Psychology, Marketing, and Television

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"THE MARKETPLACE IS CONFUSED!"

Viewpoints on television and the marketing opportunities inherent in the myriad of "newer" technologies cover quite a spectrum these days. There are the technologists who enthusiastically waddle through the alphabet soup of SMATV, MDS, CATV, VCR, and PC's with hopeful abandon and the moral certainty that Americans will be rescued from the collective banality of network television by some combination of interactive, interfacing, and inexpensive alternatives. Curious subscribers pay hefty annual fees for newsletters and reports written by "insiders" rewriting the data provided by the very companies they examine, a sort of editorial incest. Finally, there are the legislators who have introduced a spate of bills on anti-censorship, anti-pornography, pro-access, and local regulation to encourage the fullest free market development of the consumer video technologies, an action supported by a Federal Communications Commission wrapped in the full protection of deregulation. Somewhere in this unraveling patchwork crazyquilt is the consumer, curious about options, reluctant about acquisition, and ill-informed about choices of delivery systems, programming, software, and hardware.

A key player in this fascinating landscape of opportunity and half-truth is the television and marketing professional charged by clients or his own restless passion for profitability to discover the most expedient, "cost-effective" strategy to reach, teach, sell, and solicit a generation of visual literates.

This special section of *Psychology & Marketing* may raise more questions than readers will find comforting, but it does attempt to examine some of the assumptions about the video consumers and users, a subgroup one author describes as "the media controllers." Hackers, zappers, and probers all share the same persistent passion to unlock the conventional barriers to the full use of technology, to change the rules established by the conventions of commercial television and advertising. Viewers "time-shift" their videorecorders and "zap" out scheduled commercials to roam freely through channel and program options. Even in uncabled homes, viewers find that a videorecorder gives them new control over their total television use. The advertiser has to fight more than a cynical viewer—he has to discover new forms to reach potential eyeballs and buyers. Even pay television feature films and the videocassette may not be immune to the seductive invitations of advertisers seeking access to those restless "media controllers."

The marketplace is confused.

CABLE

There is serious reason to question the cable industry forecasts for 60% cable penetration of U.S. television homes by 1990. Most critics suggest that at least 15 million U.S. households will indefinitely remain beyond cable's economic reach. The cable industry currently exists in an uneven regulatory environment, an expensive marketplace requiring costly rebuilds of existing systems to increase channel capacity and increasingly volatile urban market "new builds" plagued by the high cost of capital and the legacy of local politics and franchising giveaways, all with long-term impacts on profitability. It's no accident that one major operator, Warner Amex Cable Communications, has been the industry stalking horse on this concern, selling systems or renegotiating the terms of their major city franchises in Pittsburgh, Dallas, Houston, and Cincinnati.

DBS

Despite the forecast by one of the contributors for this special issue, Linda Lee Bower of Frost and Sullivan, for a national direct broadcast satellite consumer base of 44 million households by 1994, recent defections by CBS, RCA, and Comsat raise serious questions about the bold promise for DBS into non-cabled America. Even United Satellite Communications, Inc. (USCI), the first American DBS operator, has struggled to sell and service its 18,000 customers in Chicago and Washington–Baltimore; rumors persist of USCI's difficulty in finding new capital to continue operations.

PAY TELEVISION

Pay television, the cash cow of cable television, has hit a wall. In 1981 pay television sales rose 69% to 17.5 million. Six months ago industry analyst Paul F. Kagan predicted an additional 26% rise, from the 1983 high of 28 million subscribers to 35 million by 1984. Now there is serious retrenchment with shifts in the pay growth in 1984 of 3 million subscribers, compared to 5 million in 1983. Dramatic assumptions about the value of exclusive and expensive studio arrangements to exclusively license "top end" feature title may have been faulty and ill-timed. As Robert Maxwell suggests in his article, the new generation of "media controllers" aren't defecting from commercial television in record numbers; instead, they are demanding a different video menu in their vote for control. The feature-film-driven programming of pay television may not be enough to stem the tide of viewer disenchantment or outright rejection. Before year end, Home Box Office, Inc. and other pay services will have to re-market their multi-pay options to nearly half of their total subscriber base, a nationwide consumer audience that have already rejected the service.

VCR

The growth of video-cassette recorders (VCRs) outpaced the sale of basic cable subscriptions in the first five months of 1984: 2.3 million households purchased VCRs while total basic and pay subscriptions totaled 2.0 million. It is estimated that the U.S. household VCR penetration will reach 16.4 million by the end of 1984, a 75% growth over 1983, or a penetration of 19.4% of all television homes. Worldwide VCR penetration could reach 58 million by year-end 1984, a 43% growth over 1983. The video revolution is underway, and it's happening in the videocassette marketplace. Even pay television has realized the potential for VCR penetration to surpass cable by 1990; HBO and Showtime-Movie Channel, the leading American pay television operators, are both exploring production, licensing, and distribution opportunities to market to the home videocassette user.

HOME COMPUTERS

1983 revenues for the computer industry were $110 billion, surpassed only by the automobile and oil industries; by the 1990's computers will have become the world's leading business. Despite the inevitable shake-ups in the hotly competitive "personal" computer marketplace, IBM's leadership, Apple's innovation, and Atari's new management suggest that 1984 will be the year of the first major industry shakeouts. Mainframe or mini, desk top or portable/luggable and packable, the consumer growth in this marketplace will have a profound impact on the *time* consumers spend watching and using television in the next decade.

The computer and software companies have raided the package goods giants for marketing expertise, a move foreshadowed by similar moves by the cable companies in 1983. Television use and evaluation will be muddied at best by consumer acceptance of VCRs and home computers.

A NEW AWARENESS

To understand the full impact of the newer technologies and the proliferation of choices which lure viewers, users and consumers from the siren songs of the advertiser and marketeer, it is helpful to begin with a new awareness of the complexity of the "experience" of the media. The professional psychologist, producer, marketplace analyst, professor, and student must probe and try to understand, really understand, what impinges on him everyday: the messages of the media, the impact of crowded streets and cities; the atmosphere of shopping centers, government bureaus, schools, the essential privacy of the home. To understand the opportunities and challenges of the competitive marketplace, he must look closely at his responses to what McLuhan called the simultaneity of events, the bombardment of information from which it is so difficult to distinguish foreground from background, fantasy from fact. The new awareness such exploration promises will assist in understanding the numbness of overchoice, oversell, and overkill. The ordinary people aren't ordinary any more—they are exceptional for the experiences they have shared, the choices they face, the collective opportunities, pains, passions, and possibilities they attempt to understand.

The articles commissioned for this section offer some thoughtful invitations to that new awareness. Robert Maxwell, Vice-President of Research for Home Box Office, Inc., the largest pay television service, suggests some of the opportunities inherent in a generation of young, hip, and healthy media users, or "controllers." David Poltrack, Vice-President of Research for the CBS Broadcast Group, transcends Naisbitt's and Toffler's definitions of the new viewer in his defense of the role programming plays in any video opportunity. William Baker, President of Westinghouse Broadcasting and Cable's Television Group, and Chairman of Group W's Satellite Communications division, suggests that the coexistence of cable and broadcast is good for the viewer/user. In a series of shorter articles, several industry leaders share their views of the new audiences for the new technologies.

Whether the new technologies will become a Procustean bed forcing all to conform to the special constraints of one medium or another, or whether they each offer special freedoms and access, will be the special challenge to the managers and students of the marketing and production professions. Any collection of articles can only hope to extend the conversations, enliven the questions, and enrich the recollections. If these essays become the end of a readers' explorations, we will have failed. Instead, may this section be a new place to begin, so they we may know our work and its ripples of influence for the first time, again.

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