

## **CRR: Should it stay or should it go?**

ITV has become almost hysterical in its calls to end CRR. To quote Ian McCulloch, Commercial Director of ITV:

*“Advertisers have been gifted CRR and they have exploited it, but we’re now reaching a point where the model is unsustainable.”*

This is hardly an endearing statement from ITV – CRR wasn’t a gift to advertisers, it was a legal obligation based on which ITV was allowed to merge. Furthermore, to suggest that advertisers have exploited it displays an extraordinary level of arrogance.

The advertising industry should however, have concerns over the claim that the “model is unsustainable”. What ITV means by this is that it will not be able to sustain its investment in programming, particularly its first run dramas and entertainment shows, if its current rate of revenue decline continues.

This raises an interesting and important question:

Are we in danger, with the application of CRR, of doing irreversible damage to ITV’s ability to create high quality mass audience programming?

Actually, there is no easy answer to this.

Firstly, CRR purely reflects ITV1’s audience performance, so it is its audience share that dictates its revenue and CRR is designed to reflect this (not the other way around!).

Secondly, without CRR, ITV would have been able to push up its rates, irrespective of its audience performance, because of its still very dominant share of the market.

Finally, if ITV can’t sustain its audience and therefore its current programme investment, it should look to adapt its business model, just as other businesses have had to in declining markets.

So overall not a very sympathetic view of ITV’s proposals for CRR!

We are however, moving towards the start of analogue switch off (from 2008) and large/high quality peak time audiences are becoming increasingly scarce.

Therefore, there is an argument that CRR, should be reviewed. We would suggest this course of action, but only with proper cross industry consultation, only as part of a wider market review and only with the recognition that ITV still have a dominant market position and any adjustment to CRR should reflect this.

**ITV1’s share of adult impacts has gone down 9.5% 2006 vs 2005**

**ITV family revenue declined from £1,628 million in 2003 to £1,442 million in 2006**

**Of the top 100 commercial programmes for 2006 – exactly 90 have been on ITV1**

**The audience viewing figures for England Vs Sweden peaked at 20.9 million viewers**

**On ITV1 the average viewing figures for Coronation Street have gone down 2.5 million**

# InFocus

## Starcom+: Branded content wins fans and funds

Branded content is a familiar concept – yet it's still often regarded as 'icing on the cake' to a more traditional media solution. It is also undervalued, given its £600m UK market worth.



Its appeal is undeniable, able to bring entertainment value to brands and conveying ideas that integrate brands with entertainment. This allows branded content to achieve cut-through in an increasingly cluttered world of advertising.

It also caters to the growing need for audience engagement and this has enabled it to carve out for itself a reputation as one of the fastest growing communication channels. The good news for advertisers is that, despite its size, it is still a relatively untapped market.

Over the last 12 months, Starcom+ has worked with 37 different brands spanning 20 different categories, delivering bespoke branded content solutions across a multitude of communication platforms.

The success in finding the right solution for each brand lies in understanding what will engage the audience, in terms of their interests, attitudes and availability.

Aviva is a sterling example of how branded content can achieve results.

Aviva, the parent brand for the world's fifth largest insurance company, was aiming to increase its image as a more 'future facing' business.

Firstly, we commissioned five short films focusing on global forward thinkers. These were then aired as content programming on CNBC. To expand the debate further we created Aviva 'Forward Thinking' sections in leading financial papers – The Wall Street Journal, Financial Times and the International Herald Tribune.



We continued the debate through online discussions and created an Aviva PDA (Personal Digital Assistant) channel for our target on the move. Finally, to make 'Forward Thinking' a physical reality we

sponsored the World Economic Forum at Davos and created the European Business Leader Award, enabling key Aviva personnel to attend and speak.

By understanding what content was important to our audience we were able to maximise our audience's involvement with the activity and deliver a highly cost-effective overall campaign.

This is just one example – but every brand solution is different. If you would like to understand how a branded content solution could work for you, we would love to discuss some possible solutions. Please give **Jayne Stephens** a call on **020 7453 4704** or email [jstephens@starcomww.com](mailto:jstephens@starcomww.com)



Jayne Stephens  
Head of Starcom+

For more information please call Jayne Stephens, Head of Starcom+ on +44 20 7453 4704 or Email: [jstephens@uk.starcomww.com](mailto:jstephens@uk.starcomww.com)