

STAYING A STEP AHEAD OF THE NEW MARKETING PARADIGM: ARTIE BULGRIN

KNOW talks to Artie Bulgrin, ESPN's leader of consumer insights and a master observer of the changing relationship between marketing, media, and technology

ESPN is one of the most powerful and diligently leveraged brands in the world; since 1979, it has made itself synonymous worldwide with sports—and sports fans. From cable TV to the Internet to videogames and wireless, ESPN has expanded presciently into the media that its fans are turning to for sports information—all the while maintaining a unique identity based on quality, information, and entertainment.

As ESPN's Senior Vice President of Research and Sales Development, Artie Bulgrin is charged with tracking the many facets of the ESPN identity, making them more effective and appealing for advertisers, and seeking out the new media landscapes that will help the company stay a step ahead of its customers. Bulgrin joined ESPN in 1996 as Vice President, Research &

Sales Development, and has made himself synonymous with insights into sports fans.

KNOW recently had a chance to talk to Bulgrin in his New York City office; the conversation was wide-ranging, informative, and even provocative. Our thanks to Artie for sharing his time and insights with *KNOW*.

CAN YOU TALK ABOUT THE EXPECTATIONS OF ADVERTISERS, IN TERMS OF WHAT NETWORKS AND OTHER MEDIA DELIVER, AND HOW THE PROCESS OF SELLING HAS CHANGED OVER THE LAST FIVE YEARS OR SO?

I think we're going through a very significant transition period. There's clearly a paradigm shift taking place in our industry, probably beginning this year, and next year is going to be a significant year as well. I think there

are a couple of things happening. First, in the world of television, there is far greater scrutiny of our product because there are so many viewing options; we are moving from a linear environment for television viewing—where programming is pushed at us—to an environment that is increasingly nonlinear, where the viewer is in control. By nonlinear, I mean digital video recorders, and video on demand. Most recently, you're seeing the reemergence of interactive television capability.

So now this issue of fragmentation has a new definition, because no longer is fragmentation defined by just the amount of channels you get on digital cable or satellite. It is multiplied significantly by your ability to control your choice, either through programs that you record on your DVR, or

actually watching the spots? We have to pay close attention now to the new data that's going to become available telling us how many of the commercial units are actually being avoided because of DVR, as opposed to the old-fashioned way of surfing with your clicker.

So, in many ways things are changing, and are becoming far more scrutinized—ad recall, brand recall will be part of that. We're asked to do more in terms of demonstrating that capability. We are doing more in terms of demonstrating the value of brand and product placement on our air. And we're doing more in terms of proving the benefit of integrated media campaigns; that's something that's unique to ESPN, because we have one of the few media suites that is truly vertically integrated in terms of brand and content and target audience.

At the end of the day, I think sports is in a very good position, because in a world of nonlinearity, sports will be viewed live. Also, because of its urgency, sports news will

be viewed in real time. More importantly, I think that because of those two important characteristics, our brand will remain top of mind. But it's going to be very interesting the next couple of years.

YOU MENTIONED THAT SOME PEOPLE ARE ALREADY PULLING BACK, EXPRESSING DOUBTS, ON THE 30-SECOND SPOT. WILL YOU HAVE TO CHANGE THE CONTENT OF WHAT YOU DO TO FACILITATE BETTER PLACES FOR THE ADVERTISER?

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what's also available on the VOD. People can watch television on their own time, not on your (i.e., the network's) schedule.

So what does that mean for us? What does that mean for the advertiser? Well, the advertisers are now far more concerned about the effectiveness of the 30-second spot; they are far more concerned about return on investment, and one of the variables there is certainly engagement. Is the viewer paying 100 percent of their attention? Are they



SECONDLY, THERE'S THE MEASUREMENT ISSUE. WHAT DOES ESPN HAVE TO DO BETTER ON BOTH OF THOSE FRONTS TO DEMONSTRATE A RETURN?

Well, let's talk about the environment for the advertiser. We have always been very concerned about the television environment, the nonprogram content. And for years, it's been kind of the same formula—minimize clutter of nonprogram content, so that any advertising content that does appear doesn't get lost in 20 spots, and doesn't cause people to move

away. That being said, we're dealing with an audience. Young men today are born with a remote control in their hands; as soon as they're born, they know how to use them, and they will use them—as opposed to women, who are less likely to do that. So that's our viewer; we have to work a lot harder to retain that audience.

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I think we work very hard to maintain a high quality nonprogram environment; one of the ways we're able to control for that, obviously, is our own promotion. We create nonprogram content like the "This Is Sports Center" campaign that is far more about branded entertainment than it is about actual promotion.

HOW DO YOU MAKE YOUR ADVERTISERS UNDERSTAND THE LINK BETWEEN ENGAGEMENT IN THAT CAMPAIGN AND ATTENTION TO THEIR ADS? CAN YOU OFFER THEM SOME SORT OF METRIC TO SHOW AN EFFECT?

I think the problem is, depending on which advertiser you deal with, they all have their own different, subjective opinion on what measurement works and what measurement doesn't work right now, and so you have to work harder to accommodate what the advertiser sees as being a quality measure and being valuable. At the end of the day, it's the cash register.

There's one advantage in being a sports media company—most advertisers come to us with advertising that is immediately very relevant to our audience. You think about

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sports advertising, and the stuff that comes to mind is really targeted at the sports fan, and the content or creative involves sports

fans or sports. It's one of the few genres where you can do that very easily, so it really is an advantage.

The measurement issue is a difficult one; I don't know if I have an answer for that. The best answer right now is that we try to accommodate our advertisers on a selective basis: What works for you? How do you measure return on investment? What is the advertiser trying to do? Are you trying to improve your brand? That's one type of return on investment. Are you simply trying to move more product? Are you trying to affect a particular segment of the population—Hispanics, or active young men? There's no one way to measure return on investment.

IF YOU WERE WORKING SOMEWHERE THAT DID NOT HAVE THE ADVANTAGES OF AN ESPN, WHICH IS SO UNIQUE, HOW WOULD YOU ADDRESS THE CHALLENGES OF ROI AND ROO?

An advertiser said recently at a conference, "We don't have a measurement problem in this country; we have an information problem." I think we're dealing with so much research now—some of it's good, some of it isn't any good—that there's a lot of misinformation. We were just talking about ROI and ROO—and it takes a million different forms. The fact of the matter is, the industry is not really focused on or investing in ROI/ROO research methods that are incredibly reliable and provide actionable information. I don't know that we're doing the best job of that right now in this industry. Instead, our attention has been

focused on the fundamentals of maintaining adequate media measurement as we have not kept up with the recent advances in technology. Right now this should be the #1 priority.

HOW DO YOU FEEL SPORTS HAS EVOLVED AS A MARKETING VEHICLE, AND WHAT ARE SOME OF THE FACTORS THAT HAVE CONTRIBUTED TO THIS GROWTH?

I think the base factor is that sports is just a fundamental part of our culture that has not eroded one bit; in fact, it has grown over the years, particularly among young people. We know that about 87 percent of Americans are sports fans to some degree, and anywhere from 20 percent to 47 percent—depending on the demographic—are avid sports fans.

It's grown in recent years because the media has helped proliferate the interest in sports, and the way sports is being consumed has changed dramatically. Now I can get my sports not just on TV and through attendance, but through the Internet, through wireless devices—all kinds of different ways. And phenomena like fantasy sports have increased the intensity of interest even further, because particularly young people are playing these fantasy games.

WHAT DO YOU SEE AS THE CORE ASPECTS OF THE ESPN BRAND? HOW DO YOU MAINTAIN A BALANCE BETWEEN AMBITION AND CORE VALUES IN EXPANDING THE BRAND?

Our brand positioning has always been that we are the world's biggest sports fan. So we treat sports seriously, but we don't treat ourselves too seriously. It's sports; these are

games—you can't take it too seriously. But at the same time, we know that they are taken seriously by our fans. And we know that, for the fan to take ESPN seriously—particularly the stats and the stories and the analysis—we have to be the best at that.

SportsCenter essentially *is* ESPN. It's been around as long as ESPN itself; in the United States, it occupies more than 40 percent of the broadcast day on the flagship network. It is who we are. The brand is dependent on our ability to deliver the most accurate news and information in a style that perhaps more people prefer than any other.

The most important thing in any business—particularly the media business—is to be “top of mind,” to be part of the repertoire of choice in the consumer's mind, so that when they think about sports news and information, they think about you first. Assuming they think about you first, you also have to make sure that you are there, in that medium, so that they can choose you. If they can't choose you, it doesn't make any difference. And we work very hard to develop a brand that is first in the consumer's mind, first in that repertoire of choices, and then we need to *be* there.

TELL US ABOUT SOME OF THE CHALLENGES YOU'VE FACED IN INTEGRATING THE INTERNET INTO THE ESPN IDENTITY.

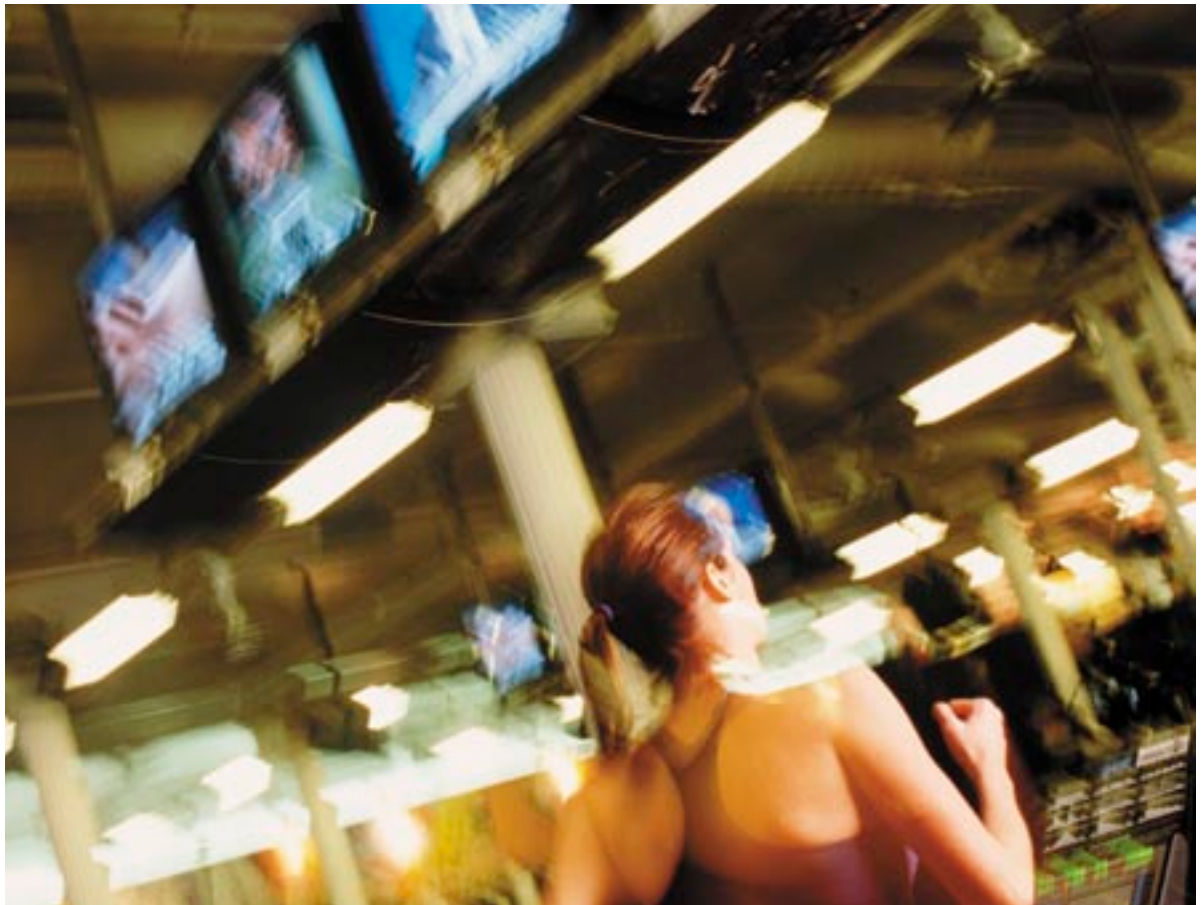
The willingness had always been there. ESPN.com started out in the mid-nineties, and quickly became one of the leading Web sites. So we probably recognized the importance of the Web before anybody else in the space did. We understand that the Web is far more personal than television,

and more interactive than television, so it has to be different. We are working to make that another television network, if you will; we think it's that important.

We have ESPNdeportes.com, designed for Spanish-speaking sports fans around the globe. We have the technology we've developed for ESPN.com to develop special broadband applications for our affiliates; the biggest one most recently is ESPN360, which is a dedicated high-speed broadband application that features a lot of high-quality video and games. We developed ESPN Motion a couple years ago on ESPN.com, to bring seamless full-motion video to our fans.

WHAT DO YOU SEE AS THE PRIMARY SPURS TO INNOVATION, ONES THAT LEAD TO NEW, MORE RELEVANT WAYS TO MEASURE?

There are two simple things—money; but to get to the money, agreement within the industry that this is perhaps something we ought to do, and to pool our funds into financing innovation in research. We're all spending a lot more money on research, because research just gets more expensive. It's harder to reach people, it's harder to interview people, it's harder to get information, and technology is making it more expensive. But research is still an



expense, and it's not always seen as a tool that can be used strategically to actually grow business, and to make business more profitable. And I think if more companies see it that way, perhaps we will band together to finance greater innovation.

I tend to believe that it's very difficult for us to blame research companies—even large research companies—with failure to measure things, because I think ultimately we're in control. If the media industry really wants to do something, I believe that they could do it.

But we have other things to worry about right now. We need better TV household television measurement; the television household is still the center of the universe when it comes to TV viewing. Television sets are getting bigger and more sophisticated, not smaller and more portable. So we probably need to fix that first before we move on to other things. And that's what's a little frustrating. Television is as big in this country as it's ever been; it's not going away—it's not being supplanted or cannibalized by any other medium out there. Total media use is going up. But if a 30-inch set or a 50-inch plasma set is perhaps the most powerful and important medium that we have, it deserves the best type of measurement.

IS ENGAGEMENT AN OVERBLOWN TOPIC RIGHT NOW? DO YOU THINK QUALITATIVE MEASURES ARE HERE TO STAY, BECAUSE PEOPLE DON'T TRUST THE QUANTITATIVE NUMBERS?

In a sense, it's a bit overblown, but I can understand the need for it. Things are

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changing so fast in this business right now, and at so many different levels, that there are going to be so many more questions—questions that we haven't even thought of—in the next year, perhaps, that will have to be addressed. I spend a lot of my time right now on the potential impact of DVRs. It has already changed dramatically from a purely TiVo DVR world to now a world that is becoming more complex and fragmented by the distribution of different devices, with varying degrees of capability, with various types of interfaces—some more effective than others.

At the end of the day, we want to measure what the advertiser needs—that their message was recalled, their brand was recalled, and that some action was being taken on that message; ultimately that's what matters, and ultimately that's what we should be focused on. But we can't do that until reliable and accurate methods are in place to measure the media individually—and we just aren't there yet. ▀