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The Effect of Television Promos on Audience Behaviour: New Programs

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Abstract

My thesis documents the effect of exposure to new programs' promo campaigns on viewing of the premiere episode, using a single-source method. I find that promos do indeed have an impact on viewing behaviour, with exposed viewers being twice as likely to view the premiere. In addition, I develop a simple method to measure the 'sales' effect of promos using the television ratings data. This method should be useful for media industry and academic researchers investigating the effect of media promotions.

Marketing television programs, so they achieve a desired rating level, is a big investment for the television industry. Most of the cost is spent on on-air promotions, referred to as *promos*. In fact, television programs are the single largest product category advertised on television, with billions of dollars in advertising revenue forfeited each year to carry promos. The television industry has a strong belief in the effectiveness of promos, although evidence to support this belief is limited. Quantitative knowledge concerning the size of promo effects appears to be non-existent.

My research moves beyond the limited promo research field by conceptualising promos as *advertising* for programs and, viewing as *purchase* behaviour. Thereby placing this thesis in the field of research attempting to measure the effect of advertising on sales. I draw on the findings of single-source advertising research as one of the most significant areas of research that has enabled a richer understanding of the impact of advertising on sales. Single-source research uses data collected from the continuous measurement of an individual's (or household's) purchasing of consumer products and their exposure to media advertising, allowing analysis to be undertaken at the individual level. Single-source research informs this study, theoretically and methodologically, to create a more robust contribution to knowledge about program promotion effects by answering the following three research questions:

- RQ1) How are program promotions for new programs currently scheduled?
- RQ2) Do program promotions affect the viewing behaviour of those exposed to them?
- RQ3) How do program promotion campaign scheduling factors affect the performance of the premiere episode of the promoted program?

Overview of the Method and Data

My research takes an empirical generalisation approach, seeking to describe natural, or scientific, laws by observing events that occur in repeating patterns. To assess the effect of exposure to promos on audience viewing behaviour I use OzTAM (Television Audience Measurement) ratings panel data from Australia and promo campaign schedules for new Network TEN programs. In all examining thirty, new, primetime programs launched in five Australian cities on Network TEN from 2007 to 2010, giving a sample of 150 promotional schedules.

To assess the effect of promo exposure (RQ2) I, in effect, use a *ready-made* single-source panel by coupling the OzTAM ratings panel data with the Network TEN promo campaign schedules. These data record individuals' viewing (which can be seen as their *purchasing* behaviour) and their exposure to promos (*television advertising* exposure). This makes *disaggregated* analysis possible, as the analyst is no longer forced to look only at aggregate sales and advertising figures. This method remedies the limitation associated with past promos research which was reliant on program level ratings data. Using the single-source panel, two methods are replicated across 20 of the new program launches. The first

uses data reduction techniques to describe the relationship between promo exposure and viewing. The second uses STAS (short-term advertising strength) calculation to quantify the effect of exposure on viewing propensity.

Multivariate modelling is then used to consider whether aggregate campaign scheduling factors have an effect on the performance of the premiere episode of the new program (RQ3).

Contribution of this Research

The key contributions are:

Quantification of the Effect of Promo Exposure on Viewing Behaviour for New Programs

I find that those exposed to promos are, at a minimum, twice as likely to view the program compared to those unexposed to promos, if they are watching during the broadcast time-slot. This finding is for viewers who were unexposed to lead-in promos. This is the first step in developing a generalisation about the average level of response to expect from program promo(s) exposure.

Providing some evidence that the Promo Response Function is Convex

My research is the first to look at the response function for promo exposure. The evidence gives an indication that the shape of the response function is convex in nature, exhibiting diminishing returns after a light level of exposure has been achieved. This is the same shape as most advertising response function seen in consumer packaged goods markets.

Demonstration of the Importance of Lead-in for New Programs

While my research cannot isolate the effect of exposure to lead-in promos from audience flow (or the *lead-in effect*) it clearly suggests the importance of the lead-in audience for new programs. The descriptive results showed that viewers exposed to a promo during the lead-in period were two to three times more responsive than those with no-lead-in exposure. The STAS results showed a response of three and a half times more likely for viewers exposed to lead-in promo(s).

Demonstration that Campaign Reach on the Day of a New Program Premiere can Explain a Portion of the Premiere's Share Performance

I find that the reach of a new program's promo campaign is the only significant explanatory variable within the multivariate analysis. It was able to explain 18 percent of the variation in the share performance of the premiere. This finding demonstrates the dominance of the recency of advertising exposure, as well as the influence of audience flow (or lead-in effect) specific to the television viewing context. It also suggests that factors beyond advertising effects, such as program quality / appeal play very large roles in determining the share of the audience a program draws within a time-slot (i.e. +80 percent). These factors were not accounted for in the multivariate model and may affect the result reported herein if included.

Extension of Single-Source Advertising Research Methods and Results to a New Context

My research extends the generalisations about advertising response to the television program category. I show how contingency table methods can be applied to program promos by conceptualising the 'all-purchases' measure in packaged good markets as 'all viewers of the time-slot' for television program viewing.

Method to Create a Promo Campaign / OzTAM Single-Source Panel with Control of Primary Biases

I make two further methodological contributions. First, developing a method of coupling the program promotion scheduling information and OzTAM ratings data to create a 'ready-made' single-source panel. Second, a method of grouping viewers based on their *weight-of-viewing* of the network under investigation, to create homogenous groups of viewers, and accounting for exposure to lead-in promos. This grouping disaggregates the data to a point where meaningful single-source analysis can be undertaken as the method controls for the two primary biases (*weight-of-viewing* and *lead-in*) that confound any attempt to accurately measure the effect of exposure to program promotions.

Implications for Academia

My research extends two well-known advertising empirical generalisations to the context of program promotions for new programs. The first being that exposure to advertising usually has an effect on stimulating sales, or in this case, viewing.

The second is the consistent finding in the advertising literature that the shape of the advertising response function is typically convex. This finding is replicated herein for promos' effect on the viewing of new programs. Beyond light exposure, increased levels of exposure exhibit diminishing returns. However, the inflection point of one opportunity to see (OTS) followed by diminishing returns cannot be confirmed for promos. This is due to the limitation of exploring exposure to promos based on categories (none, light, medium, heavy) rather than increments of exposure (zero, one, two, three, four, five or more etc.), as employed in past studies. Thus, Jones phrase, 'once is enough' may or may not be true when it comes to promos for new programs.

I demonstrate the primary confounds that bias any research trying to capture the effect of promos. These biases appear present in past academic and industry promos research. The *weight-of-viewing* bias and the effect of *lead-in* were found to have an impact on viewing that could mistakenly be attributed to promo exposure. The description of these biases and the rationale for controlling them is an important contribution for researchers to draw on in future promo effect research.

I demonstrate that the single-source contingency table method(s) of inquiry can be adapted to the program promotions product category, even using the television ratings data at the aggregate level. This suggests that the method could be adapted to other situations that capture media exposure and behaviour, even if it is not true individual level data, for example in online purchasing and exposure to online advertising. The method could also be applied to investigate multiple media effects in the context of television viewing, by using the combined television and online ratings panels that are being developed by Nielsen in the US and Australia.

My findings lend some support to the importance of recent exposure to advertising. Lead-in program promotions can be likened to in-store advertising at the point of purchase. Their reach is a fraction of the total campaign but the effect they exert on these viewers could be heightened (or alternatively their purchase decision may have already been made). These findings lend further evidence to support a continuity-based media strategy for most products where the purchase occasion is not known in advance.

Implications for Industry

The results presented in my thesis are very positive for the television industry. They clearly demonstrate that the air-time networks dedicate to promos, and the associated foregone revenue, is not in vain. Promos have a positive effect on the viewing behaviour of those exposed. My research specifically demonstrates this for promos for new programs.

The results suggest that increased weight of OTS to promos exhibit diminishing returns for all weights of viewers (i.e. light, medium, heavy). This suggests that networks should schedule, or optimise, their promos at a light level of exposure (one to three promos). The exact OTS that should be used to optimise frequency is given as a range, because the variation in OTS increments was based on none, light, medium, heavy exposure rather than zero, one, two, three, four or more etc. However, as light viewers can be harder to reach, the excess OTS frequency that a schedule will produce may be inevitable. The best strategy that should be employed to reach lighter viewers with promos, is to place them in higher rating programs as they deliver an audience with a higher proportion of light viewers. Optimising on a low level of exposure should allow a network to reallocate excess promo time to other programs, to maximise the response across the whole program schedule.

The results highlight the importance of recent exposure to promos. Lead-in exposure is shown to be important, although the exact effect of promo exposure during the lead-in period cannot be extracted from the long recognised impact of audience flow or inertia across the evening. The findings suggest that networks should continue the strategy of employing vertical cross-plugs to encourage viewing of the evening's line-up. In addition the results demonstrate the importance of reach achieved by the promo campaign on the day (RQ3) to the share performance of the premiere. This finding suggests that networks are well advised to run promos across the premiere day. However, the reach of a single network on any day is limited. A wise use of the networks' media budget would be to use other media types on the day of the premiere to create the highest level of reach possible rather than spreading the spend over time as would be advised in markets where the purchase occasion is unknown.

The findings of my research demonstrate the value of television advertising in the context of its own industry. The effect of program promotions on viewing is a possible avenue that television networks could use to demonstrate the in-market /

sales effect of television advertising in general. The results also provide evidence that could be used by networks to counter any arguments about clutter being produced by promos. Promos play a role in drawing an audience to the programs they advertise. This is important in ensuring that these up-coming programs deliver the audience levels that advertisers are expecting and thus a good argument for their prime position during commercial breaks.

The biases I note above in the academic implications also apply to industry. The *weight-of-viewing* and *lead-in* bias that are explained within this thesis, are important for industry researchers interested in assessing the effect of their own promotions. These researchers would be well advised to control for these effects, or risk producing spurious results that merely reflect these viewing biases.

Finally, the findings of my research imply that there is great promise for developing a commercial analysis software product to allow the television networks to capture the response to promo exposure within the OzTAM television viewing data (see Appendix A for detail). Such a product would have the advantage of access to the data at the true elemental (individual) level and thus could be based on more sophisticated modelling of the behavioural effects of exposure to promos. Access to such a product may allow networks to schedule their program promotions more scientifically to maximise the audience levels across the line up of programs that the network has on-air across the weeks, months and years. This type of product would also be applicable to other media that track consumption behaviour using a panel.