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04 February 2003, Financial Times

CREATIVE BUSINESS: Talking, Reading, Tasking

By MARK RITSON

(Words: 1980)

Every year in the UK, more than Pounds 3bn is spent on television advertising. Worldwide that figure is estimated to be well over Pounds 100bn. So it's no surprise that the research methods used to gauge TV audiences are extremely complex. But what if the measurement systems that form the basis for the global advertising industry are seriously flawed? Flawed not because of a technical glitch or a statistical oversight but because they make a fundamental assumption about the TV audience that any viewer knows to be false: that if people watch the programme, they also watch the ads. It is this assumption that I, as part of a research team at London Business School, have spent the last two years exploring.

This is the story of how we set out to understand what viewers actually do during commercial breaks, and of how we made two crucial discoveries that between them call into serious question the way TV advertising is priced and planned.

The first we called The Friends Effect. This dictates that the more people there are in a room during a commercial break, the less chance there is that they will pay attention to the ads. This runs directly counter to conventional thinking - that the bigger an audience for a programme, the more people there are watching the ads. The second we called The Late Night Curve, where we discovered that ads later in the evening are often more likely to be watched by viewers than those in the traditionally premium slots of early-evening peak-time.

To say that existing advertising and TV measurement systems are rigorous is an understatement. Thousands of households around the world are part of statistically representative panels that are under constant scrutiny. In the UK, Barb recently recruited more than 5,000 households to its new panel. Each is fitted with a "peoplemeter", a device that records the time of day, the channel being watched, and the people present during the broadcast (members of the household press a button each time they enter or leave the room). All the information is transmitted each evening, via the household's phone line, to a central location where it is used to produce national estimates of viewing figures. The figures tell TV producers how successful they have been in attracting audiences, they are used to set the price of advertising spots, and to estimate the size of the audience for a particular piece of TV advertising.

Barb, like all audience measurement organisations, has long faced criticisms about its methodology. Is this sample of 5,000 households truly representative of all the different regions in the UK? Is the panel too small and thus vulnerable to sampling errors?
Do viewers always remember to press the button when they enter and leave the room? For the past 20 years, Barb has fended off the critics. Indeed, many practitioners regard it the most rigorous audience measurement system in the world.

However, one glaring assumption haunts Barb and every other organisation that depends on people- meters for their data: that audiences for advertisements can be measured in exactly the same way as audiences for TV programmes.

To accept the Barb view is to accept that, provided we remain in the room, our behaviour during commercial breaks is identical to our behaviour during the programmes. It isn't. While it is possible to accept that if a person is in their living room during Coronation Street they are watching the programme, the assumption that they are watching the advertising during the commercial break is questionable.

Two years ago I began working with Patrick Barwise of London Business School and Karolina Brodin from Stockholm School of Economics. Our goal was to attempt to use

ethnographic research techniques to understand the ways households behave during commercial breaks. Ethnography combines long periods of observation and interviews to produce a more rich and detailed understanding of human behaviour. The emphasis is placed on smaller samples and greater levels of insight. We recruited eight households that provided us with different audience types, including a retired couple, a single mother, and a household of five twenty- something office workers. A miniature camera and microphone were placed in each living room and each household was told that for several weeks the video would record everything that happened in that room. A feed was also taken from each household TV and was recorded as a simultaneous picture-in-picture on to the footage, so that we could see what was on TV when any activity was taking place. While the households had no idea why they were being filmed (until a debrief at the end of the research) they were obviously conscious of the cameras. So we discarded the first week's data. But the types of behaviour caught on film and comments during the debrief both suggest that the cameras were soon forgotten or were simply ignored.

The data from the next seven-day period was edited to create a video of every commercial break that was experienced by each household. These data were then viewed repeatedly and analysed in order to develop an understanding of the various types of behaviour during breaks. We also revisited our households and showed them excerpts of their videos. These sessions underlined what many other studies have suggested: that viewers have little or no idea what they do during commercial breaks. Many informants were dumbfounded when they watched their own behaviour on screen.

Our first finding was perhaps the most obvious, and yet the most fundamental: a commercial break is not a time when we watch ads. It is not even a time when we avoid advertising. To infer avoidance one must first infer attention, and attention was rarely continued over the momentary bridge between a programme finishing and a commercial break starting. In hundreds of examples, viewers display a momentary change in posture and then make a choice: what will I do with this break? If the TV stayed on they chose from six activities: social interaction; reading; tasking; flicking between channels; watching; and advertising interaction.

With these six behaviours identified we returned to the data and coded it quantitatively. While a sample of eight households cannot be representative of the UK populace, the hundreds of ads in the data do provide an accurate picture of each individual's commercial break behaviour and suggest some intriguing hypotheses for future work.

In Chart 1, two members of the sample show a variety of behaviours, what we call a "commercial- break footprint". Mr Childs, a retired bank manager, watches the advertising 23 per cent of the time. His social interaction is low because his wife works during the day and he spends many of the ad breaks alone. He more than compensates for this, however, by avidly reading a magazine that he keeps on the sofa at all times, or by flicking on to other channels during many of the commercial breaks.

In contrast, Diana is one of three young single women who share a rented house. Her very high social interaction level indicates that commercial breaks are primarily an opportunity to catch up and chat with her housemates. This often results in advertising interactions in which ads are assessed and the products being promoted are debated. The relatively low levels of tasking, flicking and reading also reflect the predominately social nature of this household's commercial break experiences. It is important to note that Mr Childs and Diana, like every individual in the study, exhibit different sets of behaviour. Indeed, even when two or more people share the same household and programme tastes, their behaviour during the breaks is very different.

With this data coded it was possible to explore how a person's behaviour in the commercial break varied according to different influences. Commercial break behaviours were not constant and they were influenced by external factors. Each household watched a large

number of ads. But we do not understand why, at certain times, ads are watched and why at other times they are not. If, like Barb's users, we start with the assumption that all ads are watched then we cannot answer the most strategically important question of all: when and why does an audience decide to watch advertising? And when does it not?

Our research suggests how to begin answering these questions, and our two key discoveries imply that drastic revisions are needed to the existing models of how TV advertising is planned and priced.

Chart 2 again shows what Diana does during the commercial breaks. But this time we are viewing these behaviours in relation to social context.

How does Diana behave during breaks as one or more people enter the room? Under the traditional peoplemeter system, the more people who enter the room, the bigger the advertising audience. But having more people in the room during the commercial break does not necessarily translate into more people watching the ads. In fact, as more people enter the room, the proportion of ads that Diana actually watches decreases - she is more likely to ignore an ad and engage in social interaction instead.

This pattern is the same with many of our informants and it suggests advertisers must make a major reappraisal of audience sizes. In many cases, a larger number of people in the room for a particular programme may actually deliver less advertising exposure than a programme that is experienced by a single viewer. In audience terms, one plus one can equal less than one.
This is The Friends Effect. The sitcom Friends attracts enormous audiences of young, active consumers each week and, with these viewers in mind, US advertisers pay Dollars 455,700 for a 30-second spot - among the most expensive single media purchases in the world. Yet it is almost certainly over- valued. In our study, the first behaviour of a Friends audience when the break begins was often to engage in social interaction, typically at the expense of advertising viewing.

Americans, like the British, use a peoplemeter system. They have therefore been led to believe that a programme audience equals its advertising audience. In a breathtaking example of ignorance and strategic naivety, advertisers have spent millions in the mistaken belief that they have purchased an audience for their advertising that never existed. In fact, they could have spent less money and ensured more exposure by buying spots that delivered a lonely, but more attentive, viewer.

But perhaps our greatest surprise was the effect of time of day. As most valuations of media are built around peoplemeter data, they place the greatest value on the largest audiences, typically early and mid-evening. At these times more people are watching, but as Chart 3 (previous page) shows, this may not mean that these periods will offer the greatest number of advertising exposures. The chart shows Diana's range of behaviour across an evening. The amount of advertising she watches increases in the final three hours before bed.

We observed this Late Night Curve in all the households. As people grow tired, they engage less in active behaviours such as tasking, reading, social interaction and even flicking and pay more attention to the ads. But advertisers have been paying premium rates for early evening slots when advertising viewing is less likely, while the later slots, where exposure is likely to increase, remain relatively inexpensive.

This is an exploratory study - a sample of eight households over a single week has its limitations. But a single, glaring fact cannot be denied: people do not always watch advertising, and their behaviour during commercial breaks is very different to their behaviour during programmes.

Chart 1: Commercial Break "Footprint" for Mr Childs and Diana

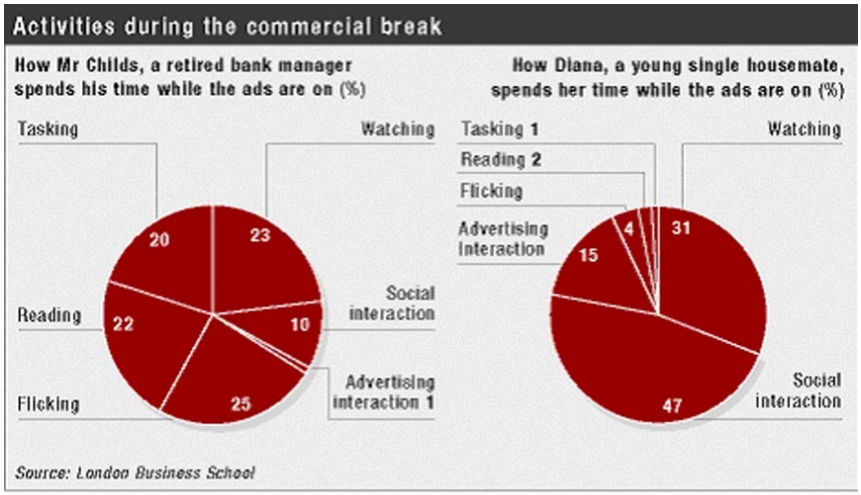

Chart 2: The Friends Effect and The Late Night Curve

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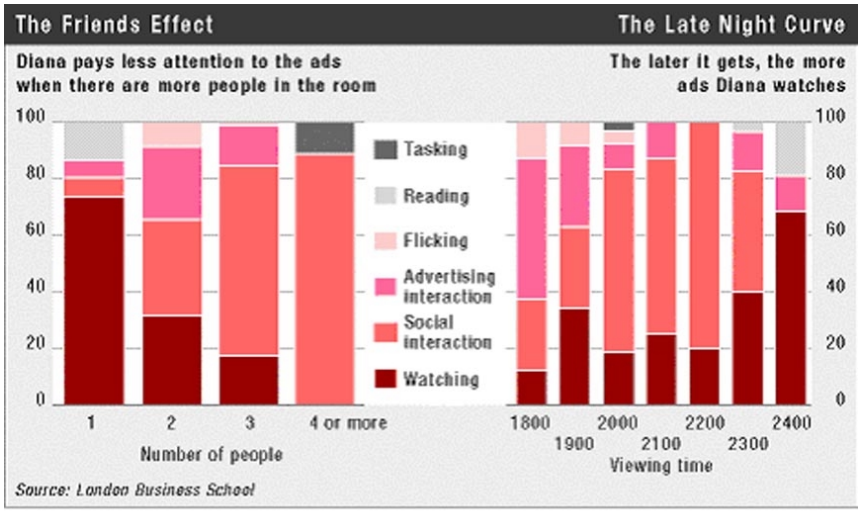

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He will present this research in greater depth at London Business School on March 5 at a day-long conference, 'Assessing the Value of Advertising'.
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