Figure 2.9b. SURVEY SAMPING: Polling and Television Ratings

EM8804:

TV's fuzzy picture

Its audiences are fragmented, viewers are zapping its commercials, and new measurements are questioning its ratings. TV is still making money, but it's no longer a cash cow

BY DAVID BUCKLEY

For years I suffered the relentless onslaught of television commercials – the endless repetition of "ring around the collar," the syrupy blandness of the Doublemint twins, the grating, grinding, macho good times of beer commercials. But no more. Today I zap them. I hear the first gravelly tones of a beer commercial and ... zap – the channel is changed. It's as satisfying as swatting a buzzing, annoying mosquito just before it bites you. If TV is a blessing, the remote control that enables you to zap commercials is a double blessing.

Along with a multitude of other assorted developments and ingenious gadgetry, the zapper is changing the face of television. A few years ago, TV was fat as fat can be. Today, though still rich, television's picture is getting a little fuzzy. A few years ago, television networks had it all their own way. But not today.

Dick Berndt, vice-president of Foster Advertising in Toronto, says television's future is bright, but he adds that TV can no longer dictate to advertisers. "Will it be the cash cow it was? No. Will it be as arrogant? No. Is the market changing?" asks Berndt. "Yes. TV stations have had policies which basically say, 'You're going to do it my way.' And and 'my way' is 'you're going to buy four weeks and you can't cancel.' Those days are gone, and I think that's good. Television, because it was in short supply, ruled the roost for a long period of time. Today, everything is negotiable."

The only thing that seems entirely certain is that the state of television is changing, and there is confusion about exactly what is going on. Part of the reason for the mud- dled TV picture has been the introduction of a new method of measuring how many people really do watch it. The new system uses a gadget called a People Meter. A.C. Nielsen, the ratings company which is bringing it in, both in the U.S. and Canada, says it provides much more accurate readings of the TV audience.

Some network executives objected to the new system. They objected to the lower ratings that some programs are getting with the People Meters. They were so upset, in fact, that at one point both ABC and CBS announced that they planned to cancel their contracts with Nielsen. *Broadcasting* magazine says CBS believes the People Meters are off base because, among other things, they are overloaded with pay TV subscribers and with "techies" (viewers who are more likely to own VCRs). The ratings are crucial because the charges for a 30-second commercial can vary from $80,000 to $400,000, depending on the size of the audience.

Naturally the Nielsen people are very big on the accuracy of their new system, and though some television executives may be unhappy with its findings, it certainly appears to offer a clearer idea of who's watching – or not watching – what. Nat Abraham, account manager for Nielsen Media Research in Toronto, explained some of the problems with the old system as he set up a videotape explaining the new system. The major shortcoming, he pointed out, was that the old method involved keeping a diary of programs watched, and the person who kept it most often was the woman in the household; this meant that she tended to enter television she watched as opposed to shows that her husband or her children watched. There was always the possibility of letting the job of entering slide by. Anyway, Abraham said, as he flicked on a VCR, the new setup will be much better.

It involves hooking up a People Meter (PM) to each TV in the home selected to be part of the sample. The PM sits on top of the TV, and when someone turns on the set, a light on the PM begins blinking. There's a row of buttons on it, and each member of the family is assigned a button. The blinking light goes off when somebody presses his or her button. The PM records which person watches which programs and sends the information to Nielsen via telephone lines.

"With the diary system," says Abraham, "we reported the ratings 21 days after the day they appeared. Now it's instant. We can provide overnight ratings so agencies caa make quick changes on behalf of their clients – and broadcasters can make quick changes in programming." The PMs are now in use in the U.S. and they'll be in use in Canada, beginning with Toronto, in September.

But for all the improvement over the diary system of ratings, experts still wonder how accurate the PMs will be. Donald Thompson, a professor at York University in the faculty of administrative studies, makes an important point. "The very fact that you're part of the sample biases the sample," he says, "because you're going to watch more television."

There's no doubt, Thompson says, that TV doesn't have the clout that it once had. It is now offering all sorts of concessions to advertisers that were once out of the question. "Three or four years ago advertisers saluted," he says. "Today, things are quite different." A few years ago, he points out, offering an example,o an advertiser bought a spot in the fourth quarter of a football game and paid full price irrespective of what happened in the game. Today, if the fourth quarter begins with the 53-7 score, the advertiser is liable to get a rebate because the audience for a lopsided game is going to be small. "Today, the list price for anything in television is misleading,"says Thompson.

Television's picture is fuzzy because while TV is strong, it is weaker than it used to be. Thompson says indications are that people watch more TV – but less commercial TV. If you watch just one movie per week on your VCR, he points out, you'll cut your television viewing by something in the neighbourhood of 10 percent. And movies for VCRs – good movies, new movies – are more widely available. Advertisers are taking notice; they're beginning to slip commercials on to rental videos. As an example, Thompson points out that *Top Gun* came with a Pepsi commercial on it.

But VCR viewers aren't taking the intrusions of commercials lying down. While they zap them away on TV, they zip through them with their VCRs, pressing the fast-forward buttons on their remote controls. They zip through the commercials in rented videos, and they zip through the commercials they get stuck with when they record *Cheers* or *The Cosby Show*.

Abraham of A.C. Nielsen discounts the effects of zipping. It's really not an issue," he says, and he adds that surveys indicate people who zip through commercials retain about 85 or 90 percent of their impact. Other experts doubt this. Douglas Snetsinger, a professor at the University of Toronto

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(*continued overleaf*)

in the faculty of management, emphasizes that while nobody knows for sure, the combination of zipping and zapping "probably undermines prime-time audiences by 15 to 25 percent." Zapping, he adds, does more damage than zipping.

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Probably the greatest upheaval in television in the past few years has been its fragmentation. "Fifteen years ago," says Snetsinger, "you had a choice of eight channels. Today, it's in excess of 20." He mentions the findings of the *Journal of Advertising Research* which show how much networks' prime-time audiences are shrinking. A few years ago, each of the three major U.S. networks could deliver about 30 percent of the TV audience in prime time; now the figure is down to 25 percent, and by 1990, it may well be down to 20 percent. *Business Week* magazine reported a few weeks ago that the networks' prime-time shows were reaching 10 percent fewer viewers than they has during the previous season. The article said, "The three major networks are resigned to the fact that cable TV and independent stations will keep growing as full-fledged competitors. But few at ABC, CBS, and NBC were prepared for the latest viewer surveys ..."

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You might expect better programming from the smaller networks, and, indeed, it often is better – except that it's limited by their low budgets. York University's Thompson says the majority of TV stations in North America broadcast to viewers who represent only about three percent of the total audience. "So," he says, "they have to show reruns of old movies or Italian league football." Speaking of football, Thompson brings up yet another problem that confronts television: There is a noticeable drop, he says, in the ratings for sports on television.

But, as the experts point out, TV is still doing well. "Fragmentation has not retarded the amount of money that is going into television one whit," says Harrison of HYPN. "You can't say advertising is or isn't as effective. It's different." And Berndt of Foster Advertising says: "People are saying television is going down the tubes, which it is not. Fragmentation is providing greater selection, and people are watching more television. So you have to buy that much more time to cover your audience. The market is changing, and we're responding." While Nielsen's new People Meters may not impress some broadcasters, Berndt welcomes them with enthusiasm. "To me, People Meters are the most exciting thing since the development of the computer as far as our business is concerned," he says. "They can tell you whether kids are watching, whether they eat Coffee Crisp or Rice Krispies or Schneider's sausages." Says U of T's Snetsinger, "If you want broad coverage, you use television. It's the flagship medium of most national brands."

Yes ... but there is that problem of zapping. It was only recently that I realized just how great the impact of zapping is going to be – I'll explain. Our home includes three children in their late teens and early 20s, and we have five TVs dotted about the house. Two of them have remote control, and the whole family has been zapping commercials for some time. But in recent months something new has developed. We have become so accustomed to zapping commercials with the remote control that we are beginning to switch them off on the manual sets.

In effect, remote control has spoiled us. It has taught us *not* to put up with commercials. So now we get up from our chairs and switch channels. And if we'e doing it, so are others. It may be just a matter of time before almost nobody watches commercials. Zap, zap.

REFERENCES: 1. The article EM8804 reprinted overleaf and above is taken from *Goodlife Magazine*, March, 1988, pages 4-7.

2. Further information about generating television ratings is given in the 59-minute video *Can you believe TV ratings?* (#I92 130), which is available for viewing at the UW Audiovisual Centre (E2 1309).

1 In the second paragraph of the middle column overleaf on page 2.79 of the articlle EM8804, some weaknesses of the 'diary' system for obtaining the data for TV ratings are given; by contrast, it is said that the People Meters .... *will be much better.* Discuss briefly the improvement(s) that PMs are likely to bring about in the data, including explicit consideration of:

- the method of sample selecting;
- the *measuring process(es)* involved in generating ratings;
- the *timeliness* of the ratings.

2 Discuss briefly the *statistical* issue(s) raised by the statement in the first paragraph of the right-hand column overleaf on page 2.79: *The very fact that you're part of the sample biases the sample.*

3 What reason(s) are given in the article EM8804 for needing *accurate* TV ratings? Identify explicitly the paragraph(s of the article from which you take the information you use in your answer.

The article EM8804 reprinted in this Figure 2.9b is also used in Figure 8.16b in the STAT 220 Course Materials.