Chapter XVII

Belgian Advertisers’ Perceptions of Interactive Digital TV as a Marketing Communication Tool

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Abstract

This chapter investigates the knowledge, perceptions, and intentions of advertising professionals in Belgium toward the introduction and use of interactive digital television (IDTV) as a marketing communication tool. In total, 320 marketing professionals cooperated in a Web survey that was posted just before the commercial launch of IDTV in Belgium. The results show that their knowledge concerning the possibilities of advertising on IDTV is very limited, but their intentions to use IDTV in the future are relatively promising. Among the major perceived advantages of the medium are the possibility to provide more product information, two-way communication with the consumer, and the ability to target the audience more specifically. The major perceived disadvantages of the medium are the general lack of experience in using it, the low adoption of IDTV by the end user, and the high cost for the advertiser.
Introduction

The convergence of three industries (Negroponte, 1995), namely content (entertainment, publishing, advertising, ...), telecommunications, and computing, made possible by digitalization, goes hand in hand with a divergence of new media devices. IDTV is the most visible result of this convergence offering new opportunities, but also implicating new threats for marketers and advertisers because the existing TV business model becomes unstable, certainly for broadcasters. The latter face the threat that new entrants deliver content directly to the telecommunication provider bypassing the packaging function of the broadcasters (Pagani, 2000). To face the major business issues initiated by new digital technologies like video on demand (VoD) and the personal video recorder (PVR), Wirtz and Schwartz (2001) recommend that broadcasters should cooperate and embrace these new developments to hold stance. As a consequence of these technological changes, broadcasters are investigating strategies to ensure future revenue streams. “The economics of convergence will require people to pay for what they get” (Dennis, 2002, p. 10), through subscription fees for services and channels or pay per view, although advertising revenues can lower the barrier to adopt IDTV by the end user. The adoption of the new associated applications of IDTV, for example, VoD, PVR, and the electronic program guide (EPG), by the end user grows slowly, but consistently. In 2004 14% of European households owned an IDTV (IPSOS, 2004). In several countries this adoption rate is higher, for example, in the UK 63% of the households make use of the interactive services provided by TV broadcasters and telecom operators (Ofcom, 2005). This growth trend is making IDTV attractive for advertisers in terms of reach (Ducoffe, Sandler, & Secunda, 1996). Leckenby (2003) emphasizes that in addition to the adoption of the technology by the end user, the success of a new medium—IDTV in this case—also depends on the willingness of advertisers to invest in the new medium. This study was carried out just before the launch of IDTV in Belgium (May 2005). It is therefore exploratory and descriptive in nature and no formal hypotheses are advanced. In this study, the adoption process of IDTV is situated within the “Diffusion of Innovations Theory” of Rogers (1995) that has been applied in various industries. For instance, Lawson-Borders (2003) used it to explain the adoption of new media by media companies. The model states that there are four phases preceding the actual adoption of an innovation, namely, (1) awareness, (2) interest, (3) evaluation, and (4) trial. Consequently, we try to formulate an answer to the following research questions:

- **Knowledge**: What is the knowledge of advertising professionals concerning IDTV and advertising on IDTV? Are they aware of the introduction and the possibilities of this new medium?