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## A Seismic Time Shift

**In 63 percent of \$100K homes, the DVR has achieved killer app status**

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[-By Jim Cooper](#)

It's been 10 years since the digital video recorder was first introduced at the 1999 Consumer Electronics Show. During that span the service has evolved from an early adopter app to an almost universal media appliance in U.S. homes. So much so that DVRs, along with their smarter cousin, TiVo, have achieved the ultimate for a product or service—they've become a generic verb: Did you DVR that episode of Deadliest Catch? Did you TiVo that Pee Wee Herman retrospective?

Also during that decade rollout, the hyperbole about DVRs being the killer app for the television ad model was poured on pretty thick by media pundits. I wasn't completely convinced. The penetration numbers, while impressive, were certainly not huge and there was plenty of research and spin from the networks that claimed ad scanning wasn't that pervasive and that the ads that were scanned continued to resonate with viewers.

Of those two claims, the latter seemed a bit dubious. After all, I had just signed up for a DVR-enabled cable box from Time Warner and had been gleefully slicing through bloated commercial pods like Michael Phelps through H2O.

The ads at the end of pods would occasionally grab my attention, but solely because I had to slow or stop the scan so I would not overrun the return of what I was watching. Everything flew past like a subway passing me standing still on the platform. I knew there were ads there, but brands were smudged and messaging entirely missed. Still, I wasn't convinced that something I paid \$10 a month for could really bring down the multibillion-dollar ad model that supported the television industry.

Well, after reading a recent report out of Ipsos Mendelson that found well more than half (63 percent) of U.S. households with \$100,000-plus incomes are time-shift device subscribers or owners, I knew the DVR had finally lived up to all the hype. If those 15

million households in the Ipsos Mendelson report—a cable industry source suggested that’s a conservative estimate—use the DVR anything like my family does, then TV advertising has a more serious problem than I thought.

The \$100,000-plus household is truly the sweet spot for TV advertising. They buy/lease new cars and the gas needed to drive them to the mall to buy strange-colored fleece vests at the Gap and 3G iPhones at the Apple Store. They buy laptops and the software than runs them, flat screen TVs, Guitar Hero and Wii. They go to the movies and consume copious amounts of food and beverages. They have investments and insurance and medications for hair loss, erectile dysfunction and laugh lines. They—until recently, that is—buy new homes and max out their credit cards at Christmas to fill them with all this stuff.

Debt be damned, this \$100K group is the apex consumer and end user of everything advertised on TV. But, per IM, they’re also aggressive DVR users and therefore advanced ad avoiders. And the time-shifting universe will only continue to expand. According to a report last fall from Leichtman Research Group, DVR users—about 27 percent of total U.S. households—are highly satisfied with the service, with 87 percent surveyed saying they would recommend their DVR service to a friend (word-of-mouth recs from peers of perceived equal stature is the coin of the realm for this group and a highly effective messaging vehicle). Indeed, 81 percent rated their DVR at 8-10 on a 1-10 scale.

One part of the Leichtman report that might hearten programming and ad-sales execs is that recorded programming is not always the top priority in DVR households. Per the report, 68 percent of respondents said they usually watch DVR recorded shows when there is nothing on regularly scheduled TV that they want to watch.

That, in part, rings true to me. I certainly have a stack of 20/20s and The New Adventures of Old Christines on my DVR—shows you keep recording but never watch, the digital-age equivalent of that pile of National Geographics your Dad refuses to throw out—that I pass over for appointment viewing favs like Lost and The Office. But I also will start-delay shows in prime time by as much as 15 minutes to avoid ad pods. For anyone who’s tasted the sweet nectar of ad skipping, it is hard indeed to watch a regularly programmed, one-hour procedural or drama in prime time. The pods are nothing short of interminable.

The efforts to “podbust” and make ad breaks stickier for viewers have, from my perspective, been marginally effective in stemming the impact of DVRs. Gimmicks won’t keep people from scanning pods. However, sponsorship and product placement, when done well, seem more creative and organically effective.

I take notice when something is brought to me by someone; it makes me feel special somehow. And placements can cut through as well. I notice what people are drinking, driving, wearing and eating on shows I watch, and I want to be pitched on those products. But thanks to my DVR—happy 10th, baby—that pitch has to be delivered on my terms, or the brands, whatever they are, just blur on by.

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