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[‘New Television’ Audience Measurement: When Was The Last Time You Paid For Dinner By The Pound?](#)

Posted May 30th, 2008 by Frank S. Foster

Recently, I had the privilege of attending a meeting with a client who buys considerable television advertising inventory year in and year out. The topic for the session was “New Television Opportunities” which they defined as:

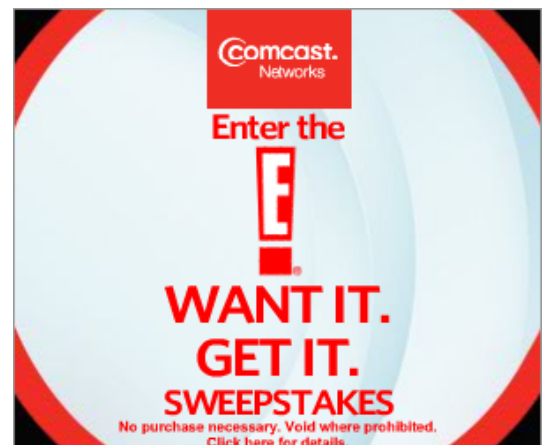
- * Addressable Advertising
- * Ad Supported On Demand Content
- * Hybrid Direct Response

In the morning conference, we were treated to overviews of each technology, including descriptions of the business models involved, specific advertising opportunities, as well as educated opinions on the efficacy of each technology. When lunch was brought into the boardroom, the head of the organization turned to me and asked dryly, “Are we expected to evaluate all of these opportunities based on television ratings alone?” To which another consultant quipped, “I don’t think anyone expects you to evaluate any of the new technologies based on ratings alone. Nielsen just expects you to use their ratings to buy them.”

The simple fact is this: Very little research has been published concerning any of these or other new advertising opportunities, and in my opinion, evaluating any one of them based on traditional metrics alone would be almost assuredly misleading. But there is hope. One of the more interesting themes involves viewer loyalty.

At a high level, viewer loyalty describes the consistency of viewing behavior, be it focused on programming genre, groups of content or individual pieces of content. What separates consistent viewing from occasional viewing may be different depending on the context. But at the end of the day — for some advertisers — having the ability to assess viewer loyalty may improve their return on investment.

How could loyalty measurements affect addressable advertising? If an operator were to employ behavior-based technology such as that traditionally encountered during Internet browsing, viewer loyalty metrics might dramatically affect the value of such placements. Such technology is available from companies like Invidi Technologies. Suppose advertisers could segment viewers of the U.S. Open Golf tournament by how often they watched golf? While reluctant to pay to reach marginal golf fans, a promoter of golfing vacations might be willing to advertise during the event if she could target only those viewers who tune to at least 10 hours per week of golf content. Addressable advertising promises to improve the ROI for media buyers, making television advertising palatable to more media buyers. Loyalty measurements could add to the value of such technology and improve targeted advertising.

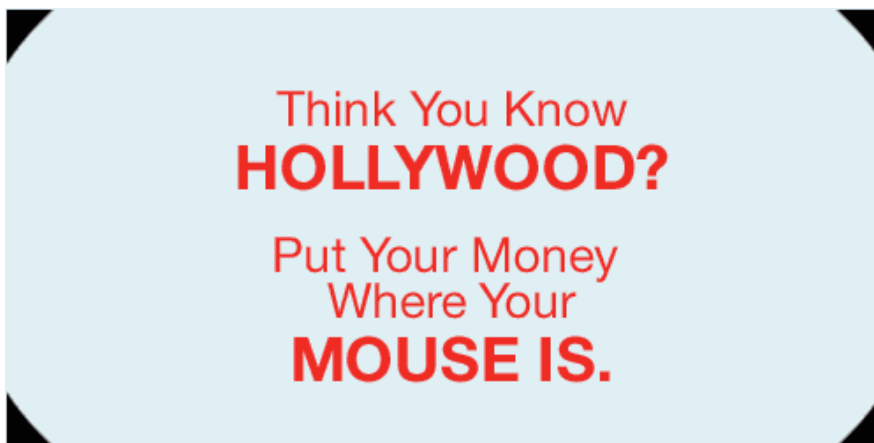


In my home, CBS and NBC have teamed with Verizon FIOS to offer ad-supported primetime programming on demand. Would this arrangement benefit from loyalty metrics? Loyalty figures could augment a buyer's point of view with respect to audience reach and frequency. Would an advertiser find it helpful to know 67% of on-demand viewers of NBC's "Medium" were regular viewers of the show during its Monday, 10 p.m. time slot? What if we were discussing CBS' "Numb3rs" and only 18% of the on-demand audience regularly tuned to the show during its Friday, 10 p.m. time slot? Advertisers might find an opportunity to modify both strategy and tactics were such metrics available. Suppose each episode of Comedy Central's on-demand offering of "South Park" were watched by a core group of viewers within 72 hours of when the content became available. Suppose those viewers watched little linear television and were therefore difficult to reach by traditional means? Depending on the pricing and loyalty metrics, even movie studios might find advertising during on-demand television interesting.

While an established industry, Hybrid Direct Response is hitting the radar screen of some new media buyers thanks to the hard work of companies like REVShare. Hybrid DR not only cost-effectively markets to consumers directly, but successful campaigns drive an even greater number of purchasers to brick and mortar retail outlets and Internet shops. This approach to television advertising evaluates success based on response levels that include some form of call to action. This inclusion of consumer response to content allows marketers to identify when the shelf life of a particular offer has been exceeded. However, this tipping point is often determined by averaging response rates across all networks. Loyalty metrics could augment such data. If a marketer knew that nearly 65% of late fringe audiences for Spike TV tuned into the network four out of five nights a week, such measurement might allow advertisers to predict a shorter shelf life for their 60-second advertisement on the network.

The question remains, where will this analysis emerge? In my opinion, little insight concerning loyalty can be obtained from small panels, but cable and satellite set-top-box tuning data provides great promise. Tuning behavior could be substituted for viewing behavior and such data could be analyzed by time on channel (or content) by day, week or specific time period. Behavior could also be classified as continuous tuning as well as average tuning. Using these metrics, a seller should be able to tout the ability for buyers to reach specific audiences during a "favorite" program through an addressable, on-demand or hybrid direct-response advertising vehicle.

In the end, just as in other areas of life, context is important. For "New Television," the most obvious metric is not always the most relevant. Except for the occasional lunch at the deli, I rarely buy my meals by the pound. The quality of the food, the service and the ambiance of the restaurant are more important to me than the sheer quantity of food. Why should television be any different?



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