

Consumer response to digital convergence

Nigel Sheldon, Starcom, argues that the changing digital scene will put greater pressure on marketers to understand consumers' media behaviour

NOWADAYS WE INCREASINGLY get our entertainment from a range of different devices. The comedian Ricky Gervais's podcast has surpassed five million downloads; the file-sharing of demos among fans before a CD was released helped ensure that online music downloads would contribute to the fastest first-album UK sales of all time from UK band the Arctic Monkeys; and Virgin Radio boasted more SMS messages during the launch Christian O'Connell show than usually received in a day. Meanwhile, *Big Brother* sustained its appeal across different channels, as people wanted to stay in touch with the celebrities in the house: over half a million turned over to its sister digital channel E4 after 10 pm on the night of British MP George Galloway's eviction; Channel 4's website traffic rose dramatically, with users spending on average 15-20 minutes in its chatrooms; and the downloads on 3G mobile were reportedly high too.

Although Gervais jokes that his record-breaking podcast success is akin to 'Alexander Graham Bell getting the biggest telephone bill', consumers will naturally seek out and interact with compelling content. In part this is fuelled by the increased availability, not to mention affordability, of new technologies: mobile phones may be ubiquitous and DVD players have virtually become disposable items, but significant numbers of people have broadband; digital TV is in two-thirds of UK homes and other devices from Sky+ (PVRs) to digital radio are rapidly becoming established. Moreover electronic devices tend not to be so impenetrable and difficult to manage as in the past - contrast the ease of using Sky+ with the difficulties that have often been attributed to the well-established VCR.

Confidence in technology increases with experience. Not surprisingly, people are keen to invest more time and pursue a widening range of activities as their famil-



ilarity becomes deeper. Shopping online continues to grow at a dramatic rate: records are broken every Christmas (UK sales were up almost 50% compared to the previous year, according to research from the Interactive Media in Retail Group), while differing interactive channels are increasingly being employed to satisfy varying consumer needs. Many of us are now comfortable with getting our bank account balance each week on our mobile phone and cannot wait until Sky enables us to text in to programme our Sky+ PVR.

Competition for attention

In this climate marketers have to face up to the fact that the emerging digital environment is competing for consumer time and attention, often at the expense of conventional media. Television is changing through increased choice from the explosion in channels and ability to interact with content; a variety of available technologies provide alternative vehicles for video; and the development of more pervasive devices is engendering increased opportunities for accessing media in different locations, as well as on the move.

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While digital media have become more integral to marketing activity (Starcom's investment in online advertising increased by over 40% last year), consumer behaviour has become more complex too.

However, today's consumer landscape is being shaped by a number of broad key drivers in society that both inform people's relationship with technology and influence the digitisation of communications. We can isolate five key trends that have a particular bearing on consumer behaviour with digital media.

1 Individualism People are more individual, desiring to take control of their entertainment and information requirements. They want to personalise and tailor what they do, extracting perceived value in return for their efforts, particularly when they increasingly feel they are deprived of time and energy. New technologies are often the catalyst, as consumers seek to self-schedule their television viewing through their PVR, edit information on services such as wikipedia, or generate their own content.

2 Experiences In a world where most people have all the material things they need, they prefer to turn to lifestyle choices and experiences to find their fulfilment. On the internet users are engaged more by experiences than features, actively seeking out information, participating and sharing views. The popularity of blogging and community sites, both now ingrained in the very fabric of the web, is self-evident.

3 Simplicity Modern life is becoming increasingly complex. The consumer demand is for simplicity - people don't necessarily want to gain access to more, but would rather filter or customise what there is. Not long ago the *Economist* outlined a call to action to 'keep it simple', with technology, taxation and pricing plans listed among the main culprits of

over-complication. The same issue's survey on the information technology industry, entitled *Make it Simple*, cited Google's white page and iPod's wheel as 'picture-book examples of simplicity concealing complexity underneath'.

4 Authenticity Consumers want an authentic experience, and also expect to find integrity when they engage with a brand. Although there is a desire to keep things real, from preferring an adventure holiday to talking to staff behind a counter rather than using a cash machine at their bank, trust is critical. It is never more so than online, where users have both the means to test a company's credibility and the tools to undermine it.

5 Connecting Fragmented family life and disparate lives mean that the need for staying in contact is vital. Social networks are increasingly extended geographically, based more on mutual interests than a shared location, and people are comfortable with sustaining remote relationships, often facilitated over the internet or via mobile. A range of devices ensure that people remain connected and communicate with their own

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'networks' in ways that suit them.

Undeniably there is an appetite for digital devices that are flexible and smart enough to satisfy the ordinary needs of consumers, all the better if they also enhance their daily lives. Technology companies have naturally rushed to capitalise on this opportunity.

For Bill Gates, the turn of the century ushered in the digital decade, taking for granted accelerating computer power and increasing capacity, when the focus turned on pervasive and intelligent devices. The emphasis moved to miniaturisation (devices with smaller screens such as smart watches and bugs), storage (together with manipulating and managing archives of files) and connectivity (where immediacy and proximity to information are no longer barriers.)

Facilitated integration

Integration within appliances is becoming more practical - games consoles can play DVDs and connect to the internet - and content is able to manifest itself more comfortably in different ways across a variety of devices. Against this backdrop of a potential technology struggle between those who control the networks and those who build the devices, how are consumers responding?

In truth consumers don't always share the same vision. For a start there doesn't appear to be the same consumer enthusiasm or desire for the idea of an integrated and converged digital home. A report on the digital home, again from the *Economist*, explored the rejuvenation of investment in new technologies by PC and mobile manufacturers, suggesting that 'Technology firms are pushing a futuristic vision of home entertainment not because consumers are desperate for it but because they themselves are' (2).

The newspaper referred to a study from Texas research firm Parks Associates: while significant numbers of surveyed internet users use PCs to store digital photos (84%), music (59%) and >

video clips (36%), consumers also had reasonably modest aspirations for the digital home. Almost 90% of people with a home computer network felt that sharing internet access is its most important function and around a third of home network users said they had reported problems (3).

Behaviour, not technology

Pure digital convergence is perhaps somewhat fanciful, because the promise may not always lead to the expectation. In fact convergence revolves around behaviour rather than the device. Consumer reaction is becoming more complex and unpredictable in a climate where media platforms are converging and the difference between the channels for reaching customers is blurring. In this environment, conflicting and unexpected behaviours will surface: many people are likely to use their mobile phone in the living room, so it is not surprising that some digital TV channels get a response through SMS rather than the remote.

This leads to displacement within media consumption, as people employ one channel for part of a task and complete it through another: advertisers have found that viewers search for information about a product on interactive TV but go to complete the transaction on the internet. People can do things simultaneously - watch one programme while recording another on their PVR - or enjoy multi-tasking more readily due to messaging services becoming integrated with the content experience.

Arguably, the real springboard for convergence is portability. Sheer convenience and the ability to manage content are hugely appealing, especially when there are already plenty of demands on time and attention. Radio has appealed to listeners through digital TV and the internet, but the latest RAJAR research (February 2006) reveals how it has extended to other digital devices, with almost 80% of adults with a mobile phone tuning into radio on their handset.

Every day it is not difficult to find commuters taking advantage of 'dead' time to play games on some device or catching up on a downloaded radio show on their iPod. This will become even more pronounced when PVRs with broadband connections become established, enabling consumers to transfer content between the internet and their TV.

Challenges for media

For media owners this presents a number of challenges, not least issues surrounding regulation and content rights, but none more so than their changing relationship with their consumers. The new guard will need to provide services that help their users create, filter and share content across different devices - no wonder that established players such as News International and Yahoo! are investing in community sites and tools. Demands that are made on them will be that much greater as consumers grasp more and more control; and they will need to be agile enough to adapt, in the same way that manufacturers are often compelled to modify devices in response to how people want to use them.

Marketers, meanwhile, will find it less easy to put people into compartments, since their behaviour will be difficult to gauge, switching according to mood and circumstance. Tracking their media journey will become more convoluted. Consequently, the purchase process model featured in the AOL and Henley Centre's research from last year (4) that showed how the influence of the internet on considering products or services will be more complex when different devices are incorporated. These behavioural switches can only become more rapid and intricate as the digital and wireless environment around us becomes more coherently formed.

Kids lead

Clearly this is particularly apparent among the young. Their relationship with media and entertainment has been changing dramatically, with the digital world exerting a greater influence and often acting as the catalyst, which in turn has made understanding their behaviour more difficult. Messenger services are often central to the dialogue between teenagers, continuing the conversation after school or during an evening out at a pizza restaurant, to the point that talking to someone on 'MSN' is as much part of their vocabulary as texting. It will become even more interesting when instant messaging gravitates fully to mobile devices over the next few years.

Young people also have a different attitude towards learning and gathering information, which can be found in their

snacking and multi-tasking approach to digital media, characteristics that are sometimes mistaken for poor attention or a lack of concentration. Nick Barham, author of *Disconnected(5)*, described it as a 'different kind of intelligence' after spending a few years interviewing and observing youngsters to build a picture of the UK's youth. Marketers will need to be alert to their adeptness at quickly filtering information, eagerness to move from one device to the next and desire for sharing with others.

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Inevitably digital devices will evolve, becoming more intelligent and intuitive, to enable consumers to harness them in ways that suit them. Consumers are increasingly unpredictable: desiring greater control over how they engage with content, looking to interact across different devices and responding to communications in unexpected ways. Investigating how technologies fit into people's lives and assessing the type of interactivity they demand through to the analysis of intricate response data and what it means for targeting consumers must now be central to the marketer's approach. •

1. *Economist*: 30 October 2005.
2. *Economist*: *The Digital Home Special Report*, 3 September 2005.
3. *Parks Associates*: *Putting the Home Network to Work*, June 2005.
4. *Brand New World*: *How the internet is influencing consumers' brand perceptions and purchase behaviour*, AOL/Henley Centre, 2005.
5. *N Barham*: *Disconnected: why our kids are turning their backs on everything we thought we knew*. Ebury Press, 2004.

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