

GIBBS & SOELL

Insight

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Pencils Down Means Pencils Down

But What Does It Mean for the Rest of Us?

The ubiquitous Writers Guild of America (WGA) no-work slogan, "Pencils down means pencils down," is simple. Deciphering what it means for the rest of us is far more complicated.

With content drying up in the studios of New York and Los Angeles, the ripple effect is reaching beyond our televisions and starting to impact marketer's plans for 2008.

Until recently, it has been easy to sit back and enjoy a well-written sitcom or late night monologue ... but without fresh content, consumers are finding other things to do. And, in the end, what we find may change both our personal and professional lives more than we ever imagined.

Feeling the Pain

Impacting more than just sitcoms and dramas, the strike affected politics in late 2007 when the Democratic debate, scheduled in Los Angeles, was canceled as presidential candidates were reluctant to cross WGA picket lines. More recently, the red carpet of the annual Golden Globes awards ceremony was replaced with coverage by NBC in a news format without any nominees present.

While much of December and January primetime has been reruns peppered with an occasional new episode, the networks won't feel the real pain until the \$9 billion upfront selling season in May, according to *Crain's New York*. The true financial pain will not be inflicted until the fourth quarter of 2008.

Long term, and to avoid such dramatic financial hardship peaks and valleys, the strike may influence networks to launch

more programs year-round, helping marketers and networks spend their resources more wisely.

The Crux of the Strike

On November 5, 2007, about 12,000 U.S. movie and TV writers represented by the WGA went on strike against Hollywood producers represented by the Alliance of Motion Picture and Television Producers (AMPTP).

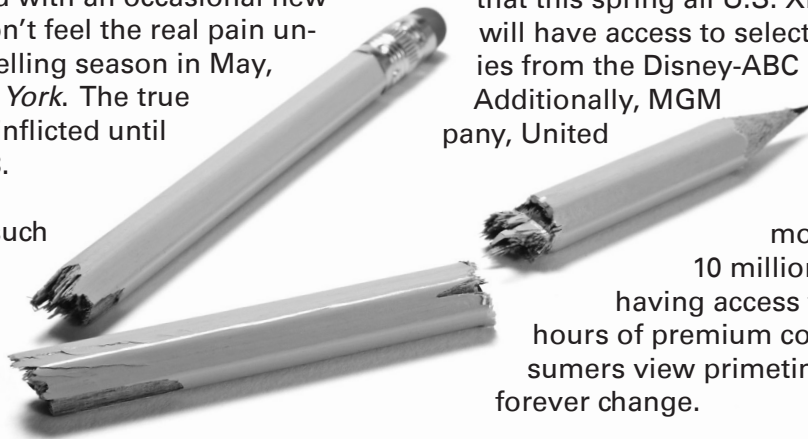
At the heart of the matter are DVD residuals, jurisdiction over animation and reality program writers, and – the most contentious of all – compensation for "new media" consisting of Internet downloads, Internet Protocol TV, streaming video, smart phone programming, straight-to-the-Internet content and other "on-demand" online distribution methods, including cable and satellite TV.

It's difficult to put a price on new media. Options abound. Already younger consumers are turning to Web-based content. Incorporating traditional TV and streaming video into daily lives is not a stretch for most consumers, young or old.

If you still have doubts that your entertainment options are changing, Robbie Bach, president of Microsoft's Entertainment & Devices Division announced that this spring all U.S. Xbox LIVE members will have access to select TV shows and movies from the Disney-ABC Television Group. Additionally, MGM and sister company, United

and sister Artists, are offering a diverse selection of their legendary movies. With more than

10 million Xbox LIVE members having access to more than 3,500 hours of premium content, the way consumers view primetime broadcasts may forever change.



Many trend spotters believe that the strike itself is driving consumers to alternative platforms. These platforms may provide new and additional opportunities for marketing departments everywhere.

For example, broadcast TV's loss could be cable's gain, in the opinion of Jon Swallen, senior VP-research at TNS Media Intelligence. And, the WGA's YouTube channel featuring videos from popular actor Ray Romano and cast members from NBC's comedy *The Office* already has nearly 2,000 subscribers.

The Fight Itself

At the center of the strike is the battle for new media and how it will affect the bottom line for writers, thus how fitting that new media itself has become a platform in the war.

WGA members communicated immediately with a textbook, compelling PR campaign anchored with a nearly four-minute professional video posted on YouTube titled "Why We Fight." With more than 520,000 views less than three months into the strike, the video is an excellent example of storytelling, technical accounts and reasoning.

Supported with a consistent message, "All we want is a fair deal," WGA communications have been on message. They are filled with memorable specifics such as "For every \$19.99 you spend on a DVD, we earn \$.04." The WGA has done a good job of pulling at the heart-strings of America.

Additionally, Blog United Hollywood, a WGA-sponsored blog, launched a campaign asking supporters to send No. 2 pencils to studio heads and executives. The WGA also provided the public with numerous YouTube postings, ongoing publicity at

picketing locations and various spokespersons, both celebrity and corporate, helping to spread their message.

By using new media to fight for its fair share of new media revenue, the WGA is driving home the message that broadcasters need not only worry about "channel surfing," they need to be concerned about "media surfing."

The studios and their producers haven't remained quiet. The AMPTP also ran full-page ads in dailies, authored blogs and had some online presence. However, the content has been primarily filled with message points and data, not the fresh and inspiring content that the writers continue to create and share.

Although studio executives have commented on the strike, their messages aren't unified and their perspectives vary. Beyond describing the difficult task of exploiting the Internet and determining how to measure and charge for it, communications have been inconsistent.

What this Means for You

In the next few months, studios and internet companies will invest even more resources into digital and Web-based initiatives that are not only cost efficient but also flexible in that they can be easily repurposed to meet the diverse needs of new media. Likely, businesses will follow suit, too.

The tide is rapidly turning as more consumers migrate to the Internet for their news, sports and entertainment needs. In fact, an Elon University/Pew Internet Project survey predicted by 2014 all media, including audio, video, print and voice, will stream in and out of the home or office via the Internet.

Take a good look at your own industry today. What "media surfing" is taking place? Are you ready to capitalize or are you taking a wait-and-see approach?

The strongest performers will be in tune with this media shift and adapt their marketing strategies and content accordingly.

So, let's pick up our pencils and get to work. 

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