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Marketing Across Platforms

FUTURE OF TV INSIGHT OPINION

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MediaCom interviews Michael Kelly, President & CEO of The Weather Channel Companies

When MediaCom's Michele Skettino decided to explore the theme of "The future of Television" from a media company's perspective, she turned to Michael Kelly, President/CEO of The Weather channel companies (TWCC), for advice.

For those who are unaware, TWCC is at the forefront of cross-platform marketing across television, the internet and mobile, and with properties including The Weather channel, is one of the most widely distributed cable networks in the U.S. available in 100 million homes.

Moreover, as owners of weather.com, the company is the third most visited news and information brand on the web, while another of its companies, The Weather channel mobile, is the number one content provider on the mobile web.

Kelly, who started in his role President/CEO in 2010, has been at the forefront of the digital media revolution throughout the course of his 30-year career. Prior to joining TWCC, he was president of AOL Media Networks, where he pioneered the company's media network strategy, and was previously president of Global Marketing at Time Warner, where he worked with all of its properties to bring cross-platform marketing solutions to major advertisers.

During the course of our interview, it becomes abundantly clear that Kelly implicitly believes in the extremely close and somewhat blurred relationship between media providers and technology companies, and the tremendous opportunity that this convergence can bring to marketers.

MS: As television and cross-platform marketing evolves and matures along with digital technology, what are the primary challenges and opportunities facing marketers whose brands were originally established in traditional media?

MK: For consumers, cross-platform media usage is a natural thing. For advertisers, however, the proliferation of digital media like the internet and mobile has fuelled a significant challenge due to increasing fragmentation. Now, the only way for marketers to generate the same level of scale against their target audience that they've traditionally been accustomed to is through cross-platform initiatives that stitch together multiple media pillars. This challenge is exacerbated by the fact that most media companies are focussed primarily on one platform. The good news is that there are a growing number of media brands that are getting adept at true cross-platform offerings.

MS: One element of the cross-platform offering, online video, has received a lot of attention in our emerging digital ecosystem in the past few years due to the efforts of Hulu and others. There has been a lot of talk about the potential for online video to take an expanding portion of traditional TV budgets. Where do you see online video going in the next five years both in terms of revenue models as well as consumer adoption?

MK: Hulu changed the game on the level of scale. There seems to be real desire for sight, sound and motion online. The next evolution will likely be the concept of “TV Everywhere” where consumers will be able to view traditional TV content on all other screens. That’s where TV distributors are poised to get involved.

I was just at CES (International Consumer Electronics Show, ed.) and tablet screens are yet another way where the viewing experience will be enhanced. Again it goes back to the question of scale. The CPMs are attractive for online video, but the space lacks scale and distribution. The indie model of the recent past where venture capitalists invested dollars in new entities got a lot of attention but that’s a tough road. Currently, online video seems to work best as either an extension of the television media, which is the way networks have been packaging content like sitcoms and dramas to advertisers, or in an aggregation model like Hulu.

MS: You mention the “other screens” which leads nicely into the topic of mobile media. The emergence of mobile and other new-fangled technologies like augmented reality and its impact on real-time media consumption will likely have profound implications. How do you see media brands exporting and leveraging their content on these platforms?

MK: Mobile has been an interesting and somewhat challenging ad medium because we’re dealing with among other issues, small screens. Advertisers have been experimenting, but smartphone apps are changing this and offering brands scale with consumers. Apps have to have clear, powerful benefits so people will use them frequently.

When that happens, it is a powerful consumer relationship. This dynamic is bleeding back to TV. Google, Dish, Comcast and others are now offering TV viewers the ability to browse and choose TV brands via apps.

Getting back to smartphones, the growing popularity of location-based services is what makes mobile a potentially explosive advertising medium. The gambit of sending coupons to people’s smartphones when they are walking past a brand’s retail location has thus far not been too successful. What has proven to have power is the usage of apps to provide geo-targeted information most relevant to a particular consumer and allowing advertisers to participate.

MS: One promise of digital media in general, whether we're talking online video or mobile apps, is greater accountability, better targeting and less waste. Technology companies focussed on behavioural targeting and audience-based real-time-biddable media buying are getting a lot of attention from venture capitalists and beyond. What do you make of this trend and does the television marketplace feel compelled to generate a better offering in terms of targeting and accountability beyond what it has already achieved in recent years with commercial rating s and DVR viewing measurement?

MK: At AOL, I put together an owned-and-operated third-party network. We were the first to get involved with real-time, biddable media buying and ad networks. With the fragmentation of media, ad networks play an important role as aggregators. Even big publishers have contributed inventory to ad networks. However, if you have scale online as we do, you can control your own destiny by creating a supply side network that regulates your exposure to real time bidding and allows you to balance your approach to the market. On the other hand, while TV is nowhere near as fragmented as digital media, even there addressable and targetable advertising is looming and this will make an important impact in terms of accountability. When set-top boxes become addressable, a certain part of our television inventory will be sold as it is online.

MS: It's hard to believe that a scant five years ago, there was no YouTube, Facebook, Twitter or smartphones. The world was a lot simpler, not to mention quieter. With such an echo chamber and clutter in our daily lives, how do media brands keep their edge and stay relevant?

MK: There will be many different ways to approach the complexity of the marketplace depending on your brand. We're lucky at the Weather Channel that we have a domain that is extraordinarily relevant to everyday life so we have done well on emerging platforms. It comes down to how well we execute against that relevancy. When you want to access information in different ways, we're there. We have to be. The key is to maintain consistency across platforms. The underlying strength of our iPhone app has to be just as strong as the underlying strength of our TV offering and other platforms. The converged media company that has relevance across every platform is vital-and there are only a handful of them. That's how you build large consumer franchises. Companies like ours are the big winners.

MS: Speaking of building consumer franchises, with the transformational impact that Facebook and social media has made on our culture, it has forced media companies to re-evaluate how they communicate with and relate to their customers. What do you think thus far are the key learnings from the meteoric growth of Facebook from a media and advertising perspective?

MK: According to Hitwise's research, Facebook users share more news stories from The Weather Channel than any other site. The reason being is that we have something obviously relevant to everyone-the weather. If you are a content creator, or a brand, you have to understand how to participate in someone's social network in a relevant way. If you get it right, you can develop considerable scale through Facebook. It's naturally tougher for some advertisers than it is for others. It depends on the social currency of the product categories involved.

MS: Now that you've been at your "new gig" for over a year now, what has been the biggest surprise?

MK: From the outside looking in, it may appear that the Weather Channel is a legacy TV company with some nice digital properties. But in fact, we're a leading technology media company in every way. In addition to a top web presence, we dominate in mobile and are out front with interactive TV, as well as HD. Secondly, the power of this brand is that we treat weather the way Google treats search. I was surprised at just how purposeful this company is about their domain. That's our greatest strength. Weather is more than just a forecast. There's more relevance for consumers than that, and we're committed to plumbing that out in both content development and delivery.

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