

HOW WELL DO PROMOTIONAL ANNOUNCEMENTS PERFORM RELATIVE TO COMMERCIALS?

Last time we checked, the on-air TV networks were airing between three and four minutes of promotional announcements per hour in primetime, while the corresponding figure for some of the cable channels ranged even higher, peaking at five to six minutes in certain cases. Most of these spots have a relatively short shelf life since they encourage viewers to tune in to another show on the same network or channel; often this is the very next program, or one that is coming up later that day or that week.

The question on everyone's mind is how well are these promotional announcements received? Some run in compatible program environments where the showtype or audience demographics tie in well with the show being promoted, but often this is not the case. Moreover, a typical promo is aired in either the first or the last position of an in-show commercial break that contains 5-6 advertiser spots of various lengths. Does this enhance or detract from the average promotional ad's effectiveness?

Despite the wide assumption that promotional announcements are inherently more interesting to viewers than advertisers' commercials, there is little evidence to support this view. Occasionally one hears about attempts to measure the impact of promotional spots, but whatever data such endeavors uncover are usually highly confidential and unavailable in the public domain.

One interesting finding, however, is available. In April 2000, the Cabletelevision Advertising Bureau (CAB) commissioned Nielsen Media Research to telephone approximately 17,000 adults during primetime hours to determine whether they had just been watching TV. Of the 17,184 adults contacted, 12,491 were watching TV, and of these, 10,297 were tuned in to one of the on-air TV networks or an ad-supported cable channel. Each of these viewers was asked whether s/he had seen the last in-show commercial break and whether s/he could identify any of the spots (ads or promos) that appeared in the break. On average, promotional announcements generated only 48% of the unaided recall of advertiser commercials.

The CAB pointed out that commercial breaks containing promos tended to be 6-7% more cluttered than those without, and this of course mitigated the ability of promos to be recalled (to some unknown extent). The CAB also felt that advertisers' commercials attain higher recall levels because they are highly differentiated and the consumer thinks s/he knows exactly what the commercial is trying to accomplish, unlike promos, which tend to look a lot like each other, and may not be recognized as readily by the viewer.

We tend to concur with the CAB's assessment, but note that promos may need more help than the CAB's unaided recall approach. So as far as we are concerned, the issue is not settled by this single study, and the impact of promotional announcements remains a largely underinvestigated area, dominated by seat-of-the-pants judgments rather than factual evidence. □

PRIMETIME TV'S REACH EROSION: A DILEMMA FOR ADVERTISERS AND THE NETWORKS

At the rate that major network primetime rating attrition is progressing, the average ABC/CBS/NBC adult 25-54 viewing level, which has dropped from about 11% in the pre-cable era to only 4-5% currently, will fall as low as 3%. That's the latest prognosis for primetime television five years from now and, if true, this impending decline raises some major questions for advertisers and networks alike. For the advertiser who is willing to pay a significant CPM premium to be on the "big" primetime entertainment entries, the issue is simple: how small is big? High priced primetime buys may still be merchandisable to the sales force, the trade and the stores or franchisees who are largely ignorant of the true rating situation; but the old adage that primetime is necessary to lay in a solid reach base (regardless of CPM costs), will be difficult for even the most retrograded ad director or media planner to sell. Any advertiser can develop significant reach levels via fringe/day on-air buys and/or cable far more cheaply than in primetime ABC/CBS/NBC schedules. Five years from now, if the major on-air networks maintain their current pricing premiums, they won't even be in the ballpark where cost efficient reach attainment is concerned.

As shown in the accompanying table, in the late-1960s and through most of the 1970s, when the big three networks were the only game in town, their combined nightly reach was about two-thirds of all 25-54s, while virtually all of those not reached in a single evening were snared over the course of a week. By the mid-2000s, with their average minute rating delivery falling from 11% to 5%, the combined ABC/CBS/NBC nightly reach is down more than 20 points to only 40%, and 25% of all 25-54s *aren't exposed to a single major network show over a seven-night interval*. For these disaffected audiences, alternative on-air networks such as Fox, WB and UPN, plus cable and homevideo/DVDs provide enough entertainment or information to satisfy their needs. If the networks continue their present erosion-be-damned programming strategies, with terminal overdoses of sappy sitcoms or reality shows clogging their 8-10pm lineups, they will cease any pretense of being mass reach vehicles by 2008 or 2009. Drawing only 3% of all 25-54s per minute, their combined reach will be only 32%, and two-fifths of the adults in this key segment will not even bother to sample network fare in the course of a week.

Advertisers who have the foresight to plan ahead will wrestle with the issue of declining major network primetime reach relative to costs and try to find substitutes (event sponsorships, road blocking schedules, etc.) that offer some of the intangibles (viewer interest, imagery enhancement, trade excitement, etc.) that primetime TV still provides. Even so, the networks remain in a quandary. In most cases, they have become partners with the producers (or are directly owned by them) and the key to future rerun profits is the successful launching of an endless succession of new sitcoms and drama series on the networks' primetime schedules—all funded by national ad dollars. But what if advertisers balk at continued high CPMs for increasingly lower rated primetime entries? How much of a deficit will the networks and their producer "partners" be willing to swallow on first run productions? Can the ego-driven stars and their ever-greedy agents be persuaded to defray current salary demands in lieu of future syndication profit shares?

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Unfortunately, the most likely solution to the networks' impending primetime dilemma—better programming—is unlikely to be attained. This will leave them with the choice of trimming the endless CPM hikes (and profits) for their primetime lineups or taking steps to stretch their commercial GRP "inventory" by raising the number of ad messages per hour. As an alternate option, they may increase their reliance on repeat telecasts. Both of these "solutions" are a real catch-22: while alleviating the short-term cost effectiveness concerns of advertisers, they will further detract from the perceived value of primetime programming and stimulate greater rating erosion. □

COMBINED ABC/CBS/NBC PRIMETIME REACH ATTAINMENT FOR ADULTS 25-54

	AVG. MINUTE RATING	NIGHTLY REACH	WEEKLY REACH	MONTHLY REACH
Late-1960s	11%	68%	98%	100%
Late-1970s	10	64	95	99
Late-1980s	8	53	84	95
Late-1990s	5	40	75	90
Late-2000s	3	32	62	85

Source: Media Dynamics, Inc.