some UK living rooms, connected screens already outnumber scatter cushions. Among survey respondents, tablet computers are as likely to be purchased as HD televisions over the next 12 months.⁵⁰ A connected, browser-equipped device – even one the size of a smart phone – is akin to a digital till sitting in our laps.

Second, consumers are increasingly likely to watch TV while browsing the Web at the same time. Almost half of survey respondents now browse the Web while watching programmes on a TV set “almost always” or “frequently” (see Figure 18). Just under a quarter never do; among 18-24 year olds, the proportion falls to three per cent. A year ago, 38 per cent of all respondents never blended the Web and TV,⁵¹ and of those who did, about half did so only occasionally.⁵²

Third, there is e-commerce, which in the United Kingdom is among the highest per Internet user in the world.⁵³ E-commerce currently represents about ten per cent of all retail sales and is growing at almost 50 per cent year-on-year.⁵⁴ Growing connectivity speeds, increasing capabilities of websites and rising fuel prices may all drive further e-commerce revenues.⁵⁵



In fact, among those who browse the Web while watching television, shopping is the second most common specific activity, undertaken by 45 per cent of this group and 50 per cent of all women. This matters given one of the major new trends in shopping practice, Internet-based research prior to purchase, as well as a more established behaviour: the impulse buy.

Television, via a programme or an advert, can provide the impulse. Connectivity allows consumers to search for positive reviews, a reasonable price and a reliable supplier, and to complete the transaction itself – all within the space of an advertising break.

Today television appears to exert a significant influence on purchasing decisions made within the living room (as well as on the high street). The value of that influence may well grow over time, in line with e-commerce revenues.

The industry should be considering how best to react to this opportunity; however the optimal response is not straightforward. Taking a share of the transaction value may precipitate an undesired wholesale shift to commission-based advertising. Given television's role in brand-building, such a move could be counter-productive. Making programmes that are perceived as overtly created to sell merchandise may trigger a viewer backlash.

However the reality is that television is highly persuasive, e-commerce is vibrant and the TV sector should always be open to new revenue opportunities.