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The emergence in recent years of several non-linear television markets will drastically influence programming, viewership, and the overall network economic structure. Historically, models of television advertising have emerged in response to increasing program production costs, technology, demographics, FCC regulations, and demands from advertisers. In general, the top priority of broadcast and cable networks has remained working with advertisers to increase and improve the effectiveness of television ads. Due to the increasing popularity of Internet video content, the television has a unique opportunity to dictate a new audience measurement system and create more advertising revenue. According to an Omnitel study on Internet video activity conducted in November 2007, thirty percent of respondents have watched videos online. Internet users typically stream videos from YouTube, but a significant amount of the population watch content on broadcast network websites.

The proliferation of Internet video viewing will dramatically change the way in which audiences and advertisers purchase, watch and measure television and programming ratings. Unlike in previous decades, audiences are now inundated with media during every aspect of their lives, resulting in ad clutter and declining ratings. Furthermore, the increase of channel and entertainment choices has fragmented audiences and led to the reluctance of advertisers willing to pay the same rates for programs that are failing to attract viewers. With the introduction of Nielsen's C3 ratings system, 2007

marked historical changes in audience measurement. Due to the fact that advertisers are struggling to capture audiences' attention, many ad agencies are looking for ways to quantify the effectiveness of their commercials and product placements.

Nielsen's C3 rating system measures and averages commercial ratings for live plus three days of viewing and is clearly more representative of how audiences are changing their television viewing habits. It has been many times over that the audience measurement system so widely accepted throughout the industry is deeply flawed. However, it stands to reason that as more and more viewers turn to the Internet to watch television shows and other video clips, the advertising and television industries will ultimately shift to a sort of census-based measurement system that is by far more informative and accurate.

The fact that an increasing amount of audiences are media multitasking as they watch television, has made it extremely important for networks and advertisers to monitor the actual viewing behavior of their audiences. As indicated by a recent CBS Vision study on people's media usage, 28 percent of respondents revealed that they were using the Internet more Monday through Friday during the majority of the prime-time hours. In recent years, broadcast and cable networks were losing a rather significant amount of advertising revenue to the Internet. The popularity of Internet video will likely lure the advertising money spent on banner and display ads to pre-roll commercials before video content is played. As more cable and broadcast networks begin to offer their products and additional content online, the television industry will continue to attract major advertising dollars.

Although, the advertising and audience measurement model of the Internet will be by far more detailed and precise than that of the television industry, the overall approach will slightly mimic television's. For example, Google's October 2007 announcement of its deal to license demographic data from Nielsen is a strong indication that advertisers remain very much interested in demographic ratings information. Despite the fact that Google has a long way to go into making its video advertising sales as successful as its AdWords service, the company is going to great lengths to perfect a census-based measurement of actual Internet viewing behavior. Alone, demographic information is a poor indicator of how consumers behave and their purchasing habits. However, coupled with the fact that website activity can be closely monitored and encourages interactivity in the form of click-throughs and downloads, Internet advertisements will likely be individual-tailored and attract engaged audiences.

Society as a whole is interacting with more amounts of media and advertising than ever, therefore advertisers are constantly challenged by cluttered environments and need to seek ways to capture consumers' attention. As demonstrated on the Internet and in the increasing number of cable channels, niche entertainment and programming is sought by advertisers as a way of creating a relationship with consumers and maintaining their attention.

One television, tools used to avoid commercials are getting better and increasingly popular. The way in which people watch video content on the Internet provides advertisers with a captive audience. In addition, when video content is made available for viewers to download or stream for free, they do not mind watching brief commercials. According to comScore, the majority of web users stream video content

online and watches an average of 55 video streams during the course of one month (“Outlook for the Broadcast Networks” 20). The fact that streaming videos for free is the dominant form of how audiences watch video content indicates that advertisements are highly welcomed. Furthermore, with the upcoming conversion from an analog to a digital broadcast spectrum in February 2009, the television industry is setting itself up to closely resemble the current Internet environment because of the return-path data streams that many digital set-top boxes will be capable of.

Despite the fact that the television advertising market makes little sense and in a way forces broadcast and cable networks to cannibalize one another, the industry has consistently increased its revenues since 2000. Based on information provided by TNS, it is obvious that online video viewing is extremely likely to continue with an estimated 36 percent of viewers reporting that they have watched a lot more web video content in 2007 than in the previous year (“Outlook for the Broadcast Networks” 20). Because broadcast and cable networks have endless amounts of video content and products, they are poised more so than companies such as YouTube, to successfully develop, stream, distribute videos on the Internet. In addition, broadcast and cable networks can play a predominant role in creating an audience measurement system to monetize and quantify the value of their Internet video content.

With the Internet and other developing technologies, broadcast and cable networks stand to strengthen their audience numbers and advertising revenues. As several studies have indicated, online viewing leads to incremental real-time audiences. For example, the audience numbers for shows such as *NCIS*, *How I Met Your Mother*, and *Big Bang Theory* have steadily increased as more episodes became available for

viewing on the CBS website. According to a Nielsen study conducted in October 2007, young-adult viewers use new technology such as video streaming to catch up on shows they have missed. The study goes on to state that, “Younger viewers have been faster than older generations to adopt new television options, but since technology adoption is increasing within all age groups, this...gives us a glimpse into a future when all viewers will take more initiative to catch up on shows they have missed” (Nielsen Media Research, “Younger TV Viewers Use Tech More to Catch Up on Favorite Shows”).

When viewing entire episodes online, the majority of viewers reported visiting network websites to stream shows. This form of video watching challenges many perceptions that the Internet is cannibalizing television and directly challenging the industry’s position as the number one form of entertainment. As indicated by the ratings performance of *Big Bang Theory*, catch-up viewing on the Internet does not pose a threat to networks (“Outlook for the Broadcast Networks” 22). The inclusion of entire episodes on network websites serves as a great supplement to broadcasters’ programming lineup and will inevitably increase same-day ratings.

Even though Google’s AdWords service has its flaws, many in the television and advertising industry are used to and more comfortable with demographic data. Besides the new C3 measurements, the ad-buying model of the television industry has not changed in the past twenty years. Although, the Internet is attracting larger audiences, structurally and economically, the medium will come to resemble television. As indicated by a CBS vision presentation at the UBS 35th Annual Media Week Conference, the television industry maintains a competitive advantage and has plenty opportunities to converge with advancing media and technologies. In addition, contrary to the popularity

of user-generated content that is bombarded on websites like, YouTube, audiences want to watch professionally created and edited video content. Much of this content is easily provided by broadcast and cable networks, which is demonstrated by the growing usage of video content websites such as, Brightcove, Joost, AOL and Veoh. Many of these websites provide networks with the power to control their program's viral distribution and integrate advertising based on the consumer/demographic information they obtain from the websites themselves.

One obvious problem with the current audience measurement system is that it relies on the participation of a small percentage of the population. Although the sampling number remains consistent ratings companies such as Nielsen and comScore often report conflicting numbers. In addition, a cooperation bias exists because less than forty percent of households asked, agree to have their televisions connected or fill out diaries.

Compared to the present ratings system, the census-based measures that are possible through the Internet will be able to provide advertisers and networks up-to-date information and audience profiles that will allow marketers to quickly tweak and improve their campaigns for better results. According to Brian Stelter and Jennifer A. Kingston's article, "Advertising; In Foray Into TV, Google Is to Track Ad Audiences," Internet tracking systems will give, "...advertisers a more vivid and accurate snapshot than ever before of how many people are viewing commercials on a second-by-second basis, and who those people are". Ultimately, online video content places the network and cable companies in the forefront of dramatically improving audience measurement on their own terms.

It has been noted numerous times that new technology and entertainment options

compete with television over the attention of consumers. However, television is very capable of meeting the challenges of advancing technology by adjusting audience measurement methods and making content more accessible. The vast majority of viewers agree that commercials and advertisements are acceptable if they allow programming to remain free. There will always be a viewer demand and acceptance of advertisements, which will ultimately lead to television using the Internet as a platform that creates tools for better audience assessment and campaign executions. Perhaps Internet video content will eventually allow networks and advertisers to profile audiences consumers based on their actual behavior, instead of only generalizations based on demographic information. Since some audience behavior data already exists on viewers using DVRs to fast-forward through commercial breaks, it stands to reason that Internet monitoring will streamline information on when users click on links and make purchases.

As the penetration of new media such as broadband Internet and video-enabled portable devices increases, it becomes apparent that the best way to reach consumers is through familiar content and programming. In her essay, "TV.com: Participatory Viewing on the Web," June Deery describes how participation with new media often requires the borrowing of formats and conventions from older mediums that are still being used (161). According to an October 2007 report released by The Conference Board and TNS, the number of consumers viewing entire episodes/shows on the Internet has doubled from a year ago. The fact that audiences are watching television content online not only indicates that the Internet is a convenient form of media, but also that television is deeply embedded into our cultural heritage.

The control over the viewing experience has significantly shifted to the viewer, but networks will continue to define the entertainment environment throughout the 21st century. By capitalizing and embracing Internet video, the television industry to successfully ensure that advertisements achieve the same reach and audience engagement that programming receives.

The television industry is likely to maintain its prevailing cultural and marketing position despite the many alternative media sources competing for advertising revenue and audiences' attention. In response to the challenges of new technologies such as DVRs and high-speed Internet providing viewers with more control over their entertainment experiences, broadcast and cable networks have been proactive in creating new programming and entertainment outlets. The current non-linear market introduces methods that are relatively new and experimental. Furthermore, because television remains the most consumed form of media, it represents the ideal model to measure advertising effectiveness on content viewed over the Internet. Through the use of online video content, broadcast and cable companies will probably outperform advertiser expectations by being capable of conducting independent and thorough integrated consumer media campaigns.

Works Cited

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"Younger TV Viewers Use Tech More to Catch Up on Favorite Shows"

<<http://www.mediabuyerplanner.com/2007/12/05/younger-tv-viewers-use-tech-more-to-catch-up-on-favorite-shows/>>