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How the Ad World's Dealing With the Decline of the :30

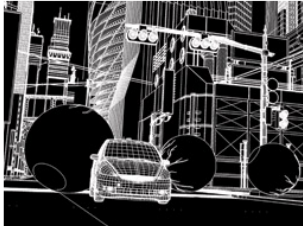
Production Houses and Agencies Are Forced to Slash Costs and Find Unique Ways to Leverage Online Video

By [Ryan McConnell](#)

Published: November 12, 2007

The 30-second spot isn't dead yet, but it's taken a turn for the worse.

As marketers continue to embrace unmeasured media and funnel fewer dollars toward TV-production budgets, 2007 will go down as the year the 30-second spot's health took a noticeable downturn. Faced with ever-more-powerful procurement departments, clients clamoring for return on investment and a general consumer movement toward interactive ad environments, agencies can no longer cavalierly bill multimillion-dollar commercial extravaganzas to clients as in years' past.



THE (NOT SO) REAL WORLD: To create this recent Honda ad, shop a52 relied on computer-generated graphics, a method much less expensive than live action.

And while it hasn't yet shown up on the bottom lines of most traditional agencies, it's increasingly clear that Madison Avenue isn't the Easy Street it once was. Shops are being forced to make do with less, forcing wholesale changes in the TV-commercial-production business.

"This year has been hard," said Mark Tobin, managing director and executive producer at a52, a visual-effects and design company that has serviced clients such as Lexus, EA Sports and Nike. "Budgets have been seriously cut and reapportioned into different areas. We have to find ways to make more with less."

Tightening belts

For commercial producers, that's meant tacks such as outsourcing, filming in less-expensive locales and using less-costly film and computer-animated graphics. For agencies, it's meant thinking more outside the box and developing expertise in online video, new formats and lengths -- and when the slick sophisticated :30 is called for, bringing it in less expensively.

"It's not about whether TV is coming or going; it's about where are the best places to put ideas to reach consumers," said David Lubars, chairman-chief creative officer of BBDO North America, the shop most synonymous with the splashy Super Bowl commercial. "The [30-second spot] is still a viable form; it's just not the only viable form."

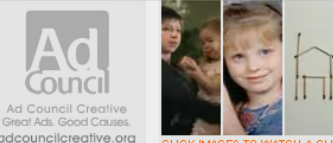
Indeed, many marketers and their ad agencies are rethinking their approaches. Long gone are the simpler days when agencies

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used to "fill boxes" -- two :60s, five :30's and so on. That system has been replaced by a more rigorous, focused process. "There is this pull toward video and other media placements," said Ann Green, senior VP-marketing solutions at market-research firm Millward Brown.



Tim Williams: Founder of Ignition said agencies 'don't know how to price [web-video plays]; they don't have the systems for it.'

"A traditionally conceived TV spot won't propel our industry nearly as much as it used to," said David Rolfe, who earlier this year joined hotshop Crispin Porter & Bogusky as VP-director of integrated production.

Metrics matter

A key reason why marketers are more willing to embrace these alternate platforms, said Kevin MacLean, managing director-online for Omnicom's PHD, is the hard metrics that come with them. "We live in this procurement-driven world, and our clients want rationalization and benchmarks for everything we do. With a 30-second spot, you don't have a quantitative ROI."

It's all led to an environment of intense belt-tightening within the ad-agency universe. "We as an agency have been trying to be incredibly cost-effective for production for years," Mr. Lubars said. "When it comes to TV, it's not like it goes away, but it's not like it's most important either."

As the traditional spot's importance has declined, budgetary pressure has trickled down to TV producers.

On a recent assignment for Honda, a52's Mr. Tobin, an award-winning producer, knew he wouldn't be able to complete the task profitably without welcoming new approaches. It's led to him embracing high-definition film and computer-generated graphics more than he has ever before.

"If I had done [the Honda campaign] as a traditional TV approach, I wouldn't have been able to do it with the money," he said. The approach enabled him to keep the entire process within a52, drastically reducing costs. "With CG, I can keep the money in-house and control the budget."

Going abroad

Another way producers are dealing with the less-profitable environment is to outsource. In fact, the local shoot may soon become a relic of the past, some producers report.



David Lubars: 'The [30-second spot] is still a viable form,' the BBDO creative said. 'It's just not the only viable form.'

"There's a lot of pressure on budgets, so we're going to Argentina or New Zealand. ... We don't shoot in L.A. as much as we used to," said Steve Golin, a producer who runs Anonymous Content, a production house that has worked with Motorola, Xbox 360 and feature films such as "Babel" and "Eternal Sunshine of the Spotless Mind." "If you have a spot with a lot of actors, it makes a difference to go offshore."

Of course, producers aren't headed for the unemployment line anytime soon. In fact, with iPhones, mobile devices, cinema and viral video exploding, demand for professional video content has never been higher.

"It's more work, not less work," said Loretta Jeneski, an executive producer for Nonfiction Spots, a company that represents documentary filmmakers as commercial directors. "It's a fascinating time in the ad industry. Never before have we seen ads placed on screens so large and so small at exactly the same time."

Different screens

Indeed, a recent survey of the Association of Independent Commercial Producers found that more than 62% of members are working on nontraditional projects. And some producers contest the notion that the 30-second spot is declining at all.

"I think budgets are actually climbing. The 30-second spot is very safe and sound right now," said Patrick Milling Smith, executive producer and co-founder at commercial-production shop Smuggler. His view is supported by findings from Nielsen Media Research's Monitor-Plus showing that 30-second spots made up 57% of overall TV executions on prime time in 2006 -- that

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37 % of overall TV executions on prime time in 2000 -- that number is down just 5% since 2000.

Of course, evolving causes problems of its own. "It's easier for [agencies] to make money on a 30-second spot," said Tim Williams, founder of Ignition consulting group. "They know the process. It flows through their system easily." It's not so simple for newer approaches such as viral and video tailored specifically for the internet. "[Agencies] don't know how to price it; they don't have the systems for it. It almost always becomes more labor-intensive."

The upside

While some in the field may pine for the simpler, more-lucrative era when three networks dominated the advertising industry, those days clearly are not returning. Some say that's not necessarily a negative development. The increased competition of this new environment, according to Jon Kamen, CEO of Radical Media, has improved the end result, making everyone better at their jobs. "[Budget tightening] is forcing some fantastic creativity. It has us thinking in more integrated terms ... and it's clearly been a catalyst for resourcefulness."



Jon Kamen: Radical Media CEO said marketers' belt-tightening has resulted in 'some fantastic creativity.'

It's a view shared by Tom Finneran, exec VP-agency management services at the American Association of Advertising Agencies, who described talk of agencies suffering as "an urban legend."

"Those agencies that solely rely on TV commercials might be in trouble," he said. "But most agencies have evolved as media habits have changed."

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Contributing: Rupal Parekh, Megan McIlroy

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