11 Evaluation of Media: Television and Radio

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Learning Objectives

LO 11-1 | Describe the role of television as an advertising medium and its advantages and limitations.

LO 11-2 | Discuss how television advertising time is purchased for network and local television as well as cable television.

LO 11-3 | Discuss how television viewing audiences are measured and developments in audience measurement.

LO 11-4 | Discuss the role of radio as an advertising medium and its advantages and limitations.

LO 11-5 | Discuss how radio advertising time is purchased.

LO 11-6 | Discuss how radio audiences are measured and developments in audience measurement.

Tough Times for Television

Television has long been the medium of choice for many marketers who want to reach large audiences and use its combination of sight, sound, and motion to deliver an impactful message. However, developments in digital technology have changed the way people consume media, including television. The world has never been more connected nor had as many options to access content. According to the Nielsen's Total Audience Report, adults in the United States spend more than 10 hours per day listening to, watching, reading, or generally interacting with media. Television—including live and time-shifted viewing—still accounts for the highest amount of media time, particularly for those 50+, who spend nearly six hours watching television. However, this is in sharp contrast to 18- to 34-year-olds who spend less than two hours and the 35- to 49-year-old demographic, which spends three and a half hours. Both age groups spend more than three hours per day online, primarily on their smartphones.

Among the factors affecting television's use as an advertising medium are the decline in viewership as well as the fragmentation of the viewing audience. Total viewership of traditional television has declined over the past two decades, particularly for the four major networks, which now account for less than 25 percent of the prime-time viewing audience. The top rated shows used to be watched by nearly 20 percent of all TV households. However, today very few of them get double-digit ratings because viewers are being lost to streaming services such as Netflix, Amazon Prime, and YouTube, as well as cable channels that offer programs that appeal to more specific audiences interested in news, sports, fashion, music, cooking, travel, entertainment, and other areas.

While audience fragmentation is clearly affecting television, of even more concern to the industry is the effect technology is having on television viewing patterns. Many people, particularly those in the 18-to-49 demographic target that advertisers covet, are not watching television in the traditional *linear* fashion, whereby they view a scheduled TV program on the channel and at the specific time it airs. More than half of TV households have a digital video recorder (DVR), which allows them to record a show and watch it whenever they want, as well as fast-forward through the commercials. In addition to time-shifted viewing on DVRs, many TV shows are being watched through video-on-demand (VOD) services offered by the cable and satellite providers. While most of the VOD services do not allow viewers to fast-forward through commercials, the programs have fewer ads, and advertisers want to pay less for them.

Compounding the problems facing the broadcast and cable networks is the increase in cord-cutting, which refers to households dropping traditional pay-TV services such as cable or satellite TV. The percentage of U.S. household with cable or an alternative delivery system has declined by just over 1 percent per year over the past decade, going from 88 percent in 2010 to 78 percent in 2019. Cable and satellite TV providers are now losing nearly 2 million subscribers per year, and estimates are the number of households without traditional pay TV service will reach 40 million by 2023, which represents about a third of all U.S. homes. Moreover, many of the pay-TV providers may have to offer subscribers "skinny bundles" that will include fewer channels so subscribers can save money on their monthly bills. ESPN, the cable network with the most subscribers—but also the highest monthly subscriber fee at just over $7.00—has lost 13 million subscribers over the past six years and now has its lowest subscriber total in nearly a decade at 86 million.

One of the reasons for the cord cutting and decline in television viewing is the rise of streaming services; more than 80 percent of U.S. television households have an Internet-enabled television through a smart TV or connected devices such as Apple TV, Roku, Amazon Fire TV, or Google Chromecast that help them stream video content to their televisions. In 2019, nearly 70 percent of households subscribed to streaming services such as Netflix, Hulu, or Amazon Prime; more than 50 percent subscribed to Netflix. In 2018, sports cable giant ESPN introduced its new ESPN+ streaming service. Several new services were launched in 2019, including Disney+ and Apple TV+, both of which are likely to shake up the industry. Streaming services are having a major impact on traditional television because the subscription costs are lower, and the quality of programming is very high and will become even better as major competitors such as Apple and Disney enter the market. Moreover, streaming services are commercial free, which is a major attraction to viewers who are tired of being bombarded with ads on broadcast and cable channels.

These are clearly challenging times for the television industry, and changes will be needed to retain viewers as well as advertisers, many of whom are shifting more of their media budgets to online and social media where they can reach younger consumers with highly targeted video ads on Google, Facebook, YouTube, and Instagram. The broadcast and cable networks recognize that competing against streaming services requires quality programming, as well as finding ways to reduce the number of commercials in TV shows while maintaining revenue and profits. The networks must also move more quickly toward making addressable TV advertising (the industry term for commercials that can be targeted to specific audiences) more available to marketers. An estimated 60 million households in the United States can be serviced via addressable ads on traditional cable and satellite TV, and the number will increase. However, it may take time for the broadcast and cable networks, as well as local stations, to gather the audience data needed to support the use of addressable ads on a large scale.

Predictions of television's imminent demise as a major advertising medium have come and gone through the years like fast-forwarded commercial breaks. Media experts have noted that all of the technological developments would lead to the demise of TV's traditional advertising-based business model because consumers want to watch what they want when they want, and this does not include commercials. It is very possible that the experts' predictions are slowly but surely coming true.

Sources: "The Nielsen Total Audience Report: Q3 2018," The Nielsen Company, March 19, 2019, https://www.nielsen.com/us/en/insights/reports/2019/q3-2018-total-audience-report.html; Wayne Friedman, "Forecast: Cord-Cutting TV Homes Climb to 40M by 2023," *Media Post,* January 20, 2019, https://www.mediapost.com/publications/article/331215/forecast-cord-cutting-tv-homes-climb-to-40m-by-20.html; Drew FitzGerald and Benjamin Mullin, "Outlook for Traditional TV Goes from Bad to Worse," *The Wall Street Journal,* November 19, 2018, https://www.wsj.com/articles/outlook-for-traditional-tv-goes-from-bad-to-worse-1542632401; Sapna Maheshwari and John Koblin, "Why Traditional TV Is in Trouble," *The New York Times,* May 13, 2018, https://www.nytimes.com/2018/05/13/business/media/television-advertising.html.

Television has been the dominant form of entertainment in most households for more than three quarters of a century. Advertising has been the lifeblood of the industry for nearly as long. Ever since Bulova ran the first TV ad in

1941, at a cost of ten dollars, the commercial has been considered the quintessential form of advertising for many marketers. Television advertising has gone through many changes over the past 80 years. For decades it was dominated by three major broadcast networks (ABC, CBS, and NBC), which could deliver more than 90 percent of the prime-time viewing audience on any given evening. However, with the growth of cable and direct broadcast satellite services, most television households can receive more than 100 channels that offer various types of shows, news, sports, music, information, and other entertainment genres. The device that delivers all of this has evolved, as most homes have large flat-panel, high-definition televisions (HDTVs) that offer high-resolution digital images along with high-quality sound. Moreover, these HDTVs are often connected to digital video recorders (DVRs), gaming consoles, streaming devices, and computers, while the cable and satellite companies that deliver the signals also offer access to movies, sports, and other forms of entertainment through their on-demand services. Many experts argue that it is only a matter of time before all of this content is delivered to TV sets online via the Internet.

The changes that are occurring in the television industry are important because they are having a profound impact on the largest advertising medium. TV has virtually saturated households throughout the United States and most other countries and is still a very important part of the lives of most people. The average American household watches nearly five hours of TV a day, and "the tube" has become the predominant source of news and entertainment for many people. Over 90 percent of TV households in the United States have a DVD player, nearly 55 percent have digital video recorders (DVRs), and over 80 percent have HDTVs on which they can watch their favorite television programs and movies. On any given evening during the prime-time hours of 8 to 11 P.M., more than 100 million people are

watching TV. Popular shows like *NCIS, The Voice,* and *This Is Us* can draw between 10 to 15 million viewers each week. The large numbers of people who watch television are important to the TV networks and stations because they can sell time on these programs to marketers who want to reach that audience with their advertising messages. Moreover, the qualities that make TV a great medium for news and entertainment also make it an excellent medium for creative ads that can have a strong impact on consumers.

Radio is also an integral part of our lives. Many of us wake up to clock radios and rely on radio programs to inform and/or entertain us while we drive to work or school. For many people, radio is a constant companion in their cars, at home, even at work. The average American listens to the radio nearly two hours each day.[1] Like TV viewers, radio listeners are an important audience for marketers.

In this chapter, we examine the media of TV and radio, including the general characteristics of each as well as their specific advantages and disadvantages. We examine how advertisers use TV and radio as part of their advertising and media strategies, how they buy TV and radio time, and how audiences are measured and evaluated for each medium. We also examine the factors that are changing the role of TV and radio as advertising media.

TELEVISION

LO 11-1

It has often been said that television is the ideal advertising medium. Its ability to combine visual images, sound, motion, and color presents the advertiser with the opportunity to develop the most creative and imaginative appeals of any medium. However, TV does have certain problems that limit or even prevent its use by many advertisers.

Advantages of Television

TV has numerous advantages over other media, including creativity and impact, coverage and cost-effectiveness, captivity and attention, and selectivity and flexibility.

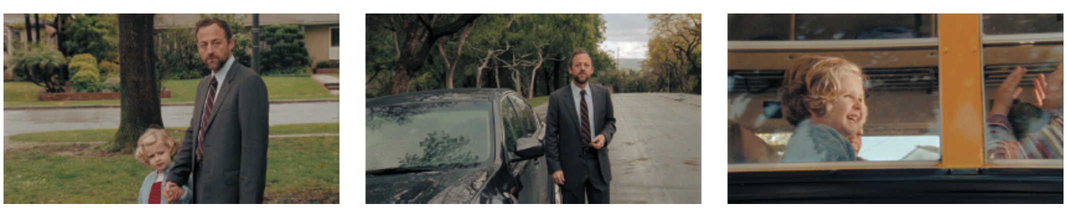
Creativity and Impact Perhaps the greatest advantage of TV is the opportunity it provides for presenting the advertising message. The interaction of sight and sound offers tremendous creative flexibility and makes possible dramatic, lifelike representations of products and services. TV commercials can be used to convey a mood or image for a brand as well as to develop emotional or entertaining appeals that help make a dull product appear interesting.

Television is also an excellent medium for demonstrating a product or service as well as telling a story about a brand to highlight its features and benefits or create an emotional attachment. For example, as part of the "Love" campaign for Subaru (which was discussed in Chapter 9), the Carmichael Lynch agency created a poignant commercial called "Cut the Cord," which shows a father putting his daughter on the school bus for the first time and then driving alongside it to make sure she's okay (Exhibit 11–1). As he drives, the dad says, "I'm overprotective. That's why I got a Subaru," while the voiceover at the end of the spot says, "Love. It's what makes a Subaru a Subaru." The various emotional appeals that Subaru uses for the "Love" campaign lend themselves to television and have played an important role in helping Subaru of America achieve record sales increases for 11 consecutive years.[2]

XHIBIT 11–1

Subaru uses television commercials to create an emotional attachment to its cars.

ource: Subaru of America, Inc.



Coverage and Cost-Effectiveness Television advertising makes it possible to reach large audiences. Nearly everyone, regardless of age, sex, income, or educational level, watches at least some TV. Most people do so on a regular basis. According to Nielsen's National Television Household

Universe Estimates, 305.4 million people aged 2 or older live in the 119.9 million TV households in the United States.

Marketers selling products and services that appeal to broad target audiences find that TV lets them reach mass markets, often very cost-efficiently. The average prime-time TV show reaches several million homes; a top-rated show like *NCIS* may reach nearly 8 million homes and almost twice that many viewers. The average cost per thousand (CPM) homes reached averages around $24 for primetime network shows and $5 for daytime weekly shows.[3]

Because of its ability to reach large audiences in a cost-efficient manner, TV is a popular medium among companies selling mass-consumption products. Companies with widespread distribution and availability of their products and services use TV to reach the mass market and deliver their advertising messages at a very low cost per thousand. Television advertising accounts for a large portion of the media budget for large consumer packaged-goods marketers such as Procter & Gamble, automotive marketers, insurance companies, telecommunication firms, and major retailers. Telecommunication companies like Verizon and AT&T spend more than $3 billion per year on advertising, with much of their budgets being allocated to various forms of television—including network, spot, cable, and syndicated programs. Major retailers such as Walmart, JCPenney, Macy's, and Kohl's also spend heavily on television. Figure 11–1 shows the top 10 network and cable TV advertisers and their expenditures.

IGURE 11–1

Top 10 Broadcast Network and Cable Network Advertisers, 2018

ource: "Leading National Advertisers 2019 Fact Pack," *Advertising Age,* June 24, 2019, p.
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Rank	Company	Measured Spending (millions)
	Network TV ad spending	

1	Procter & Gamble Co.	$1,119
2	AT&T	842
3	Pfizer	734
4	General Motors Co.	611
5	Berkshire Hathaway	609
6	Deutsche Telekom (T-Mobile)	540
7	Apple	519
8	Verizon Communications	494
9	Ford Motor Co.	493
10	Amazon	448

Cable TV ad spending		
1	Procter & Gamble Co.	$710
2	AT&T	561
3	Berkshire Hathaway	541
4	PepsiCo	437
5	Nestle	420
6	Yum Brands	404
7	Walt Disney Co.	353
8	Comcast Corp.	314
9	General Motors Co.	302
10	Progressive Corp.	274

Captivity and Attention Television is basically intrusive in that commercials impose themselves on viewers as they watch their favorite programs. Unless we make a special effort to avoid commercials, most of us are exposed to thousands of them each year. The increase in viewing options and the penetration of DVDs, DVRs, remote controls, and other automatic devices have made it easier for TV viewers to avoid commercial messages.[4] However, the remaining viewers are likely to devote some attention to many advertising messages. As discussed in Chapter 5, the low-involvement nature of consumer learning and response processes may mean TV ads have an effect on consumers simply through heavy repetition and exposure to catchy slogans and jingles.

Selectivity and Flexibility Television has often been criticized for being a nonselective medium, since it is difficult to reach a precisely defined market segment through the use of TV advertising. But some selectivity is possible due to variations in the composition of audiences as a result of program content, broadcast time, and geographic coverage. For example, Saturday morning TV caters to children; Saturday and Sunday afternoon programs are geared to the sports-oriented male; and weekday daytime shows appeal heavily to homemakers.

With the growth of cable TV, advertisers refine their coverage further by appealing to groups with specific interests such as sports, news, history, the arts, or music, as well as specific demographic groups. Exhibit 11–2 shows an ad promoting the Tennis Channel, which is growing rapidly and reaches an upscale and active audience.

XHIBIT 11–2

he Tennis Channel reaches a large, upscale audience.

ource: Tennis Channel

Advertisers can also adjust their media strategies to take advantage of different geographic markets through local or spot ads in specific market areas. Television ads can be scheduled to run repeatedly to achieve continuity in media scheduling, or flighting or pulsing can be used to take advantage of special events or occasions as well as time periods. For example, marketers targeting males often advertise during sporting events such as golf and tennis tournaments as well as MLB, NBA, or NFL games. Sports programming has become particularly popular among advertisers since sporting events are usually watched live. This increases the likelihood of viewers seeing an advertiser's commercial rather than fast-forwarding through them, as is often the case when playing back a program on a DVR.

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Many marketers advertise on sporting events such as college football and basketball games because they are a good way to reach young men, who are a valuable and elusive target audience. A number of companies and brands also use sponsorship deals with the networks that broadcast the games as a way to reach college students, as well as football and basketball fans. For example, Home Depot has sponsored ESPN’s popular *College Game Day,* which airs from the campus where one of the biggest games of the week is being played and televised, since 2003 (Exhibit 11–3). Dr. Pepper recently renewed its deal with ESPN to continue as the presenting sponsor for the College Football National Championship Trophy through 2026, paying an estimated $35 million per year to do so.[5]

XHIBIT 11–3

Home Depot sponsors ESPN’s popular *College Game Day* show during football season.

ource: Chris Szagola/AP Images

The popularity of college football and basketball has led to tremendous increases in revenue for many universities’ athletic programs. The television networks have agreed to pay about $30 billion in rights fees to college conferences and their member schools over the next 15 years. This includes a 2012 deal in which ESPN paid the National Collegiate Athletic Association (NCAA) an estimated $7 billion for the rights to televise major College Football Playoffs through 2024. CBS and Turner Broadcasting also agreed to pay the NCAA $8.8 billion for the rights to televise the popular men’s basketball tournament, which has become known as “March Madness.”[6]

Limitations of Television

Although television is unsurpassed from a creative perspective, the medium has several disadvantages that limit or preclude its use by many advertisers. These problems include high costs, the lack of selectivity, the fleeting nature of a television message, commercial clutter, limited viewer attention, and distrust of TV ads.

Costs Despite the efficiency of TV in reaching large audiences, it is an expensive medium in which to advertise. The high cost of TV stems not only from the expense of buying airtime but also from the costs of producing a quality commercial. Production costs for a national brand 30-second spot average more than $350,000 and can reach over $1 million for more elaborate commercials.[7] Many advertisers also develop commercials specifically for certain ethnic markets such as African Americans and Hispanics.[8] More advertisers are using media-driven creative strategies that require production of a variety of commercials, which drive up their costs. Even local ads can be expensive to produce and often are not of high quality. The high costs of producing and airing commercials often price small and medium-size advertisers out of the market.

Lack of Selectivity Some selectivity is available in television through variations in programs and cable TV. But advertisers who are seeking a very specific, often small, target audience find the coverage of TV often extends beyond their market, reducing its cost effectiveness (as discussed in Chapter 10). Geographic selectivity can be a problem for local advertisers such as retailers, since a station bases its rates on the total market area it reaches. For example, stations in Pittsburgh, Pennsylvania, reach viewers in western and central Pennsylvania, eastern Ohio, northern West Virginia, and even parts of Maryland. The small company whose market is limited to the immediate Pittsburgh area may find TV an inefficient media buy, since the stations cover a larger geographic area than the merchant's trade area. Geographic selectivity can be particularly problematic in large media markets.

Audience selectivity is improving as advertisers target certain groups of consumers through the type of program or day and/or time when they choose to advertise. However, TV still does not offer as much audience selectivity as radio, magazines, direct mail, or online ads for reaching precise segments of the market.

Fleeting Message Most TV commercials last only 30 seconds or less and leave nothing tangible for the viewer to examine or consider. Commercials have become shorter and shorter as the demand for a limited amount of broadcast time has intensified and advertisers try to get more impressions from their media budgets. Thirty-second commercials became the norm in the mid-1970s, and in 1986, the three major networks began accepting 15-second spots across their full schedules (except during children's viewing time). However, 15-second spots have become more prevalent over the past five years and now account for just over half of the commercial activity on network TV, while 30-second spots account for 40 percent. Fifteen-second spots are even more popular on cable networks, where they represent 58 percent of the commercials versus 33 percent for 30-second spots. The 30-second format remains the dominant commercial length for local non-network advertising, accounting for 56 percent of spot TV ads versus 34 percent for 15-second spots.[9]

An important factor in the decline in commercial length has been the increase in media costs over the past decade, particularly for prime-time programs. With the average cost of a prime-time spot now exceeding $100,000, and the most popular shows commanding nearly $300,000 or more, advertisers see shorter commercials as the only way to keep their media costs in line. A 15-second spot typically sells for half the price of a 30-second spot. By using 15- or even 10-second commercials, advertisers can run additional spots to reinforce the message or reach a larger audience. Many advertisers also believe shorter commercials can deliver a message just as effectively as can longer spots for much less money.

Clutter The problems of fleeting messages and shorter commercials are compounded by the fact that the advertiser's message is only one of many spots and other nonprogramming material seen during a commercial break, so it may have trouble being noticed. As noted in Chapter 6, one of advertisers' greatest concerns with TV advertising is the potential decline in effectiveness because of such *clutter*.

While the use of shorter commercials by advertisers has contributed to the problem, clutter also increases when the networks and individual stations run promotional announcements for their shows, make more time available for commercials, and redistribute time to popular programs. The next time you watch TV, count the number of commercials, promotions for the news or upcoming programs, or public service announcements that appear during a station break and you will appreciate why clutter is a major concern.

With all of these messages competing for our attention, it is easy to understand why the viewer comes away confused or even annoyed and unable to remember or properly identify the product or service advertised. Advertisers and agencies have been pressuring the networks to cut back on the commercials and other sources of clutter. However, the networks argue that they must maintain the number of commercials they show or increase advertising rates. Clutter has become even more of a problem on cable television as many networks have been packing in more ads to offset declines in viewership and a stagnant market for advertising sales.[10] Advertisers and agencies have been pressuring the broadcast and cable networks to cut back on the commercials and other sources of clutter. However, the networks have argued that they must maintain the number of commercials or increase advertising rates. However, over the past several years there have been major changes in television viewing behavior, which have led to a steady decline in TV viewership.[11] IMC Perspective 11-1 discusses how the television networks are taking steps to address this problem by reducing the number of commercials in their programs.

Limited Viewer Attention When advertisers buy time on a TV program, they are not purchasing guaranteed exposure but rather the opportunity to communicate a message to large numbers of consumers. But there is increasing evidence that the size of the viewing audience shrinks during a commercial break. People leave the room to go to the bathroom or to get something to eat or drink, or they are distracted in some other way during commercials.

Getting consumers to pay attention to commercials has become an even greater challenge in recent years; 55 percent of television homes have DVRs and nearly 80 percent of households with income over $75,000 have them.[12]

Most households have either cable or satellite service and receive more than 100 channels, which means there are more viewing options available. These factors have contributed to the problems of zipping and zapping. **Zipping** occurs when viewers fast-forward through commercials as they play back a previously recorded program. With the increased penetration of DVRs, more people are watching recorded shows and fast-forwarding through the commercials. The problem is being compounded by the fact that many of the networks schedule their most popular shows against one another on the same nights and in the same time slots. Thus, the most popular shows also end up being the most recorded. Moreover, the audience for these shows is composed of upscale viewers in the 18-to-49 age group that are highly coveted by many advertisers.

IMC Perspective 11–1 > > >

Television Networks Vow to Reduce the Number of Commercials

These are challenging times for the television industry as many people are turning to the Internet for entertainment and cancelling their subscriptions to cable and ADS such as satellite. Over the past three years more than 10 percent of households have "cut the cord" and have been turning to streaming services such as Netflix or Amazon Prime, which offer commercial-free TV viewing experiences. Moreover, program ratings have been declining: The prime-time viewing audience for the four major networks has declined by nearly 20 percent over the past several years, and many of the major cable networks have had double-digit declines as well. The drop in ratings means less advertising revenue for the networks as national TV ad sales, which peaked at $43 billion in 2016, have been declining by 2 percent each year and are expected to continue to do so through 2022. The decline in TV viewership is particularly high among younger people, who consume video content on YouTube, Facebook, and Instagram using a variety of devices including computers, tablets, and smartphones.

Despite the challenges it is facing, television is still an important medium for advertisers. However, the TV industry is recognizing that broadcast and cable networks are no longer the only places viewers can go for original programming. The networks also know that viewers have become conditioned to expect fewer commercials when they do watch a TV program. In addition to subscribing to ad-free streaming services, many people are playing back network and cable shows on their DVRs and can fast-forward through the commercials, while others are watching them on a delayed basis using video-on-demand services, which have fewer ads than do live shows. However, the broadcast networks generally run an average of around 11 minutes of national advertising per hour during prime-time programs, while the cable networks often run as many as 15 minutes.

The television networks have long known that commercial clutter is a problem, as have advertisers who obviously would like to have fewer ads competing for the attention of TV viewers. However, with TV ratings on the decline and ad-free streaming options on the rise, the television networks are realizing that they can no longer do business as usual. In 2018, the major networks took steps to address the problem by announcing plans to reduce the number of commercials aired during prime-time shows over the next several years. NBC Universal announced that it would cut the number of commercials appearing in primetime programing by 20 percent across its portfolio of networks, which include NBC, Telemundo, USA, MSNBC, and E! The company plans to trim the number of commercials in more than 50 primetime shows, which include series such as NBC's *This Is Us* and E!'s *Keeping Up with the Kardashians,* by 2020 and beyond. Fox Networks Group, which includes the Fox broadcast network and cable networks such as FX and Fox Sports1, also announced an aggressive long-term plan that includes reducing commercial load by as much as 40 percent and having only two minutes of commercials during Sunday nights on Fox shows such as *The Simpsons.*

The plans by both Fox and NBC involve more than just reducing the number of commercials during prime-time shows. Fox plans to implement what it calls "Just A and Z" pods (JAZ), which include only two commercials during a pod or commercial break that would last no longer than 60 seconds. The "A" and "Z" positions in a typical commercial pod are the first and last ones to run, with others in between. NBC Universal is also doing more than just reducing the number of commercials; it has developed a new ad format called Prime Pods, which allows advertisers to pay a higher price to reserve a spot during the very beginning and/or the very end of a show, where viewers are more likely to pay attention to their ads. The company is also using artificial intelligence to comb through the script of a program to match advertising to the content. For example, a sad scene in a show might trigger a contextually relevant ad for a brand such as Kleenex tissues. To compete with digital media, both networks plan to offer more analytics and services to help advertisers target their commercials to viewers. NBC Universal and Fox are not the only television media companies addressing the clutter problem; cable networks such as TruTV and TNT have reduced ad loads as well in recent years.

The television networks are hoping that their plans to reduce the number of commercials and offer new pod formats will provide a more positive viewing experience for TV viewers. They are also hoping that advertisers will be willing to pay more for the opportunity to run commercials during shorter breaks and with less clutter, which should result in a more attentive and receptive audience. However, many question whether the economics of decreasing ads loads will work out because advertisers will have to be willing to pay more in order to make up for the revenue the networks will lose from showing fewer commercials. For example, a 30-second spot during a popular shown during a Prime Pod on NBC or in a JAZ might cost anywhere from 40 to 70 percent more. It remains to be seen just how much of a premium advertisers will be willing to pay to run an ad in programming with fewer commercials.

Given the dramatic changes that are affecting the industry, the television networks may have little choice but to move away from the old advertising model that they have relied on for decades. Most television viewers do not like advertising; they feel there are too many ads shown during TV shows, and technology is liberating them from having to watch them. An executive with NBC Universal summed up the situation quite well: "TV networks would be crazy to believe that anything other than commercial overhaul was anything other than inevitable."

Sources: Sara Fischer, "NBC Universal Is Slashing Even More TV Ads," *Axios com*, January 8, 2019, www.axios.com/exclusive-nbc-slashing-prime-time-ads-even-further-3c4c884f-b386-401f-b045-68f425ceaf66.html; Jeanine Poggi, "TV Needs Fewer Commercials, But the Math Is Going to Be Hard," *Advertising Age,* April 17, 2018, https://adage.com/article/special-report-tv-upfront/fewer-tv-commercials/313183; Stephen Battaglio, "TV Networks Shed Ad Time as Consumers Skip Commercials," *Los Angeles Times,* March 27, 2018, https://adage.com/article/special-report-tv-upfront/fewer-tv-commercials/313183.

Zapping refers to changing channels to avoid commercials. Nearly all televisions come with remote controls, which enable viewers to switch channels easily. Studies have shown that as much as a third of program audiences may be lost to zapping when commercials appear.[13] Research by Nielsen has also found that most commercial zapping occurs at the beginning and, to a lesser extent, the end of a program. Zapping at these points is likely to occur because commercial breaks are so long and predictable. Research also shows that young adults zap more than do older adults and that men are more likely to zap than are women.[14]

Studies conducted on zapping behavior among television viewers have found that people stop viewing TV during a commercial break because they have a reason to stop watching television altogether or they want to find out what is being shown on other channels. The number of people zapping in and out was not related to the type of product being advertised or specific characteristics of the commercials.[15] Research has also shown that zappers recalled fewer of the brands advertised than did nonzappers and that most of the brands that were recalled by zappers were placed near the end of the commercial break, which is when viewers would be likely to return to a program.[16]

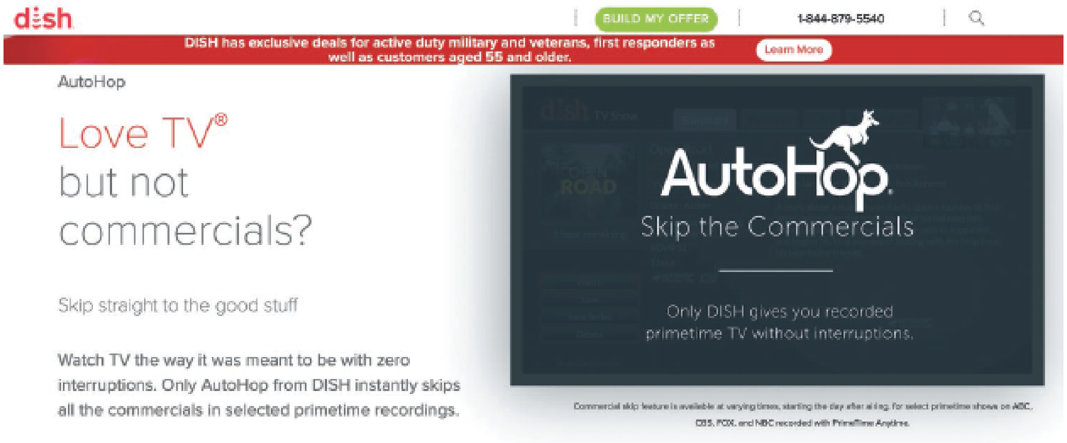
As more consumers become turned off by advertising and the number of channels available to them increases, the level of zapping is likely to increase. Thus, the challenge facing the networks, as well as advertisers, is how to discourage viewers from changing channels during commercial breaks and be more receptive to the advertising. Some advertisers believe that producing different executions of a campaign theme is one way to maintain viewers' attention. Others think the ultimate way to zap-proof commercials is to produce creative advertising messages that will attract and hold viewers' attention. However, this is easier said than done; many consumers just do not want to watch commercials.

Advances in technology are likely to continue to lead to changes in television viewing habits, which will impact the number of consumers who watch TV commercials. DVRs are expected to continue to present a problem for advertisers, particularly if devices such as the Dish Network's Hopper, which allows viewers to automatically skip ads on TV programs they record, become more prevalent. The Dish Hopper 3 AutoHop feature makes it possible to instantly skip all commercials in a recorded show. (Exhibit 11–4). However, the feature is available only for prime-time recordings of shows on the major networks at varying times starting the day after airing. This restriction was the result of settlements between Dish and the major networks, which sued the company over the ad-skipping feature.[17] Also of concern to the television industry is how TV viewing patterns are being impacted by another time-shifting technology—video on demand (VOD)—that is offered by cable operators as well as satellite services. VOD services allow users to select and watch programs interactively, and pause, fast-forward, or rewind the program just as they might do with a DVR player.

XHIBIT 11–4

The AutoHop feature on Dish Network's Hopper 3 makes it possible to instantly skip commercials on recorded programs.

ource: DISH Network LLC



For a number of years, TV shows available through VOD did not contain any ads. The networks made only a limited number of shows available because they were reluctant to allow viewers access to shows without commercials since they were concerned they would become accustomed to that type of viewing experience. However, the networks have begun to make their programs available with commercials, and the cable operators and other distributors have, in some cases, agreed to disable a viewer's ability to fast-forward through them. Some of the networks have also begun to include VOD viewership in the advertising packages they make available to advertisers, along with viewership on their websites and other devices such as tablets and smartphones.[18]

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Viewers' interest in watching TV shows in alternative ways and on their own time schedule will increase as more homes acquire DVRs and VOD services. More people, particularly millennials, are also watching TV shows online through video-streaming subscription services including Netflix, Amazon Prime, Apple TV Plus, and Hulu, which are easily accessible through digital devices such as Roku, Apple TV, and apps integrated into smart TV sets. Television and cable networks and local TV stations are making more shows available on their websites. The challenge facing the TV industry is how to accommodate the demand for these alternative viewing methods and capture revenue from them while protecting their traditional advertising business model. They also must consider that the way many people watch television is changing as viewers are using their laptops, tablets, and smartphones to multitask when watching TV.

Distrust and Negative Evaluation To many critics of advertising, TV commercials personify everything that is wrong with the industry. Critics often single out TV commercials because of their pervasiveness and the intrusive nature of the medium. Consumers are seen as defenseless against the barrage of TV ads, since they cannot control the transmission of the message and what appears on their screens. Viewers dislike TV advertising when they believe it is offensive, uninformative, shown too frequently, or when they do not like its content.[19] Also, concern has been raised about the effects of TV advertising on specific groups, such as children and older adults.[20]

However, more recent studies have shown that trust in television advertising has increased. A survey of 1,200 U.S. consumers by Marketing Sherpa found that print ads were the most trusted form of advertising for making purchase decisions at 82 percent, followed by television at 80 percent.[21] The levels of trust in print and television advertising were significantly higher than for various forms of online advertising such as search (61 percent), social media (43 percent), and online banner ads (39 percent).

BUYING TELEVISION TIME

LO 11-2

A number of options are available to advertisers that choose to use TV as part of their media mix. They can purchase time in a variety of program formats that appeal to various types and sizes of audiences. They can purchase time on a national, regional, or local basis. Or they can sponsor an entire program, participate in the sponsorship, or use spot announcements during or between programs.

The purchase of TV advertising time is a highly specialized phase of the advertising business, particularly for large companies spending huge sums of money. Large advertisers that do a lot of TV advertising generally use agency media specialists or specialized media buying services to arrange the media schedule and purchase TV time. Decisions have to be made regarding national or network versus local or spot purchases, selection of specific stations, sponsorship versus participation, different classes of time, and appropriate programs. Local advertisers may not have to deal with the first decision, but they do face all the others.

Network versus Spot

A basic decision for all advertisers is allocating their TV media budgets to network versus local or spot announcements. Most national advertisers use network schedules to provide national coverage and supplement this with regional or local spot purchases to reach markets where additional coverage is desired.

Network Advertising A common way advertisers disseminate their messages is by purchasing airtime from a **television network**. A network assembles a series of affiliated local TV stations, or **affiliates**, to which it supplies programming and services. These affiliates, most of which are independently owned, contractually agree to preempt time during specified hours for programming provided by the networks and to carry the national advertising within the program. The networks share the advertising revenue they receive during these time periods with the affiliates. The affiliates are also free to sell commercial time in nonnetwork periods and during station breaks in the preempted periods to both national and local advertisers.

The three traditional major networks are NBC, ABC, and CBS. The Fox Broadcasting Co. broadcasts its programs over a group of affiliated independent stations and has become the fourth major network. A number of Fox's prime-time programs, such as *Empire, Family Guy,* and *The Simpsons,* are very popular, particularly among the 18-to-49 age group that is often targeted by advertisers. Fox has also become a major player in sports programming with its contracts to broadcast sporting events such as NFL football and Major League Baseball.[22] In 2018, Fox paid $3 billion for the rights to televise Thursday NFL football games through 2023. The network also signed deals to televise several major sporting events, including the 2022 FIFA World Cup and the U.S. Open golf tournament through 2026.[23]

The other television network in the United States is CW, which was formed in 2006 when two 11-year-old networks, WB and UPN, decided to merge.[24] The CW Network is co-owned by CBS/Viacom and the WarnerMedia subsidiary of AT&T. The CW Network targets the 18-to-49 demographic but does not offer a full prime-time schedule. It airs 20 hours of regularly scheduled programming each week over six days that includes 10 hours of prime-time programming from Monday through Friday, 8:00 to 10:00 P.M. The network has a number of popular programs, including *Crazy Ex-Girlfriend, The Flash, Arrow,* and *Supergirl* (Exhibit 11–5). In addition to CW and the four major networks, there are also several Spanish-language networks in the United States.[25]

XHIBIT 11–5

The CW Network has a number of popular shows such as *Supergirl.*

ource: The CW Television Network

Spanish-language television networks such as Univision and Telemundo are becoming increasingly popular and provide advertisers a way to reach the fast-growing Hispanic market (Exhibit 11–6). Univision has become the nation’s leading Hispanic media company and now challenges the four major broadcast TV networks with respect to size of its viewing audience. Hispanics now account for more than 56 million, or 17 percent, of the U.S. population, and advertising spending on Hispanic television continues to grow. The Hispanic population is also younger and is having a greater influence on the direction of pop culture, which makes them an important market for advertisers.

XHIBIT 11–6

Jnivision is the leading Spanish-language network.

ource: Univision Communications Inc.

The networks have affiliates throughout the nation for almost complete national coverage. When an advertiser purchases airtime from one of these national networks, the commercial is transmitted across the nation through the affiliate station network. Network advertising truly represents a mass medium, as the advertiser can broadcast its message simultaneously throughout the country.

A major advantage of network advertising is the simplification of the purchase process. The advertiser has to deal with only one party or media representative to air a commercial nationwide. The networks also offer many of the most popular and widely watched programs, particularly during prime time. Advertisers interested in reaching large national audiences generally buy commercials on shows that air during the prime-time viewing hours of 8 to 11 P.M. (7 to 10 P.M. in the Central and Mountain time zones).

While network advertising is an effective way to reach large audiences, the cost of advertising on prime-time shows is much higher because of the number of viewers they reach. Many of the popular prime-time shows such as *This is Us, The Voice, and The Masked Singer* can charge more than $200,000 for a 30-second spot. TV shows that do well among viewers in the 18-to-49 age group can often charge a premium since this demographic segment is very important to many advertisers. The most expensive TV program for the past several television seasons has been *NBC's Sunday Night Football,* which airs during the fall and charged nearly $700,000 for a 30-second commercial during the 2019–2020 TV season. The cost of a commercial on one of the top 10 prime-time network shows can range from $150,000 to $200,000, depending on the size of the viewing audience, particularly the highly coveted 18-to-49 demographic age group.[26]

Availability of time can also be a problem because more advertisers turn to network advertising to reach mass markets. Traditionally, most prime-time commercial spots, particularly on the popular shows, are sold during the **up-front market**, a buying period that occurs before the TV season begins. Advertisers hoping to use prime-time network advertising must plan their media schedules and often purchase TV time as much as a year in advance. Demands from large clients who are heavy TV advertisers require agencies and media specialist companies to participate in the up-front market. However, TV time is also purchased during the **scatter market** that runs through the TV season. Some key incentives for buying up front, such as cancellation options and lower prices, are becoming more available in the quarterly scatter market. Network TV can also be purchased on a regional basis, so an advertiser's message can be aired in certain sections of the country with one media purchase.

The major networks as well as their cable counterparts often reserve at least 10 percent or more of their inventory of advertising time rather than offering all of it for sale during the up-front market. This is done when sales during the up-front buying period are weak in hopes of being able to sell the advertising time at higher prices on the scatter market.[27] Networks can also get higher prices for commercial time on the scatter market for new shows that end up attracting large audiences over the course of the television season. Fluctuations in supply and demand for network time can also work to the benefit of advertisers because they can often take advantage of weak demand for ad time on certain programs and purchase it at lower rates on the scatter market.

Spot and Local Advertising **Spot advertising** refers to commercials shown on local TV stations, with time negotiated and purchased directly from the individual stations. All nonnetwork advertising done by a national advertiser is known as **national spot advertising**; airtime sold to local firms such as retailers, restaurants, banks, and auto dealers is known as **local advertising**. Local advertisers want media whose coverage is limited to the geographic markets in which they do business. This may be difficult to accomplish with TV, but many local businesses are large enough to make efficient use of TV advertising.

Spot advertising offers the national advertiser flexibility in adjusting to local market conditions. The advertiser can concentrate commercials in areas where market potential is greatest or where additional support is needed. This appeals to advertisers with uneven distribution or limited advertising budgets, as well as those interested in test marketing or introducing a product in limited market areas. National advertisers often use spot television advertising through local retailers or dealers as part of their cooperative advertising programs and to provide local dealer support.

A major problem for national advertisers is that spot advertising can be more difficult to acquire, since the time must be purchased from a number of local stations. Moreover, there are more variations in the pricing policies and discount structure of individual stations than of the networks. However, this problem has been reduced somewhat by the use of **station reps**, individuals who act as sales representatives for a number of local stations in dealings with national advertisers.

Spot ads are subject to more commercial clutter, since local stations can sell time on network-originated shows only during station breaks between programs, except when network advertisers have not purchased all the available time. Viewership generally declines during station breaks, as people may leave the room, zap to another channel, attend to other tasks, or stop watching TV.

While spot advertising is mostly confined to station breaks between programs on network-originated shows, local stations sell time on their own programs, which consist of news, movies, syndicated shows, or locally originated programs. Most cities have independent stations that spot advertisers use. Local advertisers find the independent stations attractive because they generally have lower rates than the major network affiliates do.

The decision facing most national advertisers is how to combine network and spot advertising to make effective use of their TV advertising budget. Another factor that makes spot advertising attractive to national advertisers is the growth in syndication.

Syndication Advertisers may also reach TV viewers by advertising on **syndicated programs**, shows that are sold or distributed on a station-by-station, market-by-market basis. A syndicator seeks to sell its program to one station in every market. There are several types of syndicated programming. *Off-network syndication* refers to reruns of network shows that are bought by individual stations. Shows that are popular in off-network syndication include *The Big Bang Theory, Modern Family,* and *Family Guy.* Off-network syndication shows are very important to local stations because they provide quality programming with an established audience. The syndication market is also very important to the studios that produce programs and sell them to the networks. Most prime-time network shows initially lose money for the studios, since the licensing fee paid by the networks does not cover production costs. Over four years (the time it takes to produce the number of episodes needed to break into syndication), half-hour situation comedies often run up deficits of millions, and losses on one-hour drama shows are even higher. However, the producers recoup their money when they sell the show to syndication.

First-run syndication refers to shows produced specifically for the syndication market. The first-run syndication market is made up of a variety of shows, including some that did not make it as network shows. Examples of popular first-run syndication shows include talk shows such as *The Ellen Degeneres Show* and *The Dr. Phil Show,* entertainment shows such as *TMZ, Inside Edition,* and *Entertainment Tonight,* and court shows such as *Judge Judy.*

Advertiser-supported or *barter syndication* is the practice of selling shows to stations in return for a portion of the commercial time in the show, rather than (or in addition to) cash. The commercial time from all stations carrying the show is packaged into national units and sold to national advertisers. The station sells the remaining time to local and spot advertisers. Off-network as well as first-run syndicated programs are offered through barter syndication. Usually, more than half of the advertising time is presold, and the remainder is available for sale by the local advertiser. Barter syndication allows national advertisers to participate in the syndication market with the convenience of a network-type media buy, while local stations get free programming and can sell the remainder of the time to local or spot advertisers. Top-rated barter syndicated programs include *Wheel of Fortune* and *Jeopardy.*

Syndication now accounts for more than a third of the national broadcast audience and has become a very big business, generating ad revenue comparable to any of the big-four networks. Syndicated shows have become more popular than network shows in certain dayparts, such as daytime, early prime time, and late fringe. In some markets, syndicated shows like *Wheel of Fortune* draw a larger audience than does the network news.

Many national advertisers use syndicated shows to broaden their reach, save money, and target certain audiences. For example, off-network syndication shows such as *The Big Bang Theory, Family Guy,* and *Modern Family* are popular with advertisers because they reach the highly sought after, and often difficult to reach, young-adult audience (ages 18 to 34) and are lower on a cost-per-thousand basis than network shows. Advertising rates for daytime syndicated shows are based primarily on the ratings among women 25 to 54. Syndication continues to gain in popularity, and more advertisers are making syndicated shows part of their television media schedules.

Syndication has certain disadvantages. The audience for some syndicated shows is often older and more rural, and syndicators do not supply as much research information as the networks do. Syndication also creates more problems for media buyers, since a syndicated show may not be seen in a particular market or may be aired during an undesirable time period. Thus, media buyers have to look at each market and check airtimes and other factors to put together a syndication schedule.

Methods of Buying Time

In addition to deciding whether to use network versus spot advertising, advertisers must decide whether to sponsor an entire program, participate in a program, or use spot announcements between programs. Sponsorship of a program and participations are available on either a network or a local market basis, whereas spot announcements are available only from local stations.

Sponsorship Under a **sponsorship** arrangement, an advertiser assumes responsibility for the production and usually the content of the program as well as the advertising that appears within it. In the early days of TV, most programs were produced and sponsored by corporations and were identified by their name, for example, *Texaco Star Theater* and *The Colgate Comedy Hour*. Today most shows are produced by either the networks or independent production companies that sell them to a network. Sole sponsorship of programs is usually limited to specials and has been declining. However, some companies, including Ford, Hallmark, AT&T, General Electric, and IBM, do sponsor programs occasionally.

A company might choose to sponsor a program for several reasons. Sponsorship allows the firm to capitalize on the prestige of a high-quality program, enhancing the image of the company and its products. Companies also sponsor programs to gain more control over the shows carrying their commercials, including the number, placement, and content of commercials. Commercials can be of any length, as long as the total amount of commercial time does not exceed network or station regulations. Advertisers introducing new products or brands sometimes sponsor a program and run commercials that are several minutes long to launch them.

Very few companies today are involved with the production of television shows. However, some do opt to be the single advertiser during a program as a way of enhancing their relationships with consumers by noting that the show is "being brought to you with limited commercial interruption." As was discussed in IMC Perspective 11–1, with the growing popularity of streaming services like Netflix, Amazon Prime, Apple TV Plus, and others, the television networks are looking for ways to deliver an ad-reduced consumption experience for TV viewers. TV viewers may be more tolerant of single-sponsored shows with only a few commercial interruptions. For example, as part of its new initiative to reduce the number of commercials in its primetime programming, Fox aired an episode of *Family Guy* that ran uninterrupted, with just two 1-minute spots from Sony PlayStation airing at the beginning and end of the episode.[28]

While these factors make sponsorship attractive to some companies, the high costs of sole sponsorship limit this option to large firms. Most commercial time is purchased through other methods, such as participations.

Participations Most advertisers either cannot afford the costs of sponsorship or want greater flexibility than sole sponsorship permits. More than 90 percent of network advertising time is sold as **participations**, whereby network advertisers pay for commercial time during one or more programs. An advertiser can participate in a certain program once or several times on a regular or irregular basis. Participations provide advertisers with more flexibility in market coverage, scheduling and budgeting. The advertiser has no long-term commitment to a program, and expenditures can be adjusted to buy whatever number of participation spots fit within the budget. This is particularly important to small advertisers with a limited budget. The second advantage is that the TV budget can be spread over a number of programs, thereby providing for greater reach in the media schedule.

The disadvantage of participations is that the advertiser has little control over the placement of ads, and there may also be problems with availability. Preference is given to advertisers willing to commit to numerous spots, and the firm trying to buy single spots in more than one program may find that time is unavailable in certain shows, especially during prime time.

Spot Announcements As discussed previously, spot announcements are bought from the local stations and generally appear during time periods adjacent to network programs (hence the term **adjacencies**), rather than within them. Spot announcements are most often used by purely local advertisers but are also bought by companies with no network schedule (because of spotty or limited distribution) and by large advertisers that use both network and spot advertising.

Selecting Time Periods and Programs

Another consideration in buying TV time is selecting the right period and program for the advertiser's commercial messages. The cost of TV advertising time varies depending on the time of day and the particular program, since audience size varies as a function of these two factors. TV time periods are divided into **dayparts**, which are specific segments of a broadcast day.

The time segments that make up the programming day vary from station to station. A typical classification of dayparts for a weekday is shown in Figure 11–2. The various daypart segments attract different audiences in both size and nature, so advertising rates vary accordingly. Prime time draws the largest audiences, with 8:30 to 9 P.M. being the most watched half-hour time period and Sunday the most popular night for television. Since firms that advertise during prime time must pay premium rates, this daypart is dominated by the large national advertisers.

IGURE 11–2

Common Television Dayparts

Early morning	5:00 A.M.–9:00 A.M.	Monday through Friday
Daytime	9:00 A.M.–3:00 P.M.	Monday through Friday
Early fringe	3:00 P.M.–5:00 P.M.	Monday through Friday
Early news	5:00 P.M.–7:00 P.M.	Monday through Saturday
Prime access	7:00 P.M.–8:00 P.M.	Monday through Saturday
Prime	8:00 P.M.–11:00 P.M. 7:00 P.M.–11:00 P.M.	Monday through Saturday and Sunday
Late news	11:00 P.M.–11:30 P.M.	Sunday through Saturday
Late fringe	11:30 P.M.–2:00 A.M.	Monday through Friday
Overnight	2:00 A.M.–5:00 A.M.	Monday through Friday

Note: Times shown are for Eastern and Pacific time zones. Times may vary by market and station.

The various dayparts are important to advertisers since they attract different demographic groups. For example, daytime TV generally attracts women; early morning attracts women and children. The late-fringe (late-night) daypart period has become popular among advertisers trying to reach young adults who tune in to *The Late Show with Stephen Colbert* on CBS, *Jimmy Kimmel Live!* on ABC, and NBC's *The Tonight Show with Jimmy Fallon.* Audience size and demographic composition also vary depending on the type of program.

Cable Television

The Growth of Cable Perhaps the most significant development in the television industry has been the expansion of **cable television**. Cable, or CATV (community antenna television), which delivers TV signals through fiber or coaxial wire rather than the airways, was developed to provide reception to remote areas that couldn't receive broadcast signals. Cable then expanded to metropolitan areas and grew rapidly due to the improved reception and wider selection of stations it offered subscribers. Several telecommunication services companies (telcos) also provide television signals through fiber-optic systems, including Verizon's Fios and AT&T's U-verse. Alternative delivery systems (ADS) such as direct broadcast satellite (DBS) companies DirecTV and Dish Network provide access to TV signals in areas where wired cable is not available. In 2019, 78 percent of the nation's 120 million television households watched TV through a pay subscription service, with nearly 60 percent doing so through cable and a quarter through DBS. Cable, telco, and ADS systems carry programming from the four major TV networks as well as cable networks. However, most of the ADS homes cannot receive advertising run on local cable stations.

Cable TV and ADS subscribers pay a monthly fee for which they receive an average of nearly 200 channels, including the local network affiliates and independent stations, various cable networks, superstations, and local cable system channels. Cable networks have a dual revenue stream; they are supported by both subscriber fees and ad revenue. Cable operators also offer programming that is not supported by commercial sponsorship and is available only to households willing to pay a fee beyond the monthly subscription charge. These premium channels include HBO, Showtime, and The Movie Channel.

Cable TV broadens the program options available to the viewer as well as the advertiser by offering specialty channels, including all-news, pop music, country music, sports, weather, educational, and cultural channels as well as children's programming. Figure 11–3 shows the most popular cable networks along with the types of programming they carry. Many cable and ADS also carry **superstations**, independent local stations that send their signals nationally via satellite to cable operators to make their programs available to subscribers. Programming on superstations such as TBS and WGN generally consists of sports, movies, and reruns of network shows. The superstations carry national advertising and are a relatively inexpensive option for reaching cable households across the country.

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IGURE 11–3

Major Cable Networks

ABC Family	Family/general/original
A&E Network	Biographies/dramas/movies/documentaries
Adult Swim	Young adult entertainment/programs
AMC	Movies/documentaries
American Heroes	Military-focused programming/drama
Animal Planet	Wildlife and nature documentaries/adventure/children's entertainment
BBC America	Drama/comedy/news/arts
BET	Entertainment/information for African Americans
Big 10 Network	College Sports
Bloomberg Television	Business and financial news
Bravo	Drama/movies/reality shows
Cartoon Network	Cartoons

CBS Sports Network	College sports/events
Centric	Entertainment/information for African Americans
CMT Country	Country music video/concert/specials
CNBC	Financial and business news/interviews and discussions
CNN	News/information
CNN Espanol	News/information (Spanish language)
Comcast Sports Net	Regional sports
Comedy Central	Comedy programs/original
Cooking Channel	Food/cooking
Discovery Channel	Family/health/technology/science
Disney XD	Children’s programming/entertainment
DIY Network	Home improvement/projects/crafts
E! Entertainment Television	Entertainment/celebrities/pop culture
ESPN	Sports/specials/events
ESPN 2	Sports
ESPN Sports Classics	Sports history/biographies
ESPN Deportes	Sports (Spanish language)
ESPNEWS	Sports news
Food Network	Food/cooking/entertainment
Fox Business Network	Business news

Fox News Channel	News/information
Fox Soccer Plus	Soccer/rugby/sports
Fox Sports1	Sports
Freeform	Family/general/original
Fuse	Music/concerts
FX	Entertainment/original programs
GAC: Great American Country	Country music/concerts
Galavision	Programming/entertainment for Hispanics
GSN: Game Show Network (GSN)	Game shows
Golf Channel	Golf
Hallmark Channel	Original movies/miniseries
Headline News	News/information
HGTV	Decorating/gardening
History Channel	Historical documentaries/movies
History En Espanol	Historical programming/documentaries (Spanish language)
Lifetime Networks	News/information/women’s interests
Logo TV	Movies/documentaries/gay-themed programming
MLB Network	Major League Baseball
MSNBC	News/information
MTV	Music/reality shows/drama

MTV 2	Music/videos/popular culture
mun2 Television	Bilingual programming for Hispanics/Latino youth culture
NBCSN	Sports
NGC (National Geographic Channel)	Adventure/exploration/science/culture
NFL Network	NFL football
Nickelodeon/Nick at Nite	Youth interest/cartoons/comedy/game shows
OWN (Oprah Winfrey Netwok)	Entertainment/movies/talk/specials
Oxygen	Movies/news/comedy/women's interests
Pac-12 Network	Colleges sports/Pac-12 Conference
SOAPnet	Soap operas/drama
Syfy Channel	Science fiction
Spike TV	Original programming/sports/entertainment for men
Superstation WGN	Movies/dramas/sports/sitcoms/reality-based programs
TBS	Entertainment/movies/sports
Telemundo	Entertainment/news/sports (Spanish language)
Tennis Channel	Tennis/health and fitness/lifestyle
TLC (Learning Channel)	Science/history/adventure/behavior
TNT	Movies/general entertainment/sports

tru TV	Real-life stories/drama
Travel Channel	Travel information
TV Guide Channel	Television entertainment information
USA Network	Entertainment/movies/sports/drama
VH1	Music videos/movies/concerts/documentaries
Weather Channel	Weather
WGN	Entertainment/sports/movies
WE tv	Women's entertainment/fashion/health

Cable has had a considerable influence on the nature of television as an advertising medium. First, the expanded viewing options have led to considerable audience fragmentation. Much of the growth in cable audiences has come at the expense of the four major networks. Cable channels now have more of the prime-time viewing audience than the major networks do. Many cable stations have become very popular among consumers, leading advertisers to reevaluate their media plans and the prices they are willing to pay for network and spot commercials on network affiliate stations.

Advertising on Cable Like broadcast TV, cable time can be purchased on a national, regional, or local (spot) level. Many large marketers advertise on cable networks to reach large numbers of viewers across the country with a single media buy. Regional advertising on cable is available primarily through sports and news channels that cover a certain geographic area.

Many national advertisers are turning to spot advertising on local cable systems to reach specific geographic markets. Spot cable affords them more precision in reaching specific markets, and they can save money by using a number of small, targeted media purchases rather than making one network buy. The growth in spot cable advertising is also being facilitated by the use of **interconnects**, where a number of cable systems and networks in a geographic area are joined for advertising purposes. These interconnects increase the size of the audience an advertiser can reach with a spot cable buy. For example, the New York Interconnect delivers to 6.4 million households in 75 different zones around the New York City metropolitan area, which is the largest advertising market in the country. The Comcast Spotlight Interconnect in Chicago reaches 2.5 million cable and ADS households in 35 zones across the greater Chicago area (Exhibit 11–7).

XHIBIT 11–7

The Comcast Spotlight Chicago Interconnect reaches 2.5 million households in 35 zones.

ource: Comcast Spotlight

Advertages of Cable Cable TV has experienced tremendous growth as an advertising medium because it has some important advantages. A primary one is selectivity. Cable subscribers tend to be younger, more affluent, and better educated than nonsubscribers and have greater purchasing power. Moreover, the specialized programming on the various cable networks reaches very specific target markets.

Many advertisers have turned to cable because of the opportunities it offers for **narrowcasting**, or reaching very specialized markets. For example, there are cable channels that focus on music and popular culture (MTV and VH1); food and cooking (Food Network); and home improvement and decorating (HGTV). CNBC, Fox Business and Bloomberg TV focus on business and financial news and reach highly educated and affluent audiences. The Travel Channel reaches an upscale and very influential audience that likes to explore and try new things and recommend them to others, including various products and services, as shown in Exhibit 11–8.

XHIBIT 11–8

The Travel Channel promotes programming its ability to deliver a very influential audience. What types of advertisements would you expect to see on the Travel Channel?

ource: The Travel Channel

Advertisers are also interested in cable because of its low cost and flexibility. Advertising rates on cable programs are much lower than are those for the shows on the major networks. Advertising time on network shows can cost two to three times as much on a cost-per-thousand basis in some time periods. Spot advertising is also considerably cheaper on most cable stations, while local cable is the most affordable television advertising vehicle available. This makes TV a much more viable media option for smaller advertisers with limited budgets and those interested in targeting their commercials to a well-defined target audience. Also, cable advertisers generally do not have to make the large up-front commitments the networks require, which may be as much as a year in advance.

The low costs of cable make it a very popular advertising medium among local advertisers. Car dealers, furniture stores, restaurants, and many other merchants are switching advertising spending from traditional media such as radio, newspapers, and even magazines to take advantage of the low rates of local cable channels. Local cable advertising is one of the fastest-growing segments of the advertising market, and cable systems are increasing the percentage of revenue they earn from local advertising.

Limitations of Cable While cable has become increasingly popular among national, regional, and local advertisers, it still has some drawbacks. One major problem is that cable is still somewhat overshadowed by the major networks, as households with basic cable service watch considerably more network and syndicated programming than they do cable shows. This stems from the fact that cable generally has less popular programming than broadcast TV does.

Another drawback of cable is audience fragmentation. Although cable's share of the TV viewing audience has increased significantly, the viewers are spread out among the large number of channels available to cable subscribers. The number of viewers who watch any one cable channel is generally quite low. Even popular cable networks such as ESPN, CNN, and MTV have prime-time ratings of only about 1 or 2 for their regular programming. The large number of cable stations has fragmented audiences and made buying procedures more difficult, since numerous stations must be contacted to reach the majority of the cable audience in a market. There are also problems with the quality and availability of local ratings for cable stations as well as with research on audience characteristics.

Cable also still lacks total penetration, especially in some major markets. In 2019, overall cable penetration from both wired and alternative delivery systems such as satellite was 82 percent in the Houston designated market area (DMA), 78 percent in the Milwaukee DMA, and 75 percent in Boise. In some designated market areas, wired cable penetration is low because many households receive cable programming from alternative delivery systems that do not offer local advertising. For example, penetration of wired cable is under 60 percent in some major DMAs such as Los Angeles, Denver, and Dallas–Fort Worth. Thus, local advertisers in these markets would not be able to reach a significant number of households by advertising on local cable networks.

The Future of Cable The future of cable as an advertising medium will ultimately depend on the size and quality of the audiences cable networks can reach with their programs. This in turn will depend on cable's ability to offer programs that attract viewers and subscribers. Cable's image as a stepchild in program development and acquisition has changed. Cable networks such as VH1, E!, TBS, FX, CNN, ESPN, and others have been creating original films, documentaries, and other programs that draw significant ratings. Networks like A&E, the Discovery Channel, the National Geographic Channel, and the History Channel provide outstanding cultural and educational programming.

Many advertising and media experts note that many people, particularly children and young adults, really do not differentiate between cable and traditional broadcast television.[29] Cable programs generally cannot deliver the broad reach and mass audiences of popular network shows. However, cable networks have been developing high-quality and critically acclaimed programs such as AMC's *The Walking Dead*, which is a drama series about a postapocalyptic world overrun by zombies. The show has been one of the most popular programs on cable and attracts viewing audiences similar in size to those of network programs, particularly among the 18-to-49 age group. Other popular shows on cable networks include TNT's *The Alienist,* USA Network's *Queen of the South,* and *American Horror Story* on FX.

Cable TV continues to be a popular source of sports programming and is very important to advertisers interested in reaching the male market. For example, ESPN has become synonymous with sports and is very popular among advertisers who want to target men of all ages. ESPN page 380 has become more than just a 24-hour sports network; it has changed the way sports are covered and played a major role in making sports programming very popular and lucrative. In addition to reaching more than 80 million homes in the United States, ESPN has grown to include ESPN2, ESPN News, ESPNU, ESPN Deportes, and 47 international channels. ESPN receives more than $7 per household in subscriber fees, which is far and away the highest of any television network. In 2018, ESPN added a new streaming service, ESPN+ (Exhibit 11–9), whose programming includes Major League Baseball; the National League Hockey; Major League Soccer; collegiate and international sports; and the full library of ESPN films, including the popular *30 for 30* series. ESPN+ has also developed original content featuring former and current athletes such as Peyton Manning and LeBron James. The streaming service added more than 2 million subscribers in its first year and is a way for the sports media giant to offer an additional service to sports fans while also gaining a foothold in rapidly growing subscription-based streaming market.[30]

XHIBIT 11–9

EPSN+ is a new streaming service targeted to sports fans.

ource: ESPN, Inc.

A number of collegiate sport networks as well as regional sports networks (RSNs) provide sports programming to local markets. The most important programming on these RSNs is live broadcasts of professional and college sports—events such as football, basketball, and baseball. Many of these regional networks are associated with major media companies such as Spectrum Sports and Comcast SportsNet. In 2019, Sinclair Broadcasting Group, which is one of the largest owners of television stations in the United States, acquired 21 Fox regional sports networks from the Walt Disney Co., which Disney acquired in its takeover of the majority of 21st Century Fox. The RSNs televise the live games of 42 Major League Baseball, National Basketball Association, and National Hockey League teams.[31]

Cable and ADS are important parts of the media strategy for nearly all advertisers using television. However, cable is facing many of the same challenges as the major broadcast networks such as cord-cutting and competition from other viewing options such as streaming content on Netflix, Amazon Prime, Hulu, and YouTube.

Measuring the TV Audience

LO 11-3

One of the most important considerations in TV advertising is the size and composition of the viewing audience. Audience measurement is critical to advertisers as well as to the networks and stations. Advertisers want to know the size and characteristics of the audience they are reaching when they purchase time on a particular program. And since the rates they pay are a function of audience size, advertisers want to be sure audience measurements are accurate.

Audience size and composition are also important to the networks and television stations, since they determine the amount they can charge for commercial time. Shows are frequently canceled because they fail to attract enough viewers to make their commercial time attractive to potential advertisers. Determining audience size is not an exact science and has been the subject of considerable controversy through the years. In this section, we examine how audiences are measured and how advertisers use this information in planning their media schedules.

Audience Measures The size and composition of television audiences are measured by ratings services. The sole source of network TV and local audience information is the Nielsen Company. Nielsen gathers viewership information from a sample of TV homes and then projects this information to the total viewing area. The techniques used to gather audience measurement information include electronic metering technology, diaries, and embedded software in devices. Nielsen provides various types of information that can be used to measure and evaluate a network and/or station's viewing audience. These measures are important to media planners because they weigh the value of buying commercial time on a program.

Television Households An important metric needed to measure the size of a viewing audience is an estimate of the number of households in a market that own a television or a computer that can be used to watch TV shows.

Nielsen now defines a **television household** as a home with at least one operable TV or monitor with the ability to deliver video via traditional means of antenna, cable set-top-box, or satellite receiver and/or with a broadband connection. This updated definition accounts for households that do not have antenna, cable, or satellite access but can still watch video over the Internet. Since more than 98 percent of U.S. households own TVs and have access to TV shows, television households generally correspond to the number of households in a given market. According to Nielsen's National Television Household Universe Estimates there were nearly 120 million television households in the United States for the 2018–2019 TV season.

Program Rating Probably the best known of all audience measurement figures is the **program rating**, the percentage of TV households in an area that are tuned to a specific program during a specific time period. The program rating is calculated by dividing the number of households tuned to a particular show by the total number of households in the area. For example, if 5 million households (HH) watched a popular show such as *The Voice*, the national rating would be 4.2, calculated as follows:

$$\text{Rating} = \frac{\text{HH tuned to show}}{\text{Total U.S. HH}} = \frac{5{,}000{,}000}{120{,}000{,}000} = 4.2$$

A **ratings point** represents 1 percent of all the television households in a particular area tuned to a specific program. On a national level, 1 ratings point represents 1,200,000. Thus, if a top-rated program like *The Voice* averages a rating of 4, it would reach 4.8 million households each week (4 × 1,200,000).

The program rating is the key number to the television networks and stations, since the amount of money they can charge for commercial time is based on it. A small change in a program's ratings over the course of a viewing season can mean millions of dollars in advertising revenue to a broadcast or cable network. Advertisers also follow ratings closely, since they are the key measure for audience size and commercial rates.

Households Using Television The percentage of homes in a given area where TV is being watched during a specific time period is called **households using television (HUT)**. This figure, sometimes referred to as *sets in use,* is always expressed as a percentage. For example, if 72 million of the U.S. TV households have their sets turned on at 9 P.M. on a Thursday night, the HUT figure is 60 percent (72 million out of 120 million). Television usage varies widely depending on the time of day and season of the year.

Share of Audience Another important audience measurement figure is the **share of audience**, which is the percentage of households using TV in a specified time period that are tuned to a specific program. This figure considers variations in the number of sets in use and the total size of the potential audience, since it is based only on those households that have their sets turned on. Audience share is calculated by dividing the number of households (HH) tuned to a show by the number of households using television (HUT). Thus, if 72 million U.S. households had their sets turned on during the 8 P.M. time slot when *The Voice* is shown, the share of audience would be 6.9 calculated as follows:

$$\text{Share} = \frac{\text{HH tuned to show}}{\text{U.S. households using TV}} = \frac{5{,}000{,}000}{72{,}000{,}000} = 6.9$$

Audience share is always higher than the program rating unless all the households have their sets turned on (in which case they would be equal). Share figures are important since they reveal how well a program does with the available viewing audience. For example, late at night the size of the viewing audience drops substantially, so the best way to assess the popularity of a late-night program is to examine the share of the available audience it attracts relative to competing programs.

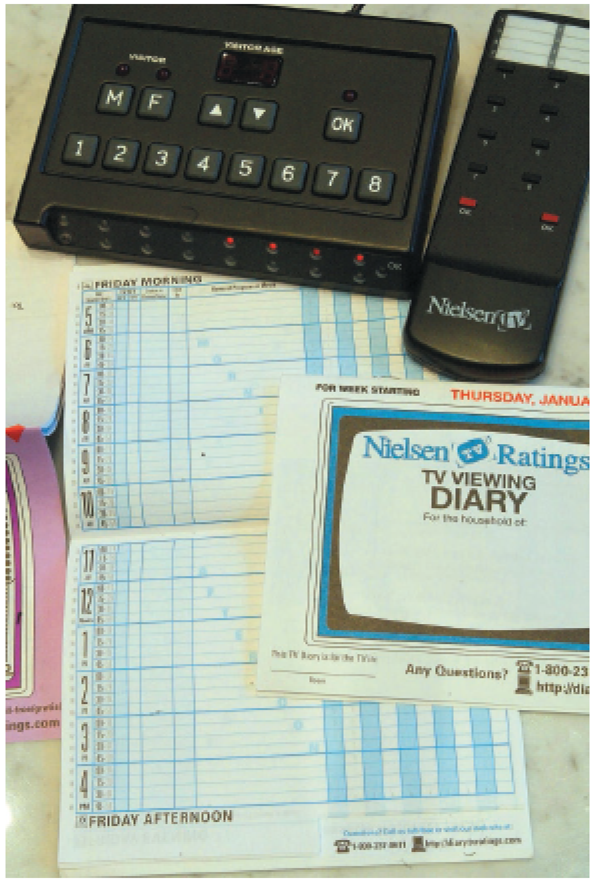
Ratings services also provide an audience statistic known as **total audience**, the total number of homes viewing any five-minute part of a telecast. This number can be broken down to provide audience composition figures that are based on the distribution of the audience into demographic categories.

National Audience Information Nielsen has a national TV ratings service that provides daily and weekly estimates of the size and composition of the national viewing audiences for programs aired on the broadcast and major cable networks. To measure the viewing audience, Nielsen uses a national sample of approximately 40,000 homes carefully selected to be representative of the population of U.S. households. The widely cited Nielsen ratings are based on the viewing patterns of this cross section of homes, which are measured using electronic metering technology. The **people meter** is an electronic measuring device that incorporates the technology of the old-style audimeter in a system that records not only what is being watched but also by whom in the measured households. The actual device is a small box with eight buttons—six for the family and two for visitors—that can be placed on the top of the TV (Exhibit 11–10). A remote-control unit permits electronic entries from anywhere in the room. Each member of the sample household is assigned a button/number that indicates his or her presence as a viewer. The device is also equipped with a sonar sensor to remind viewers entering or leaving the room to log in or out on the meter.

XHIBIT 11–10

Nielsen uses the people meter to measure national TV audiences and diaries for local narkets.

ource: Ruby Washington/The New York Times/Redux Pictures



The viewership information the people meter collects from the household is stored in the home system until it is retrieved by Nielsen's computers. Data collected include when the TV is turned on, which channel is viewed, when the channel is changed, and when the TV is off, in addition to who is viewing. The demographic characteristics of the viewers are also in the system, and viewership can be matched to these traits. Nielsen's operation center processes all this information each week for release to the TV and advertising industries. Nielsen uses a sample of metered households in 56 markets across the country to provide overnight viewing results.

Local Audience Information Information on local audiences is important to both local advertisers and firms making national spot buys. Nielsen's local market measurement service is called the Nielsen Station Index (NSI), which measures viewing audiences in 210 local markets known as **designated market areas (DMAs)**. DMAs are nonoverlapping areas used for planning, buying, and evaluating TV audiences

page 383

and are generally a group of counties in which stations located in a metropolitan or central area achieve the largest audience share. NSI reports information on viewing by time periods and programs and includes audience size and estimates of viewing over a range of demographic categories for each DMA.

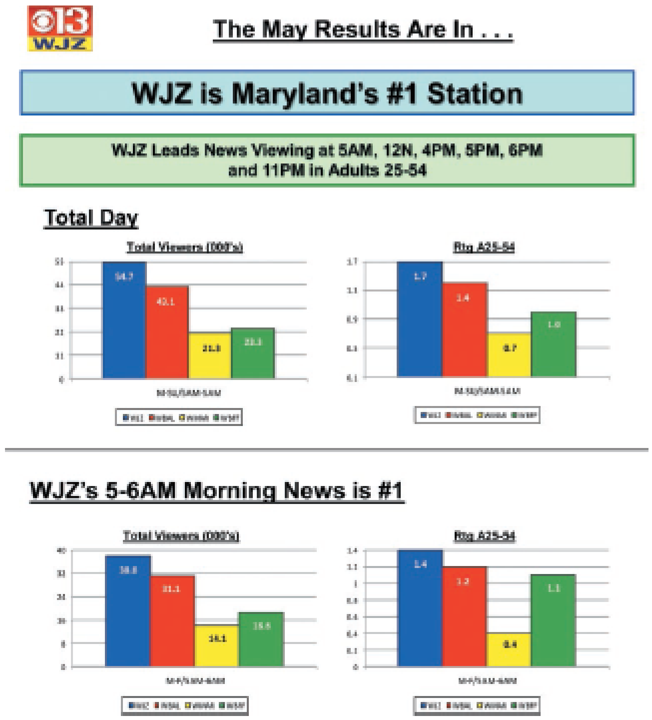
In addition to the national audience measurement, Nielsen also measures TV viewership in the 56 largest local markets using electronic or metered technology. This includes people meters as well as a **Portable People Meter (PPM)**, which is a wearable, page-size device that electronically tracks exposure to cable and satellite television; terrestrial, satellite, and online radio; as well as cinema advertising and many types of place-based digital media.[32] The device detects inaudible identification codes within embedded programs as they air or stream live. In 2017, Nielsen expanded the use of its PPM technology to 44 local markets and now gathers TV viewing data from more than 75,000 PPM panelists.[33] This information is augmented at least four times a year with demographic data that are collected from separate samples of households that fill out seven-day paper viewing diaries (or eight-day diaries in homes with DVRs). Smaller markets (DMAs ranked over 60) are currently measured using paper diaries only, although Nielsen plans to extend electronic measurement to some of these markets as well.

Nielsen measures viewing audiences in every local television market at least four times a year during rating periods known as **sweeps periods**. The term dates back to the 1950s, when Nielsen began mailing diaries to households and reporting the results, beginning with the East Coast markets before *sweeping* across the country. Sweeps rating periods are held in November, February, May, and July. In some of the larger markets, diaries provide viewer information for up to three additional sweeps months. The viewing information gathered during the sweeps periods is used for program scheduling decisions by local television stations and cable systems and is a basis for pricing and selling advertising time. Exhibit 11–11 shows how WJZ, the CBS affiliate in Baltimore, promotes its dominance of the sweeps ratings in various categories.

XHIBIT 11–11

WJZ promotes its dominance of the sweeps rating period for local news.

ource: WJZ-TV



Many advertising executives and media buyers are skeptical of the local audience estimates gathered during the sweeps periods. They argue that special programming and promotion efforts are often used by the networks and their local affiliates to bolster their ratings during the sweeps and that the numbers gathered during these periods are not indicative of audience size for the remaining weeks of the year.[34]

Much of the concern over the measurement system used by Nielsen involves the use of the paper diaries to measure viewing in local markets. The system requires households in the sample to keep a tally of what is being watched and by whom. With so many channels now available, along with the increase in viewing through DVRs and on smartphones, tablets, and computers, it has become very challenging for the Nielsen panelists to accurately record all of their television viewing in the diaries. Many homes do not return completed diaries and many of those that are returned are often not filled out. Nielsen has acknowledged the problems with its measurement system for local markets and is working to correct them.[35]

Developments in Audience Measurement For years the television and advertising industries have been calling for changes in the way TV viewing audiences are measured at both the local and national levels. They have argued that new digital technologies are leading to major changes with regard to when, where, and how people watch television. Many of those working for the television networks as well as in advertising argue that the Nielsen measurement system is being overwhelmed by the explosion in the number of TVs, delivery systems, program options, and viewing platforms available. Advertisers and media planners have argued that these developments are having a major impact on audience size and composition and on the way advertisers use and should pay for TV as an page 384 advertising medium. A major issue in television audience measurement over the past decade has been the need to move beyond **linear TV**, where the viewer has to watch a scheduled TV program at the particular time it's offered, and on the particular channel it's presented on.

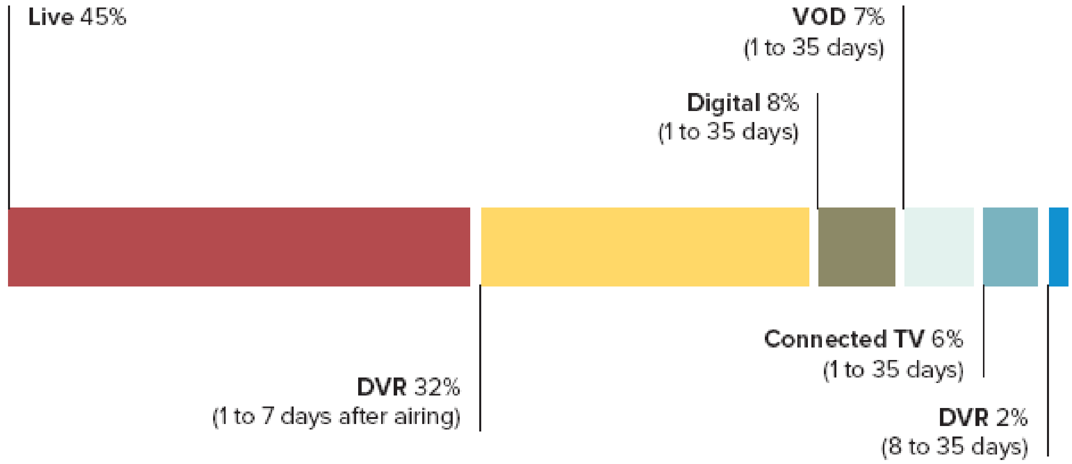
One of the major concerns of advertisers for years has been the need to measure ratings for television commercials, not just for programs. In 2007 Nielsen began providing **commercial ratings** data, known as "C3," which includes measures of the average viewership of the commercials both live and up to three days after the ads are played back on a DVR.[36] The new ratings did not track individual ads or specific time slots, but rather offered an average viewership of all the national commercial minutes in a program. Thus advertisers began paying for advertising time on network shows based not just on linear TV usage, but based on measures of how many viewers watched commercials live and on DVR-recorded playback within three days of the airing of the show, rather than simply on the traditional program ratings.

While Nielsen's C3 ratings were an improvement over the old measurement system, many in the television and advertising industries were still dissatisfied with them, particularly as live viewing of television programs continued to decline and time-shifted viewing through DVRs and video on demand (VOD) became more prevalent. Many television network executives began pushing for "C7" ratings that include viewership of programs and commercials as many as seven days after live airing of a TV show, arguing that viewership of many programs continued to increase over a seven-day period.[37] By 2014 Nielsen was providing C3 as well as C7 viewership numbers; however, the industry continued to argue that better measurement was still needed to account for viewership across all platforms to determine total viewership of a program as well as viewing patterns.

In 2016 Nielsen began rolling out its Total Audience Measurement system, which is a single-sourced platform that accounts for all viewing across linear TV, DVRs, VOD, and connected TV devices including streaming video devices and game consoles, enabled smart TVs, tablets, smartphones, and personal computers.[38] The new measurement system accounts for viewers currently overlooked by current C3 and C7 metrics and also provides more insight into viewing patterns for television shows. The new system will be able to determine how much time people spend with devices overall and link program viewing to those specific devices. For example, in early tests of its measurement system, Nielsen broke viewership of a television show into the six categories shown in Figure 11–4. As can be seen in this chart, 45 percent of viewers watched the show during its live airing while an additional 32 percent watched the show by playing it back on a DVR within seven days after it aired. The remaining 23 percent of viewership came from people watching it digitally by streaming it on a PC or mobile device, watching it on VOD within 35 days, watching it on a DVR between 8 and 35 days, or watching it on a connected TV device. Nielsen is also developing a new metric called Total Use of Television (TUT), which adds connected TV usage to linear viewing to provide a complete view of TV usage.[39]

IGURE 11–4

/iewership Categories for Television Programs



As part of its new Total Audience Measurement system, Nielsen increased the sample size of its national TV panel to 40,000 households, which will represent a total of 100,000 viewers and include more than 100,000 TV sets and more than 50,000 connected devices.[40] While advertisers view Nielsen's new system as a significant improvement, there is still concern over how viewing audiences are measured. Expanded use of the people meter is seen as an improvement over the use of paper diaries, but critics note that these devices still require cooperation on an ongoing basis from people in the metered homes. Panelists in the Nielsen households, including children, must enter a preassigned number on the remote-control device every time they start or stop watching. Media researchers argue that children in particular often forget and adults tire of the task over the two years they are in the Nielsen sample. There has been a call for the use of more passive measurement systems that require less involvement by people in the metered homes and can produce more accurate measures of the program, as well as commercial, viewing audiences.[41]

Nielsen is continually working to address the ongoing challenges of audience measurement, particularly as people watch TV shows on a variety of devices. In early 2019, the company launched an enhanced cross-platform system that provides measurement of viewers watching programs on television, smartphones, tablets, or computers, as well as viewing across any combination of these platforms.[42] Nielsen's Total Ad Ratings report now includes measurement of mobile audiences as well as over-the-top audiences that watch television using a streaming device such as Roku, Google Chromecast, or Amazon Fire Cube. Nielsen also measures away-from-home viewing audiences, including places like health clubs, hotel rooms, bars, and transit locations. Nielsen provides these measurements for 44 DMAs to give local advertisers more insight into incremental viewing audiences in their markets. Nielsen also measures YouTube TV viewership as part of its national Digital TV ratings, as well as at the DMA level through its local TV audience measurement.[43]

RADIO

LO 11-4

Television has often been referred to as the ideal advertising medium, and to many people it personifies the glamour and excitement of the industry. Radio, on the other hand, is often viewed as old-school and is not the first medium that comes to mind when developing a media strategy. Dominated by network programming and national advertisers before the growth of TV, radio has evolved into a primarily local advertising medium. Network advertising generally accounts for less than 5 percent of radio's revenue. However, radio boasts the broadest mass reach among all media while simultaneously affording advertisers narrow targeting capabilities through numerous formats and networks. Radio has also become a medium characterized by highly specialized programming appealing to very narrow segments of the population.

The importance of radio to advertisers is best demonstrated by the numbers, as it is a pervasive medium. There are more than 11,300 commercial radio stations in the United States, including 4,700 AM and 6,600 FM stations. There are over 576 million radios in use, which is an average of 5.6 per household. Radio reaches 77 percent of all Americans over the age of 12 each day and has grown into a ubiquitous background to many activities, among them reading, driving, running, working, and socializing. The average American listens to radio for over 2 hours every weekday and 3 hours every weekend. Commercial radio dominates the time spent listening to some form of news or entertainment in a car, as nearly two-thirds of in-car listening time is on AM/FM radio. People are spending more time listening to the radio on computers and/or mobile devices; the online radio audience has doubled in the past six years and now exceeds more than 103 million monthly listeners. In 2019, 91 percent of Americans between the ages of 12 and 24, and 74 percent from the ages of 25 to 54, reported listening to radio online, with smartphones becoming the device of choice for doing so. Online listening to radio is expected to continue to grow, and this audience complements rather than substitutes for broadcast

radio.[44] The pervasiveness of this medium has not gone unnoticed by advertisers; radio has continued to hold its own in attracting advertising revenue in a highly competitive media environment, with total ad revenue declining by about 5 percent over the past three years to just under $16 billion. However, revenue is expected to increase as advertising on digital radio becomes more popular.[45]

Radio plays an integral role in the lifestyle of consumers and has the power to reach and influence their purchase behavior. It has survived and flourished as an advertising medium because it has a number of advantages that make it an effective way for marketers to communicate with consumers. The radio industry promotes these advantages to advertisers to encourage use of the medium (Exhibit 11–12).

XHIBIT 11–12

The Radio Advertising Bureau promotes the value of radio to advertisers.

ource: Radio Advertising Bureau

Advantages of Radio

Radio has many advantages over other media, including cost and efficiency, receptivity, selectivity, flexibility, mental imagery, and integrated marketing opportunities.

Cost and Efficiency One of the main strengths of radio as an advertising medium is its low cost. Radio commercials are very inexpensive to produce. They require only a script of the commercial to be read by the radio announcer or a copy of a prerecorded message that can be broadcast by the station. The cost for radio time is also low. A minute on network radio may cost only $5,000, which translates into a cost per thousand of only $3 to $4. Local advertising on radio is lower on a cost-per-thousand basis, compared to local TV advertising. However, the CPM rate can vary greatly across different stations, markets, and listening audiences. For example, an average daytime CPM rate will be higher, particularly for stations reaching adults 18 to 49. CPM rates will be lower for programming with an audience over 50, as well as for evening and overnight radio programs. The low relative costs of radio make it one of the most efficient of all advertising media, and the low absolute cost means the budget needed for an effective radio campaign is often lower than that for other media.

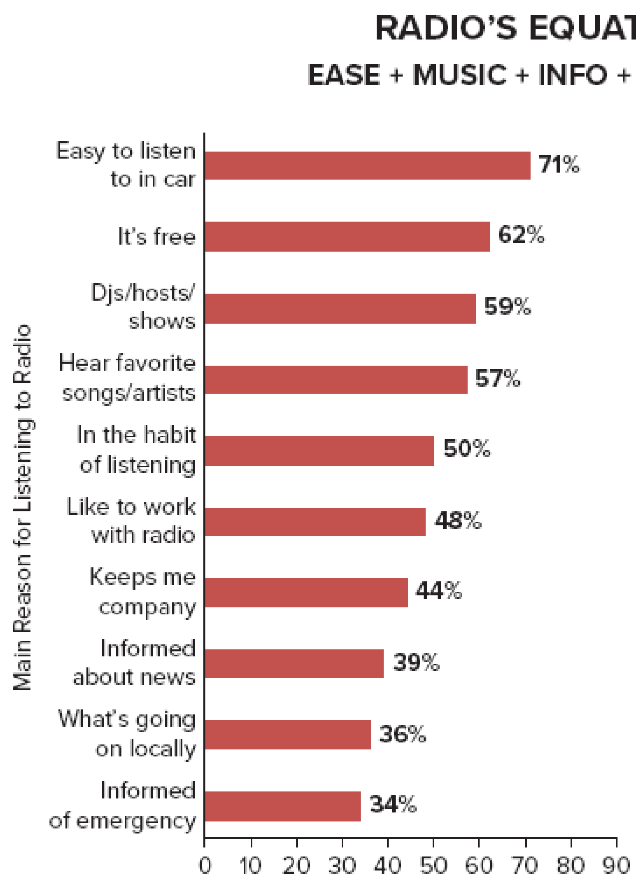
The low cost of radio means advertisers can build more reach and frequency into their media schedule within a certain budget. They can use different stations to broaden the reach of their messages and multiple spots to ensure adequate frequency. Advertisers can use radio as a fast and relatively inexpensive way to get their names known. Radio commercials can be produced more quickly than TV spots, and the companies can run them more often. Many national advertisers also recognize the cost-efficiency of radio and use it as part of their media strategy.

Receptivity Radio often provides advertisers with a very receptive environment for their advertising messages. The Radio Advertising Bureau has conducted studies in conjunction with several research firms, which show that consumers perceive radio advertising to be more personally relevant to them than ads on television or the Internet.[46] The studies have found that radio listeners have a unique relationship with radio as a medium because they often are more emotionally connected to the radio stations to which they listen. This emotional connection can make consumers more receptive to radio ads when the message is designed and placed properly. Figure 11–5 shows the main reasons consumers gave for listening to radio in a recent study that surveyed over 41,000 listeners of 220 radio stations in North America.[47] The survey found that while the primary reason cited was "easy to listen to in my car," many of the reasons for listening to radio are emotion-based as well as informational. Research has also shown that consumers perceive radio advertising as being more personally relevant to them. This may be due to the nature of radio ads usually being targeted to the demographic and psychographic characteristics of the listeners of particular stations, as discussed below.

IGURE 11–5

Reasons for Listening to Radio

ource: Radio Advertising Bureau and Jacobs Tech Survey.



Selectivity Another major advantage of radio is the high degree of audience selectivity available through the various program formats and geographic coverage of the numerous stations. Radio lets companies focus their advertising on specialized audiences such as certain demographic and lifestyle groups. Most areas have radio stations with formats such as adult contemporary, easy listening, classical music, country, news/talk shows, jazz, and all news, to name a few. Figure 11–6 shows the percentage of the radio listening audience captured by radio formats for various age groups. As can be seen in these numbers, the Rock, CHR/Top 40, Rhythmic, and Alternative formats get a high percentage of their listeners from the 18-to-24 and 24-to-34 age groups, while News/Talk and Adult Standards formats get most of their listeners from adults over age 45. Elusive consumers like teenagers, college students, and working adults can be reached more easily through radio than through most other media.

Radio can reach consumers other media can't. Light television viewers spend considerably more time with radio than with TV and are generally an upscale market in terms of income and education level. Light readers of magazines and newspapers also spend more time listening to radio. Radio has become a popular way to reach specific non-English-speaking ethnic markets. Los Angeles, New York City, Dallas, and Miami have several radio stations that broadcast in Spanish and reach these areas' large Hispanic markets. As mass marketing gives way to market segmentation and regional marketing, radio will continue to grow in importance.

Flexibility Radio is probably the most flexible of all the advertising media because it has a very short closing period, which means advertisers can change their message almost up to the time it goes on the air. Radio commercials can usually be produced and scheduled on very short notice. Radio advertisers can easily adjust their messages to local market conditions and marketing situations.

IGURE 11–6

Radio Format Profiles by Age Group

	Percentage of Age Groups					
Format	P 18-24	P 25-34	P 35-44	P 45-54	P 55-64	P 65+
AAA (Subset of Alternative)	13.2%	20.9%	21.2%	17.9%	17.4%	9.38%
Adult Contemporary	13.7	19.7	20.8	21.6	14.8	9.39
Adult Hits	14.4	17.0	21.2	27.8	12.7	6.87
Adult Standards	3.0	5.8	11.9	17.7	15.7	46.02
All News	2.9	7.5	13.1	21.1	26.1	29.18
All Sports	4.9	15.8	21.7	21.7	20.2	15.7
All Talk	4.0	7.1	12.5	22.4	23.2	30.77
Alternative	17.0	28.0	22.9	15.5	12.0	4.68
CHR/Top 40	24.2	29.0	21.8	15.6	6.5	2.9
Classic Hits	7.4	11.1	14	26.7	24.7	16.21
Classic Rock	10.4	16.4	16.3	27.4	22.2	7.4
Classical	6.1	11.9	10.6	12.8	23.2	35.38
Country	13.6	19.9	16.09	19.5	15.9	15.07
Ethnic	7.9	13.1	20.28	23.19	17.6	17.89
Gospel	4.4	10.2	11.2	19.0	31.0	24.18
Hispanic (All Genres)	12.2	21.8	20.4	18.8	14.1	12.72
Hot AC (Subset of Adult Contemporary)	16.6	23.7	23	19.7	11.3	5.69
Jazz	5.5	12.0	8.3	18.3	24.5	31.52
Mexican/Tejano/Ranchera (subset of Hispanic)	14.0	25.2	21.7	20.2	11.3	7.48
News/Talk	3.6	10.7	14.3	19.0	23.9	25.53
Oldies	7.3	10.1	12.1	18.7	26.6	25.19
Public/Non-Commercial	5.4	17.6	16.8	16.8	21.1	22.29
Religion/Christian	8.2	14.7	18.4	21.9	21.1	15.78
Rhythmic	29.3	31.4	19.8	12.0	5.3	2.19
Rock	15.5	25.3	20.7	21.2	13.9	3.38
Soft AC/Lite Rock	8.0	13.2	19.3	24.5	17.4	17.8
Spanish AC (subset of Hispanic)	13.6	21.5	22.3	19.9	13.01	9.68
Tropical (subset of Hispanic)	9.4	17.4	20.1	16.6	22.1	14.38
Urban	20.0	25.0	18.5	16.1	13.5	6.86
Urban AC (Subset of Urban)	9.7	17.4	18.8	22.2	21.0	10.88
Urban Contemporary (Subset of Urban)	25.1	31.9	20.5	13.5	7.1	1.91
Variety/Other	9.3	17.5	15.8	20.7	19.2	17.51

Note: Numbers based on: *GfK MRI, 2015 Doublebase—Audience Composition Based on Total Week Cume, Adults 18+* (may not add to 100% due to rounding).

Source: GfK MRI 2018 Doublebase - Total Week Cume Listening - Audience Composition

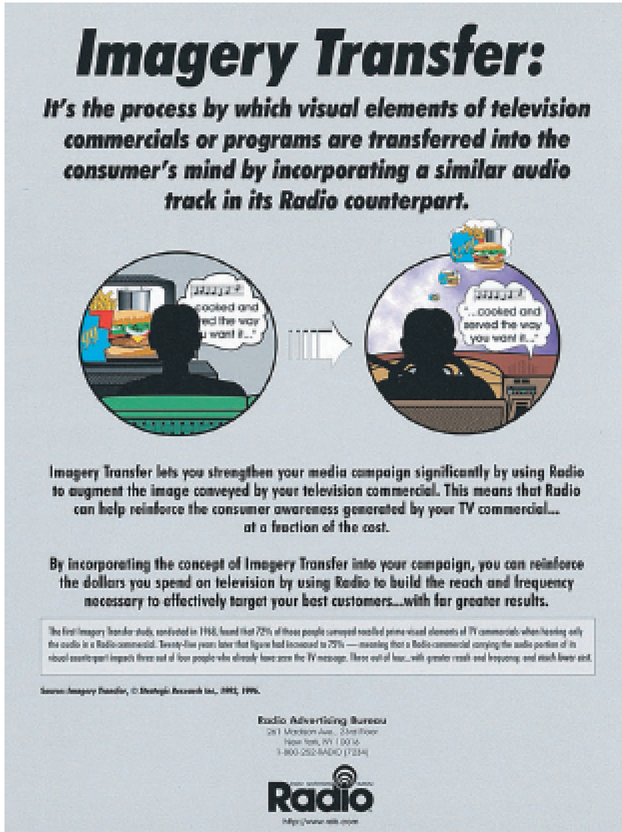
Mental Imagery A potential advantage of radio that is often overlooked is that it encourages listeners to use their imagination when processing a commercial message. While the creative options of radio are limited, many advertisers take advantage of the absence of a visual element to let consumers create their own picture of what is happening in a radio message.

Radio may also reinforce television messages through a technique called **image transfer**, where the images of a TV commercial are implanted into a radio spot.[48] First the marketer establishes the video image of a TV commercial. Then it uses a similar, or even the same, audio portion (spoken words and/or jingle) as the basis for the radio counterpart. The idea is that when consumers hear the radio message, they will make the connection to the TV commercial, reinforcing its video images. Image transfer offers advertisers a way to make radio and TV ads work together synergistically. This promotional piece put out by the Radio Advertising Bureau shows how the image transfer process works (Exhibit 11–13).

XHIBIT 11–13

The Radio Advertising Bureau promotes the concept of imagery transfer.

ource: Radio Advertising Bureau



Integrated Marketing Opportunities Radio provides marketers with a variety of integrated marketing opportunities. It can be used in combination with other media, including television, magazines, newspapers, the Internet, and social media, to provide advertisers with synergistic effects in generating awareness and communicating their message. The radio industry has sponsored research studies to determine how radio works in combination with other media. These studies have shown that the synergistic use of radio, television, newspapers, and the Internet has a positive impact on various measures such as brand awareness, brand consideration, emotional connections, purchase intentions, and website visitation.[49] Marketers can also use radio in conjunction with digital and social media applications such as Facebook and Twitter to allow listeners to publish audio content as well as receive song and station updates. Radio station websites as well as their Facebook, Instagram, and Twitter pages can be used to create listener databases and engage them by offering promotions and deals.

Radio can also be used in conjunction with a variety of other IMC tools such as sales promotion, event marketing, and cause-related marketing.

Radio stations are an integral part of many communities, and the deejays and program hosts are often popular and influential figures. Advertisers often use radio stations and personalities to enhance their involvement with local markets and to gain influence with local retailers. Radio also works very effectively in conjunction with place-based/point-of-purchase promotions. Retailers often use on-site radio broadcasts combined with special sales or promotions to attract consumers to their stores and get them to make purchases. Live radio broadcasts are also used in conjunction with event marketing. Marketers often sponsor live broadcast promotions at beaches, sporting events, and festivals, setting up product booths for sampling and giveaways. Exhibit 11–14 shows how the Radio Advertising Bureau promotes the value of radio by showing how it can be used to strengthen local community connections.

XHIBIT 11–14

Radio stations are often involved in local community events.

ource: Radio Advertising Bureau

Limitations of Radio

Several factors limit the effectiveness of radio as an advertising medium, among them creative limitations, fragmentation, difficult buying procedures, limited research data, limited listener attention, competition from digital media, and clutter. The media planner must consider them in determining the role the medium will play in the advertising program.

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Digital and Social Media Perspective 11–1 > > >

Marketers Battle for the Screen in Your Car

Radio advertising has been around since 1922, when New York City station WEAF broadcast the first paid radio commercial for the Hawthorne Court Apartments in the suburb of Jackson Heights. Eight years later, the first radio was installed in an automobile, and while many drivers embraced the idea of having music and news in their cars, others were up in arms over the dangers they presented. Many argued that car radios would distract driver and cause accidents; others were concerned the music would lull drivers to sleep. It took several decades for the costs of car radios to decline and make them affordable and for them to become standard equipment in automobiles. However, once they did, drivers loved being able to listen to music, news, or the broadcast of a sporting event—whether they were driving across town or going on a long-distance trek. And advertisers loved it even more because they could deliver radio commercials to drivers who were a captive audience, particularly during the morning and evening drive times when they often sat in traffic.

Over the years, car radios have had to compete with a variety of other entertainment devices, including eight track, cassette, and CD players; satellite radio; iPods; smartphones; and streaming services. Drivers have been quick to adopt many of these alternatives to commercial radio as a way of avoiding the 12 to 15 minutes of ads that run each hour on most stations. Moreover, radio commercials have always faced creative limitations because they have been limited to audio only and cannot present a visual image of a product or service. However, this is going to change very soon because radio advertisers, along with other marketers, are about to make the display screen that is on the dashboard of your car, SUV, or truck the fourth screen in most people's lives, along with televisions, computers, and smartphones.

The dashboard displays that are being put in vehicles today are loaded with technology that includes navigation systems, maintenance and safety messages, and lists of radio stations. More than half of the new vehicles are coming with high-definition (HD) radio receivers, and about 20 percent of the cars currently on the road have HD technology. HD radios provide station names, artist and song title information, and visual images of the artist or album. Of particular importance to marketers airing radio ads is the opportunity to provide visual and messaging for consumers on the display screen by using HD Radio image integration software. The ability to combine audio with visual imagery allows advertisers to make a deeper connection with consumers and may revolutionize the use of radio advertising targeted to cars.

Evidence of just how valuable this new technology can be to radio advertisers comes from a recent study done by the Nielsen Company, which found that pairing a visual on the dashboard display screen of a car with a radio ad had a dramatic impact on advertiser recall. In the national study of 1,204 vehicle owners, half were to exposed to FM radio ads for The Home Depot and an auto dealer, while the other half was exposed to the same audio ads along with a static added visual. When participants were asked for the name of the car dealer in the ad, those who heard the radio ad along with the paired visual had higher awareness (26 percent) than did those who heard only the audio ad (4 percent). Additional studies showed the power of pairing a visual with an audio ad on unaided awareness, as well as recall of the main message of the radio ad. Another study conducted by MARU/Vision Critical also found that the combination of a radio ad with a visual image increased brand recall as well as intentions to visit a retail store. The study also found that 64 percent of heavy AM/FM radio listeners say they regularly pay attention to the display screens in their cars.

Traditional AM/FM radio is still the dominant form of entertainment for drivers, and the ability to offer multimedia ads can be very valuable to advertisers as well as radio stations that are struggling to increase advertising revenue. However, the battle for dashboard displays extends well beyond the radio industry because the auto industry, in addition to Silicon Valley tech firms, want control of your car screen as well. At stake are billions of dollars in revenue from ads as well as other services. Automakers have been installing wireless connections, software, and sensors in vehicles for years and now have the opportunity to combine this technology with artificial intelligence that can sift through data such as location, driving behavior, and preference data that consumers are willing to share. General Motors has been installing its “Marketplace” app in vehicles for several years, which allows drivers to order food, book restaurants, and pay for gas from the comfort of the driver’s seat. The GM app connects to vendors such as McDonald’s, Starbucks, and Dunkin’ and can direct drivers to the nearest Shell or Exxon station.

The average driver in the United States spends 51 minutes a day in the car and represents a very captive audience to whom marketers will soon be sending ads and promotional offers for local restaurants and other services based on location or typical driving routes. Insurance companies will be able to monitor driving patterns and offer lower rates for safe drivers; car dealers and auto parts companies will be able to monitor aging parts such as tires and batteries and offer service or deals on them. Some of the automotive companies have entered into partnership with Google and

Apple and are turning their dashboard operating systems over to them, while others such as Ford, Daimler Benz, and Volkswagen are striking out on their own.

In the not-so-distance future, it is very likely that you may be driving home from work and, as you try to decide what to have for dinner, an ad showing a pepperoni pizza along with a $5 discount coupon appears on your dashboard display. There are still many issues that have to be resolved, such as the privacy rights of vehicle owners whose data are being used by marketers, as well as the design of dashboard displays that have already become overly complicated and are a major source of complaints by new car owners. And of course there is still the problem of drivers being distracted by the ads, apps, and other messages that appear on their screens. Wouldn't you love to know what those who were concerned about the danger of putting radio in cars in the 1930s would think if they saw what people do in their cars today? Keep your eyes on the road, and please don't text while driving—or order a Big Mac!

Source: Westwood One, LLC.

Sources: Tim Higgins, "The Battle for the Last Unconquered Screen—The One in Your Car," *The Wall Street Journal,* April 6, 2019, pp. B1, B3; Pierre Bouvard, "Radio Ads Paired with In-Car Visual Generate Significant Brand Effect and Store Visits for Major Retailer," WestwoodOne.com, January 7, 2019, www.westwoodone.com/2019/01/07/radio-ads-paired-with-in-car-visual-generate-significant-brand-effect-and-store-visits-for-major-retailer/; "Radio Ad Paired with Visual in the Car Amplify Impact," *Insider Audio,* www.insideradio.com/free/radio-ads-paired-with-visuals-in-the-car-amplify-impact/article_d9dd7768-420f-11e8-a41a-37aa1caeea43.html, April 17, 2018; Gabrielle Coppola and David Welch, "Pop-Up Ads in Your Car? It Could Be the Next Big Thing," *Chicago Tribune,* March 6, 2018, www.chicagotribune.com/classified/automotive/sc-auto-cover-in-car-advertising-20180305-story.html.

Creative Limitations A major drawback of radio as an advertising medium is the absence of a visual image. The radio advertiser cannot show the product, demonstrate it, or use any type of visual appeal or information. A radio commercial is, like a TV ad, a short-lived and fleeting message that is externally paced and does not allow the receiver to control the rate at which it is processed. Because of these creative limitations many companies tend to ignore radio, and agencies often assign junior people to the development of radio commercials.

However, Digital and Social Media Perspective 11–1 discusses how HD radio is making it possible to pair radio commercials with visual images that appear on the dashboard display screen in automobiles.

Fragmentation Another problem with radio is the high level of audience fragmentation due to the large number of stations. The percentage of the market tuned to any particular station is usually very small. The top-rated radio station in many major metropolitan areas with a number of AM and FM stations may attract less than 10 percent of the total listening audience. Advertisers that want a broad reach in their radio advertising media schedule have to buy time on a number of stations to cover even a local market.

Difficult Buying Procedures It should be readily apparent how difficult the media planning and purchasing process can become for the advertiser that wants to use radio on a nationwide spot basis. Acquiring information and evaluating and contracting for time with even a fraction of the 11,300 commercial stations that operate across the country can be very difficult and time-consuming. This problem has diminished somewhat in recent years as the number of radio networks and of syndicated programs offering a package of several hundred stations increases.

Limited Research Data Audience research data on radio are often limited, particularly compared with TV, magazines, or newspapers. Most radio stations are small operations and lack the revenue to support detailed studies of their audiences. And most users of radio are local
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companies that cannot support research on radio listenership in their markets. Thus, media planners do not have as much audience information available to guide them in their purchase of radio time as they do with other media.

Limited Listener Attention Another problem that plagues radio is that it is difficult to retain listener attention to commercials. Radio programming, particularly music, is often the background to some other activity and may not receive the listeners' full attention. Thus they may miss all or some of the commercials. One environment where radio has a more captive audience is in cars. But getting listeners to pay attention to commercials can still be difficult. Most people preprogram their car radio and change stations during commercial breaks. A study by Avery Abernethy found large differences between exposure to radio programs versus advertising for listeners in cars. They were exposed to only half of the advertising broadcast and changed stations frequently to avoid commercials.[50] Another factor that is detracting from radio listening in automotive vehicles is the high penetration of smartphones. Studies have found that commuters surveyed who own mobile phones reported listening to less radio than they previously did.[51] Many consumers spend time on their phones while driving and also can listen to music stored on their phones or through streaming services.

Competition from Digital Media Radio is also facing threats from several digital-based technologies that are impacting the listening audience for commercial radio. A major source of competition for conventional broadcast radio is the growth of satellite radio, which bounces signals off satellites stationed over the East and West Coasts and back down to receivers that encode the signals digitally. The major satellite radio company, SiriusXM, was formed by the merger of the major two satellite radio companies (Sirius and XM Radio) in 2008 and now has nearly 30 million subscribers.[52] The primary market for satellite radio is vehicle owners who choose it as an option when purchasing a new car, or they purchase a receiver and pay a monthly subscription fee of around $13 for the digital quality radio service that includes 140+ channels of music, news, talk, sports, and children's programming. However, SiriusXM also targets other markets for its service, including homes, businesses, Internet/mobile devices, portable radios, boats, and planes.

The music stations on SiriusXM are commercial free, while talk channels have approximately six minutes of commercials every hour. Programming on SirusXM features big-name entertainers and personalities such as shock jock

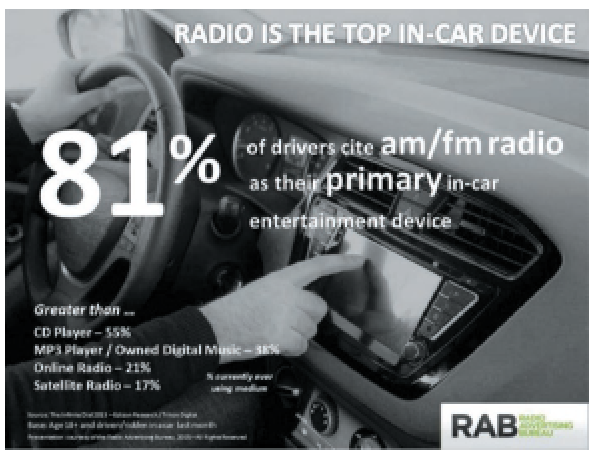
Howard Stern, skateboarder Tony Hawk, Jenny McCarthy, Dr. Laura, and other personalities. The satellite network has also spent large amounts of money to acquire the broadcast rights for professional and college sports as well as NASCAR. SiriusXM has also been adding more locally tailored programming such as traffic and weather reports, which make them more competitive against terrestrial stations in local markets.

In addition to satellite, terrestrial radio is also being impacted by the popularity of music services that are streamed over the Internet, such as Pandora, Spotify, and Apple Music. However, the Radio Advertising Bureau has done studies that show that over 80 percent of drivers cite AM/FM radio as their primary in-car entertainment device (Exhibit 11–15).

XHIBIT 11–15

Radio is the most popular in-car entertainment device.

ource: Radio Advertising Bureau



Clutter Clutter is just as much a problem with radio as with other advertising media. Most radio stations carry an average of 10 minutes of commercials every hour. During the popular morning and evening rush hours, the amount of commercial time may exceed 12 minutes. Also contributing to the clutter problem is the practice of some stations offering "commercial-free" blocks of music to attract listeners. This practice results in more commercials being aired in a short time period and may also result in listeners switching to another station rather than listening through a long block of ads. Advertisers must create commercials that break through the clutter or use heavy repetition to make sure their messages reach consumers. In a study of radio listeners conducted by Edison Research, perceptions of increased ad clutter were cited by participants as a reason for spending less time listening to radio.[53]

The radio industry is looking for other ways to make radio advertising more valuable to marketers. In 2010 Clear Channel, which is now known as iHeartMedia, Inc., began offering advertisers a new service known as contextual radio ads that can automatically insert radio commercials immediately after specific programming or certain kinds of content, including other ads.[54] A number of companies have been using the service to better target their radio advertising messages. For example, GEICO used the service to air commercials with its “Save 15 percent on insurance” after ads for cars, motorcycles, or RVs aired.

Buying Radio Time

LO 11-5

The purchase of radio time is similar to that of television, as advertisers can make either network, spot, or local buys. Since these options were reviewed in the section on buying TV time, they are discussed here only briefly.

Network Radio Advertising time on radio can be purchased on a network basis using one of the national networks. There are currently seven major national radio networks such as CBS Radio, Cumulus, Westwood One, and Premiere. There are also more than 100 regional radio networks across the country. Using networks minimizes the amount of negotiation and administrative work needed to get national or regional coverage, and the costs are lower than those for individual stations. However, the number of affiliated stations on the network roster and the types of audiences they reach can vary considerably, so the use of network radio reduces advertisers’ flexibility in selecting stations.

An important trend in radio is the increasing number of radio networks and syndicated programs that offer advertisers a package of several hundred stations. For example, *The Dan Patrick Show* is a syndicated radio and television sports talk show hosted by former ESPN personality Dan Patrick. It is syndicated nationally by Premiere Radio Networks and carried by more than 356 affiliate stations reaching 1.2 million people weekly (Exhibit 11–16). The show is particularly popular among the 18-to-49 male audience. Syndication reduces audience fragmentation and purchasing problems and increases radio's appeal to national advertisers.

XHIBIT 11–16

The Dan Patrick Show is syndicated nationally.

ɔurce: The Dan Patrick Show

Spot Radio National advertisers can also use spot radio to purchase airtime on individual stations in various markets. The purchase of spot radio provides greater flexibility in selecting markets, individual stations, and airtime and adjusting the message for local market conditions. Spot radio accounts for about 20 percent of radio time sold.

Local Radio By far the heaviest users of radio are local advertisers; nearly 80 percent of radio advertising time is purchased from individual stations by local companies. Auto dealers, retailers, restaurants, and financial institutions are among the heaviest users of local radio advertising. But a number of radio advertisers are switching to local cable TV because the rates are comparable and there is the added advantage of TV's visual impact.

Time Classifications

As with television, the broadcast day for radio is divided into various time periods or dayparts, as shown in Figure 11–7. The size of the radio listening audience varies widely across the dayparts, and advertising rates follow accordingly. The largest radio audiences (and thus the highest rates) occur during the early morning and late afternoon drive times. Radio rates also vary according to the number of spots or type of audience plan purchased, the supply and demand of time available in the local market, and the ratings of the individual station. Rate information is available directly from the stations and is summarized in Kantar Media's SRDS's Radio Advertising Source, which provides format detail, demographics, spot radio rates, and other data for local stations as well as radio networks. Some stations issue rate cards showing their ad rates across various dayparts. However, many stations do not adhere strictly to rate cards and the rates published in SRDS. Their rates are negotiable and depend on factors such as availability, time period, and number of spots purchased.

IGURE 11–7

Dayparts for Radio

Morning drive time	6:00–10:00 A.M.
Midday	10:00 A.M.–3:00 P.M.
Afternoon/evening drive time	3:00–7:00 P.M.
Nighttime	7:00 P.M.–12:00 A.M.
All night	12:00–6:00 A.M.

Audience Information

LO 11-6

One problem with radio is the lack of audience information. Because there are so many radio stations and thus many small, fragmented audiences, the stations cannot support the expense of detailed audience measurement. Also, owing to the nature of radio as incidental or background entertainment, it is difficult to develop precise measures of who listens at various time periods and for how long. The major radio ratings service is Nielsen Audio, which provides audience information for local stations and network audiences. For many years radio audience information was provided by Arbitron. However, Nielsen acquired Arbitron in 2012 and the deal was approved by the Federal Trade Commission in 2013. The acquisition of Arbitron gives Nielsen nearly total control of the television and radio measurement industry.[55]

Nielsen Audio Nielsen Audio covers nearly 265 local radio markets and provides two to four ratings reports per year. Nielsen has a sample of representative listeners in each market who maintain a diary of their radio listening for seven days. Audience estimates for the market are based on these diary records and reported by time period and selected demographics in the *Nielsen Topline Radio Rating,* to which clients subscribe. A market needs to meet certain basic criteria for Nielsen to measure it. These include population requirements, listening levels, and commuting patterns. Once a market meets those criteria, local radio stations must support the survey area with a subscription to Nielsen's service.[56] Figure 11–8 provides a sample page from the ratings report for people in the 18-to-49 age target audience across the various dayparts. The three basic estimates in the radio ratings report are

- Person estimates—the estimated number of people listening.
- Rating—the percentage of listeners in the survey area population.
- Share—the percentage of the total estimated listening audience.

IGURE 11–8

Partial Sample Page from Nielsen Audio Radio Ratings Report

	Target Audience, Persons 18–49							
	Monday–Friday 6–10 A.M.				Monday–Friday 10 A.M.–3 P.M.			
	AQH (00)	CUME (00)	AQH Rtg	AQH Shr	AQH (00)	CUME (00)	AQH Rtg	AQH Shr
KCBQ								
METRO	25	263	.2	.8	40	365	.3	1.3
TSA	25	263			40	365		
KCBQ-FM								
METRO	101	684	.7	3.1	117	768	.9	3.7
TSA	101	684			117	768		
KCEO								
METRO	11	110	.1	.3	8	81	.1	.3
TSA	11	110			8	81		
KFMB								
METRO	171	790	1.3	5.3	106	678	.8	3.3
TSA	171	790			106	678		

These three estimates are further defined by using quarter-hour and cume figures. The **average quarter-hour (AQH) figure** expresses the average number of people estimated to have listened to a station for a minimum of five minutes during any quarter-hour in a time period. For example, station KCBQ has an average quarter-hour listenership of 2,500 during the weekday 6 to 10 A.M. daypart. This means that any weekday, for any 15-minute period during this time period, an average of 2,500 people between the ages of 18 and 49 are tuned to this station. This figure helps determine the audience and cost of a spot schedule within a particular time period.

Cume stands for "cumulative audience," the estimated total number of different people who listened to a station for at least five minutes in a quarter-hour period within a reported daypart. In Figure 11–8, the cumulative audience of people 18 to 49 for station KCBQ during the

weekday morning daypart is 26,300. Cume estimates the reach potential of a radio station.

The **average quarter-hour rating (AQH RTG)** expresses the estimated number of listeners as a percentage of the survey area population. The **average quarter-hour share (AQH SHR)** is the percentage of the total listening audience tuned to each station. It shows the share of listeners each station captures out of the total listening audience in the survey area.

The average quarter-hour rating of station KCBQ during the weekday 6 to 10 A.M. daypart is 0.2, while the average quarter-hour share is 0.8.

In 2008 Arbitron introduced the Portable People Meter (PPM), which is a wearable, pager-size device that electronically tracks what consumers listen to on the radio by detecting inaudible identification codes that are embedded in the programming. The PPM was developed in response to calls from the radio and advertising industries for Arbitron to provide more detailed measures of radio audiences.[57] Advertisers have welcomed the use of PPMs as they provide more detailed demographic information on radio listeners. Nielsen Audio now uses the PPM to measure radio audiences in the top 50 markets and is expected to continue to expand its use to other markets over the next several years.[58] Exhibit 11–17 shows an ad promoting the value of the Portable People Meter when it was developed by Arbitron.

XHIBIT 11–17

Arbitron promotes its Portable People Meter.

ource: Arbitron

The Arbitron Portable People Meter: An Introduction

The Arbitron Portable People Meter™ is the biggest development in radio audience measurement in the past 40 years. Indeed, PPM is the next generation of electronic ratings. Are you working on 2008 media plans? If so, know that PPM is scheduled to be in use in several Top 10 radio markets by the end of 2008. Adjustments to TRPs and CPPs will be needed.

Why the PPM?

Here are but a few reasons why the PPM offers new opportunities for advertisers:

1. **Enhanced credibility.** The PPM automatically detects the stations that panelists are exposed to, stores the information and sends it back to Arbitron each night.
2. **More stable survey-to-survey trends.**
3. **Faster data make radio more relevant.** PPM results are available within weeks following a broadcast.
4. **The PPM will measure 6- to 11-year-olds.**
5. **The PPM will measure** HD Radio® multicasts, online streaming, podcasts and other time-shifted content.
6. **Radio commercial audiences are much larger than suspected.** On average, radio holds more than 92% of its lead-in audience during commercial breaks.
7. **Working persons drive radio listening.** The PPM shows that working persons are the core of radio's listening base.
8. **Stations with younger formats skew older than prior measurement indicated,** and stations with older formats skew younger.
9. **Clearer understanding of the impact of play-by-play sports and special events for stations and advertisers.**
10. **Nights and weekends are stronger dayparts.** You now have additional avenues to reach consumers.

How Does PPM Compare to Diary?

The Diary	The Portable People Meter
Person records listening for 1 week.	A household remains in the PPM panel for an average of 9 months.
4 reports a year.	13 reports a year.
Diary records listening recall.	PPM tracks actual station exposure.
Average Diary reports listening to 3.2 stations per week.	Average PPM records exposure to 6 stations per week.

RADAR Another rating service now owned by Nielsen is RADAR (Radio's All Dimension Audience Research), which provides a national measurement of radio listening and audiences for network radio stations and syndicated radio shows. RADAR reports are based on a probability sample of nearly 400,000 respondents, aged 12 and older. Respondents record all radio listening for a one-week period, including day of the week, time of day, and location. RADAR reports are issued four times a year and include daypart averages and cumulative audience estimates for various demographics groups. Results are reported on a national basis as well as for all 210 television designated market areas (DMAs) used by Nielsen.

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As with TV, media planners must use the audience measurement information to evaluate the value of various radio stations in reaching the advertiser's target audience and their relative cost. The media buyer responsible for the purchase of radio time works with information on target audience coverage, rates, time schedules, and availability to optimize the advertiser's radio media budget.

Summary

Television and radio are the most pervasive media in most consumers' daily lives and offer advertisers the opportunity to reach vast audiences. Both media are time- rather than space-oriented and organized similarly in that they use a system of affiliated stations belonging to a network, as well as individual stations, to broadcast their programs and commercial messages. Advertising on radio or TV can be done on national or regional network programs or purchased in spots from local stations.

TV has grown faster than any other advertising medium in history and has become the leading medium for national advertisers. No other medium offers its creative capabilities; the combination of sight, sound, and movement gives the advertiser a vast number of options for presenting a commercial message with high impact. Television also offers advertisers mass coverage at a low relative cost. Variations in programming and audience composition, along with the growth of cable, are helping TV offer more audience selectivity to advertisers. While television is often viewed as the ultimate advertising medium, it has several limitations, including the high cost of producing and airing commercials, a lack of selectivity relative to other media, the fleeting nature of the message and shorter commercials, the problem of commercial clutter, limited viewer attention, and distrust of TV ads. The latter two problems have been compounded in recent years by the trend toward shorter commercials. Television viewing is being impacted by the Internet as more television programs are now available online, and consumers are subscribing to streaming services such as Netflix, Amazon Prime, Hulu, and Apple TV Plus, which they watch on smart TVs as well as on personal computers, tablets, and smartphones. Social media are also changing the way people watch television and how they interact with TV programs.

Information regarding the size and composition of national and local TV audiences is provided by the Nielsen Company. The amount of money networks or stations can charge for commercial time on their programs is based on its audience measurement figures. This information is also important to media planners, as it is used to determine the combination of shows needed to attain specific levels of reach and frequency with the advertiser's target market.

Future trends in television include the continued growth of cable, competition to local cable operators from direct broadcast satellite systems, and a resulting increase in channels available to television households. The television industry is being impacted by cord-cutting as the number of households subscribing to cable TV continues to decline as more consumers watch television online. Changes have also occurred in the measurement of viewing audiences—such as the move to C3 and C7 ratings that include measures of viewing audiences both live and up to three and seven days after a program airs live on television.

The role of radio as an entertainment and advertising medium has changed with the rapid growth of television. Radio has evolved into a primarily local advertising medium that offers highly specialized programming appealing to narrow segments of the market. Radio offers advertisers the opportunity to build high reach and frequency into their media schedules and to reach selective audiences at a very efficient cost. It also offers opportunities for integrated marketing programs such as place-based promotions and event sponsorships.

The major drawbacks of radio include its creative limitations owing to the absence of a visual image, the highly fragmented nature of the radio audience, difficult buying procedures, limited research data and listener attention, and clutter. Radio stations are also facing increased competition from online music services such as Pandora, Spotify, and Apple Music.

As with TV, the rate structure for radio advertising time varies with the size of the audience delivered. The primary sources of audience information are Nielsen Audio for local radio and its RADAR studies for network audiences.

Key Terms

zipping 367
zapping 368
television network 371
affiliates 371
up-front market 372
scatter market 372
spot advertising 373
national spot advertising 373
local advertising 373
station reps 373
syndicated programs 373
sponsorship 374
participations 375
adjacencies 375
dayparts 375
cable television 376
superstations 376
interconnects 378

narrowcasting 378
television household 381
program rating 381
ratings point 381
households using television (HUT) 381
share of audience 382
total audience 382
people meter 382
designated market areas (DMAs) 383
Portable People Meter (PPM) 383
sweeps periods 383
linear TV 384
commercial ratings 384
image transfer 389
average quarter-hour (AQH) 394
cume 394

average quarter-hour rating (AQH RTG) 395
average quarter-hour share (AQH SHR) 395

Discussion Question

1. The chapter opener discusses the major developments impacting the television industry. Discuss these developments and how they are likely to impact TV's role as an advertising medium. How might these factors impact the way marketers use television as part of their IMC programs? (LO 11-1, 11-2, 11-3)

2. Discuss the advantages and limitations of television as an advertising medium and how these factors affect its use by major national advertisers as well as smaller local companies. (LO 11-1, 11-2)

3. Discuss the reasons behind the popularity of sports programming on television and why television networks are willing to pay such large sums of money for the rights to televise collegiate and professional sports. Do you think collegiate and professional sports will continue to be popular among television viewers as well as advertisers? (LO 11-1, 11-2)

4. IMC Perspective 11-1 discusses how major media companies are planning to reduce the number of commercials shown during network TV shows. Discuss why major broadcast and cable networks are considering reducing the number of commercials and the pros and cons of doing so. (LO 11-1, 11-2)

5. What are the various options available to advertisers for purchasing advertising time on television? How does the use of these options differ for national versus local advertisers? (LO 11-2)

6. Choose one of the major cable networks listed in Figure 11–3 and analyze it as an advertising medium. Discuss the audience profile for viewers of programming on this cable network and the type of advertisers that might want to reach them. You might visit the website of the cable network for information on its viewing audience. (LO 11-2)

7. Discuss recent developments in the measurement of television viewing audiences and their implications for advertisers. Do you think advertisers should have to pay for viewers who watch TV shows on a time-shifted basis on their DVRs or video on demand? (LO 11-3)

8. What are the advantages and disadvantages of advertising on radio? Discuss how radio advertising can be used by national versus local advertisers. (LO 11-4)

9. Discuss some of the ways advertisers and marketers are planning to take advantage of the digital dashboard displays that are being put in new automotive vehicles. Do you think regulations are needed to limit the use of digital technology in automobiles? (LO 11-4)

Available only through your Connect course, help make key advertising and IMC concepts more meaningful and applicable:

- SmartBook 2.0
- Connect exercises, which may include: click-drags, video cases, and case analyses.

12 Evaluation of Media: Magazines and Newspapers