

Unplug Me!

It's No Longer the Media Community You Know

Advantage Communications, Inc.

Is America "unplugging?"

By now, I'm sure you've heard chatter about the "Death of Cable." Much of this has been fueled by the proliferation of new media tools. According to a recent interactive poll conducted by Adweek/Harris, approximately 51% of Americans would stop paying for cable TV and watch all their programming on the Internet if they could get all the shows they wanted free. In direct contrast were the 34% of Americans that had no interest in giving up their cable TV – interesting, but not surprising that those who preferred to stay plugged-in skewed older. (source: Adweek/Harris Interactive, May 2011).

According to an article from the Wall Street Journal in November of 2013, "the pay T.V. industry has reported its worst ever 12 month stretch."

MoffettNathanson LLC estimates that total pay-T.V. subscribers decreased by .2% in the past 12 months.

Many industry experts are surprised by the number of individuals who are subscribing only to broadband and not a package deal between broadband and T.V.

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With this said, we must dissect the implications of such a transition on the overall broadcast media community and also on that of the ethnic media and consumer market. As multicultural experts at Advantage Communications, Inc., we have been tracking along with this phenomenon and our findings are consistent with projections of many consumer analysts.

As recently as 30 years ago, network TV included four (4) major networks that could reach almost 90% of the U.S. population. Now, however, consumers have hundreds of cable channel choices, making it more challenging for marketers to be strategic in their

media approach. On top of this, additional forms of interactive media and entertainment have captured the attention of the once loyal cable customer, some of which include:

- Netflix
- HuLu
- Google or Apple TV
- HBO GO
- YouTube (with the aid of social media tools such as Facebook, Twitter, etc.)

This overwhelming interest in new media has been attributed to many factors. However, the reigning factor seems to tie back to our weakening economy and a consumer's need to cut household costs. In many households, cable TV is considered a “luxury” item. When budget-cutting consumers consider alternative options to cable, those available via the Internet are quite attractive for reasons ranging from cost efficiency to ease of accessibility.

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So what does this mean for the multicultural segment? The minority consumer market disproportionately consumes broadcast media – we know this as a fact. According to a study by Northwestern University in 2011, African Americans spend almost 6 hours a day consuming television, compared to about 5 ½ hours for Hispanics and only 3 1/2 hours for Whites. Minorities are also more avid users of new media. Minorities spend about 1 ½ hours more a day using their cell phone, iPod and other new media devices compared to Whites.

With this understanding, further elaboration on the impact of the minority population disengaging from cable television paints the picture of the ensuing paradigm shift.

According to an article published by *The Washington Post* in 2012, “networks feel pressure to appeal to a broader audience, but internet videos can thrive by just targeting niches because the cost of producing the show is so low.” Also, “for minorities, the medium also offers a way to push back against stereotypes on network television,” said Maureen Guthman, the head of brand strategy and acquisitions for the African American-focused channel TV One. Blacks can present themselves “completely unfiltered and without

[someone] telling us, 'you've got to be more this' or 'you've got to be more that,' ” she said.

While these are only a few examples of minority segment preference of new media tools, growing consumer trends continue to demonstrate the prevalence of these tools against this population.

At Advantage Communications, Inc. we've taken this information and our learnings about the new media tools and translated them into action for our clients. We've embraced the fact that cable TV will more than likely be around for years to come but it is no longer what it used to be for reaching our multicultural segments. We've immersed ourselves in the social media arena leveraging tools such as Facebook, Twitter, You Tube, Blogs, LinkedIn and more to speak to targeted consumers. We are approaching the digital divide with our guns loaded – or better stated - our smart phones hot!

So what do you think will happen when the heaviest users of broadcast media unplug?

Or better yet, are YOU ready?

