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TUNE IN
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Maximizing the Value of Television Audiences

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Executive Summary

Audience behavior across television platforms is networked, instantaneous, and visible like never before. To maximize the value of the digital television audience, the industry needs to recognize and quantify the cultural value of content—they need to evaluate the reasons people watch TV in the first place. Unfortunately, current business models aren’t up to this challenge. While digital networked culture presents tremendous opportunities to engage with audiences, digital data allows us to see how poorly television ratings reflect actual audience behavior. In this white paper, we’ll see that the ratings system is ultimately responsible for the growing division between the financial value of the audience and the cultural value of content. As long as ratings exist in their current state, publishers and advertisers will miss out on innovative revenue opportunities, and they won’t be able to create programming that reflects real audience demand.

Television ratings are meant to make audiences valuable to publishers and advertisers, but ratings are too narrowly constructed to represent the diverse sites of value embodied in the contemporary television audience. This white paper suggests three key areas that should be re-imagined to maximize the value of the television audience for the digital age.

PART I: Structural Relationships Among Industry Players

• This section argues that the economic structure of the television industry has prevented industry players from maximizing the value of increasingly fragmented television audiences.

• We consider evidence of how industry players are caught in a codependent relationship that privileges the status quo to the detriment of true innovation.

• These relationships functioned best when audiences and programs were aggregated because there was only one way to watch TV—when it was on.

• Today, there are many ways to watch TV—live, recorded on a DVR, online, downloaded—but audiences are still measured like linear television audiences. This method of audience measurement fails to leverage the affordances of the medium and allows a lot of viewers to slip through the cracks. Sometimes viewers take it upon themselves to make sure this doesn’t happen, but most of the time networks and advertisers are guided by their dependence on outmoded conceptions of audience value.
PART II: The Changing Value of Television Audiences

• The second section argues for a system of audience measurement that maintains the value of audience exposure while accounting for the value of audience expression.

• Here, we resist the temptation to look at fans as a model for measuring expression both because fan behavior is anomalous, and because we can measure digital expressions as simple as clicking a mouse or changing the channel on a digital TV.

• Finally, this section deals with the value of viewing context. There are also different behaviors associated with different platforms and different content. Understanding the implications of viewing context makes the television audience even more valuable to advertisers and publishers. Context provides an opportunity to expand advertising strategies beyond showing the same ads on every platform.

PART III: Leveraging Digital Affordances to Maximize Audience Value

• The last section explains how the logic of successful digital companies can be applied to the television business. Both the methodologies and corporate ethos of successful online companies can serve as a model for the television industry, or they can be its undoing. This section uses mini-studies of several Internet companies to argue for the increasing importance of experimentation, networking, taste, organization, and interface in the television business for the purposes of better understanding audience engagement and audience value

• First, we explore how Google is leader in online advertising sales by making sense of data and making user behavior valuable.

• Next, Netflix provides an instructive example of how networked culture and progressive corporate culture can lead to success in digital business.

• Finally, Demand media shows us how digital data can make visible manifestations of user taste valuable.

• Publishers, advertisers, and measurement companies have historically been able to get around the limitations of their codependency, but they are faced with increasing competition from digital companies that understand how to make fragmented audiences valuable.

Finally, this paper concludes that the industry can move beyond its problems by embracing emergent sites of audience value. Digital distribution affords significant opportunities for the television industry to make audiences valuable. By continuing to explore digital data, targeted advertising, behavioral use patterns, and audience engagement, the television industry can revolutionize its ailing business.
Bio

Sheila Murphy Seles graduated with a Master of Science in Comparative Media Studies from MIT in 2010. Her graduate thesis focused on the television ratings industry and the changing value of television audiences. Seles also holds a BA in American Studies and Theatre from Middlebury College. Recently, Seles worked as an Executive Research Intern at The Advertising Research Foundation and as an intern at Turner Broadcasting. Her current work for The Convergence Culture Consortium examines the television industry with a concentration on the changing business of television research.