

The Television Viewing Environment:
Implications of Audience Change

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Introduction

It is clear that the viewing environment of today is substantially different from that of the 1960s and 1970s. At times we forget that television, as we know it, is a relatively new phenomenon in American life. Change should be expected.

The number of television stations and viewers grew rapidly from 1952 to 1964. From 1964 to 1976 we saw color, a rapid increase in multiple sets, dominance by the networks, and an era of enormous growth in broadcast advertising. 1976 introduced satellite distribution, the initial major growth of cable and the introduction of a successful pay-service HBO. Even with those changes, the 1965-1980 era was an extremely stable one that is not likely to come again.

As planners we had been, to a limited degree, "stuck in the 1970s" with a view of television that accounts for cable but discounts the overall picture of changing audiences and their relationship to television technology. This situation is understandable, because we got "blue skied" in the early 1970s. That is, we were told by academics and practitioners that "new technology" -- particularly cable with its interactive capability -- was going to change our lives and now! The industry recoiled when major change did not occur in quick order.

Audience change has been slower, but very consistent. We are now realizing that the era with which we are the most familiar (and in many cases grew up in), is gone. To be sure, change in television audiences is a constant issue with which we must deal. The focus of this paper is to overview changing viewing

audiences and provide an analysis of that change. The scope is limited to the new television services that are viewing oriented. Cable, pay cable, pay-per-view (PPV) and video cassette recorders (VCR) will be considered. Presented initially is an assessment of each viewing group based on recent academic and industry research. Following this is a conceptualization of how these services "fit together" and a discussion of research issues. Finally, this paper will suggest some implications for advertisers and media planners.

General Trends

There are numerous facts and figures relating to the audiences of television. However, there is little systematic research that investigates audience habits of the past and the present in a similar fashion. In retrospect, researchers have not taken advantage of longitudinal techniques to gauge change.

Only one consistent measure of the television audience had been conducted from 1960 through 1980. This is the survey work of Gary Stiener in 1960 that was replicated, with modifications, by Robert T. Bower in 1970 and 1980. It is most appropriate to this conference that the original work was spawned by the Bureau of Applied Social Research at Columbia University. The book from which the following baseline information has been taken was published by Columbia University Press (Bower, 1985).

The amount of time spent with television was up 20 percent from 1960 to 1980. The television was reported to be "on" much more often in 1980 than in 1960. Viewers in 1980 had a lower general regard for television than in previous years, yet had a better regard for the specific programs watched. That is an interesting contradiction one which Bower attributes in part to an increase in viewing options:

The larger number of programs available (in 1980) to the average viewer at any one time would permit him to be more selective in his choices,

indeed permit him to find more programs that he would find "extremely enjoyable" even when it is his impression that the general quality of television fare was declining (p.29)

It is evident that cable distribution has increased the choice of programming. However, we still operate under the assumption that the motivation for watching and the process of watching is not particularly involving. This goes back to Bogart (1958) earlier calling television a "pastime." In his recent work on television audience, Bower (1985) supported this premise when he concluded that a strong motivation to view, or careful attention to content, is not usually the case. A more derogatory term of the past is "boob tube." Today students call television viewing "zoning out." Much of our industry planning is based on the premise that television selection and viewing is a passive activity.

Some recent research contradicts, in part, the concept of audiences as passive program selectors and viewers. Rubin (1983), found two major motivations for television viewing: (1) ritual viewing based on habit and relaxation and (2) instrumental viewing based on active participation and information. The latter is more directed. Childers and Krugman (1987) noted that more traditional television audiences were ritualized in their viewing but that individuals of a new pay service were instrumental. While commenting on advertising and involvement, Greenwald and Leavitt observed that "it is part of the popular lore that print is a more involving medium than audio or video," (1984); however, they note that all advertising media are processed at a low level and that we need to explore the ability of a medium to "boost" involvement upward.

In part, audiences of the new media have exhibited different motivations and viewing patterns that can allow for more active, "boosted up" viewing. This suggests that we need to reexamine the motivations for audiences viewing and for the actual way they view. It is no longer safe to assume that the knowledge

generated for the audiences of the 1970s and even early 1980s will hold in today's multi-channel, multi-service environment.

Audiences of the New Media

Both practitioners and researchers in this area have continued to call for a greater understanding of the way new viewing relationships have formed as a result of cable, pay cable, PPV and VCR (Domzol and Kernan, 1983; James, 1983; Levy, 1983; Sparkes, 1983; Krugman, 1985). The following examines audience research on new media services and provides an update on their status.

Nonsubscribers to Cable

There are two kinds of nonsubscribers to cable: (1) those who elect not to subscribe and (2) those who do not have the opportunity to subscribe.

Forty-four percent of the homes passed by cable elect not to subscribe. Individuals electing not to subscribe tend to be older, have fewer children and lower family incomes (Webster, 1983). Generally, they are satisfied with television as they know it (Banks and Gagnard, 1984). These individuals think "television is television" and do not feel the costs of cable are worth benefits received (Baldwin and McVoy, 1983). They are more reliant on local media (Webster, 1983). The use of radio, newspaper, and local television is greater for this group (Kaplan, 1978).

This group is distinct and can be characterized as more traditional viewers. Conceivably, they fit the notion as being less active viewers. The group also tends to resist new technologies. They are less venturesome in their attitude and adoption of VCRs and home computers (Dickerson and Gentry, 1983; Rothe, Harvey and Michael 1983).

Twenty-six percent of the television homes are not passed by a cable system. Two thirds of the individuals in the top ten markets do not currently have the opportunity to subscribe (Standard and Poors, 1986). Most of these are inner-city markets that have franchises granted or under construction. As these markets come on line, a good deal needs to be known about who will and will not subscribe to both the basic and pay services. It was initially felt that many economically disadvantaged groups, who comprise a good deal of the inner-city population, would not subscribe to pay services. This prediction is consistent with the idea that pay services are generally for upscale consumers. However, some early indications show this may not be the case and that pay services provide these groups with an entertainment option at a competitive price. It may not be reasonable to apply what has been learned about cable adoption in mid-sized markets to the inner-city urban areas.

Basic Cable

Basic subscribers represent 41% of the U.S. television homes and 56% of all homes passed. Conservative estimations predict a 54% penetration by 1990 and 64% in 2000 (Krugman and Rust, 1987). This is based on a 1% growth per year. While the watershed of 1976 to 1986, where penetration grew from 15% to 41%, is over, there will still be a substantial increase. This increase will affect advertisers and the ability to reach markets. It is important to note that the basic cable group is no longer a homogenous group and will become even more heterogeneous as cable penetration increases.

Basic cable users have younger household heads, more children, and are more affluent and upscale (National Demographics and Lifestyle, 1986). They want more program variety (Becker, Dunwoody, and Raefaeli, 1983; Metzger, 1983), and are not as satisfied with traditional television (Banks and Gagnard, 1983). As

expected, they watch less local television (Webster, 1983). Two studies indicate these homes read less (Kaplan, 1978; Rothe, Harvey and Michael, 1983). A portion of this group sees cable as a way to obtain pay services (Krugman and Eckrich, 1982).

Presently, basic cable users are more technically oriented than traditional viewers and exhibit a greater willingness to use new technologies. They are more likely to adopt both VCRs and home computers (Dickerson and Gentry, 1983; Krugman, 1985).

What is most interesting about this group is that they tend to be more active in their motivations for using television. Certainly they are more selection oriented. Segments in this group look for and utilize more channels. However, extended channel use is not evenly dispersed. There is evidence to show that individuals develop distinct repertoires of stations in this multi-channel environment (Heeter and Greenberg, 1985).

Webster (1986) studied audience behavior in what was termed "the new viewing environment." He found that audiences used the specialized cable channels very differently than they used the networks or even the superstations distributed by cable. Erosion from the networks was not evenly dispersed, and a good deal of polarization was found in viewing schedules.

Audiences of specialized cable channels such as sports, music, religion, etc., used those channels very frequently. For these specialized channels, a smaller, yet constant, audience base emerged. The superstations, with programming more similar to the networks, displayed a wider, less frequent base. Therefore, a 5% drop in audience from network viewing was not at all evenly dispersed. This development is important because it shows that smaller, more loyal segments are forming for specialized cable channels. To a limited degree they can take on the characteristics of specialized magazines. It allows for

some introspection about the way audiences select and view in the multi-channel environment.

Do audiences of these specialized channels pay more attention to content? Are they more active?

What is the opportunity to extend this notion to more specialized advertising messages based on the concept of a more active audience?

Pay Cable Subscribers

Pay cable subscribers represent 25% of the U.S. (60% of the basic cable homes). Because of industry changes brought on by deregulation, this is an audience in flux. Therefore, our current knowledge may not be as useful.

From 1980 to 1985 pay cable users formed a distinct segment. They are characterized as having younger household heads, having more individuals in the home, being more affluent, and viewing slightly more television than cable homes (Baldwin and McVoy, 1983; Rothe, Harvey, and Michael, 1982; Webster, 1983).

Pay users approach television in a different manner. Television is seen as a more important source of entertainment (Krugman and Eckrich, 1982). This group does not appear to be escaping broadcast television; rather they want to enhance their viewing experience. Selection of pay programming is seen as more active than basic cable viewing and much more active than traditional viewing. Pay subscribers tend to be more open to new products and more venturesome (Krugman, 1985). They were also more open to new technologies (Danko and MacLachlan, 1983; Dickerson and Gentry, 1983).

Pay industry subscriptions and revenues have been flat. Price rates are going up for basic and down for pay. Industry observers have noted that basic cable service prices are inelastic and that pay service prices are elastic (Standard and Poors 1986). Therefore, with prices going down for pay one would expect some modest growth.

However, increased industry competition is a key concern. Pay audiences can be broken into at least two categories: those that buy purchase multiple pay services, and those that purchase only one pay service. They are not the same. A study in progress at the University of Minnesota and the University of Georgia (Childers and Krugman, 1987), indicates that the multiple pay group is both more directed to television and open to technology than the single pay group. The impact of competition should be different for these groups. This situation is examined in the section of this paper devoted to competition for viewers.

Pay Per View

Pay Per View (PPV) is the newest service being introduced. In PPV, cable programming is purchased at a single time rather than a schedule of programs. The user must interact with the cable company to specifically order the program. This can be a phone call with a specialized code or a decoder box at the set. While industry data indicates that most orders for PPV programming arrive shortly before the scheduled time, this does imply that viewers have not "acted" in the process of getting ready to view. By its very nature the antecedent of PPV viewing is more active.

Industry revenues for PPV were 40 million in 1985 and 78 million in 1987. Projections differ on PPV revenues by 1990. The NCTA project revenues to be 1.1 billion by 1990. Standard and Poors (1986) projects revenues to be between one-half billion and 1 billion. Obviously, we are coming into a fast growth period. With cable profits maturing and pay cable profits declining, PPV is seen as a major source of future industry revenues.

To date there is little published research on PPV. A recent study (Childers and Krugman, 1987) found that PPV is evaluated in a differential manner depending on the existing television services already being used in the home. The results

of that study encompass both pay cable and VCR users and will be reported later in this paper.

There is some sports PPV programming that is purchased on a package basis. The viewer buys a certain number of games or events. To date, there is little research in this area. It raises a number of questions about the way we watch and our openness to paying for select programming. In my estimation, these sports/events packages illustrate a more directed viewing than traditional pay cable but with the opportunity to have commercials readily accepted.

VCR

What has intrigued industry analysts is the rapid diffusion of VCRs. In 1980 they were in less than 5% of the U.S. television homes. By the end of 1987 they will be in a minimum of 40% of U.S. homes. Projections place penetration at 50% by 1990 (Video Forecast, 1985). The rise was so quick that some studies aimed at the topic tend to catch only the first portion of the users. VCR users captured in those studies are generally the first wave "early adopters." Therefore, we must be cautious when projecting the behavior patterns of early adopters to second and third wave adopters. While research has told us who buys VCRs and has illustrated some basic reasons for use, we know surprising little about how this product influences and perhaps changes the viewing process.

Research conducted between 1980 and 1985 indicates that VCR use heavily correlates with cable subscriptions and other in-home technologies such as personnel computers (Dickerson and Gentry, 1983; Krugman and Eckrich, 1982; Rothe, Harvey and Michael, 1983). VCR users are portrayed as more technology oriented and utilizing multiple television services. Levy (1981; 1983) concluded that "time shifting," where individuals record to view at a different time, is a major factor. The process of program selection is more control oriented.

National Demographics and Lifestyles (1986) in a large survey of users concluded that the perceived number one VCR benefit was renting and viewing movies at home. The second benefit was time shifting. The study indicates that while movie rental was perceived to be the most important benefit, time shifting was the most frequent activity. This finding is not a contradiction. It is simply easier to timeshift than to shop for movies. Another recent study shows that VCR ownership has indeed influenced viewing patterns. Harvey and Rothe (1986) found that a portion of VCR users reported increased viewing time. More importantly, they found that users felt the VCR increased the "quality" of viewing time.

Both of these benefits -- time shifting and movie viewing -- point to a more active process in the selection of programming. To a certain degree, they also point to more active viewing of programming.

Zip Zap Flip

Accompanying the VCR is remote control. While the remote control is increasingly more popular in regular television set sales, it has been accentuated by VCRs. Forty-two percent of the television homes have remote control (J. Walter Thompson, 1986). Along with the VCR and the remote control come three phenomena that have catchy names: zipping, zapping, and flipping.

Zipping is the name given to speeding through commercials previously recorded by VCR. Studies indicate this phenomena occurs, but the extent has not been well defined. Yorke and Kitchen (1985) examined zipping in the UK and found that most individuals did zip through commercials. Another study in the U.S. (J. Walter Thompson, 1986) indicated zipping takes place in 50% of the homes who have prerecorded programming.

Zapping and flipping are terms used to describe channel switching. Zapping is usually used to describe the behavior associated with avoiding commercials. Flipping is usually associated with program switching. The 1986 study by J. Walter Thompson indicates that flipping occurs 34% of the time and zapping occurs 9% of the time. In my estimation neither is particularly well understood because we have not examined the "process" of television viewing on an indepth basis. Most of the work in this area is done by survey research which has a difficult time capturing "how" individuals view.

Heeter and Greenberg (1986) note that zappers generally pay less attention to television programming and treat television as an accompaniment to other activities. They argue that in this instance viewing is more passive:

.....zappers also consistently tell us they pay less attention to television in general. Furthermore, zappers use television more for background sound than nonzappers, and they more often have the television on without audio (p.17)

The above suggests that it is not the technology, the VCR remote control or television remote control, that influences behavior. Rather, the predisposition already exists, and the technology makes it easier. Greenberg and Heeter were careful not to place zapping as only an advertising issue, but rather, as an issue that must be investigated within the context of total viewing.

Flipping is a factor in the way programs are selected and different from avoiding commercials. It appears to be a more active process with regard to the way people watch television, and one with more ramifications for programmers than for advertisers. The study by J. Walter Thompson (1986) noted:

The percentage of traditional passive viewers is lower than generally realized...the percentage of impatient dial wanderers-flippers-is higher (p.11)

Presumably, they mean passive to be watching a program from start to finish. This is different from my use of the motivation to watch and the involvement in

watching. However, the J. Walter Thompson conclusion is consistent with the premise that viewers can be more active in both the selection and viewing process. Certainly, it points to a competitive viewing environment where viewers have more control.

Competition for Viewing Time

The adoption of more than one new television service has been well documented. Studies have confirmed the adoption, or the desire to adopt, multiple television or telecommunication-oriented technologies. Cable, and to a larger degree, pay cable users, are more likely to adopt video cassette recorders and home computers (Rothe, Harvey and Michael, 1983; Rothe and Harvey, 1985/86; Krugman and Eckrich, 1982; National Demographics and Lifestyles, 1986). Studies primarily focusing on the adoption of home computers note a significant increase in the likelihood of using cable services and video cassette recorders (Dickerson and Gentry, 1983; Danko and MacLachlan, 1983).

The Yankee Group (1986) has noted a group of technologically advanced families (TAF). This segment is predisposed to new technically oriented products such as video cassette recorders, disk players, and portable video cameras. This group reports approximately 10% of U.S. homes. This segment is thought to be increasing:

"many of those consumers who last year (1985) dabbled in technology and related products and services have made a greater commitment to the use of high technology products and services."

Having noted that adoption of new television services and products is multiple it would be remiss not to caution that limitations on viewing time exist. A.C. Nielsen (1986) noted at the end of the 1984-85 season that for the first time viewing actually went down in the average television household.

Viewing is an activity limited by time. Only so much can take place. Owning more television equipment does not always translate into viewing more television. While viewing does go up in the homes with cable, pay cable and VCR units, it should be remembered that the number of individuals in those households also increases. Measuring total household viewing in multi-service home is somewhat misleading because there are more people in those homes. The much more important criteria is individual viewing.

In addition to the noted erosion of network viewing, increasing competition exists within the new media environment. In 1985-86 we conducted a study to determine the competitive environment of pay cable, PPV and VCR movie rentals. The purpose was to separately compare PPV with pay cable and VCR rentals (Childers and Krugman, 1987). A number of dimensions were investigated, including: product quality, product value, ease of operation, control of viewing, convenience and perceived similarity.

Individuals who owned a VCR were not as impressed with the PPV service as those who did not own a VCR. It seems likely that VCR users, who have had more exposure to television technology, would be more sensitive and perhaps more critical of the benefits of a new service. VCRs were rated as more difficult to operate; however, this perception was overcome by the control of viewing time and the program selection.

VCR users were control-oriented. They were a more active group willing to put up with the "shopping" for movie rentals. This shopping behavior can be observed at any of the thousands of VCR rental outlets around the country. The control and selection oriented VCR user will not readily switch over to PPV.

PPV was perceived as more difficult to operate but providing more control than pay cable. The services were rated as equal by customers over the attributes of value and selection. Pay cable subscribers and nonsubscribers did

not vary as much in their evaluation of PPV as did VCR owners and nonowners. Using pay cable had not made subscribers more critical of PPV.

Chart 1 overviews some of these relationships. It illustrates that PPV is a midpoint between pay cable and VCRs. PPV was judged to be much more similar to pay cable than VCR movie rentals. In part I concluded that pay cable was much more vulnerable to PPV than was VCR rentals. Audiences of VCRs liked the control and selection issues. They were more active in the process of deciding what to view. PPV users were active in the process but not as active as VCR users.

Conceptualizing Viewers and the Viewing Environment

Given what we have learned about audiences and the viewing environment it is now possible to construct an overview of the potential impact new services have on the selection process for viewing and the actual viewing process. Research has established that the motivations for selecting television programming are not always passive and ritualized and that at times viewers are more directed and active. The actual viewing of programming has been described as passive, with television as accompaniment and background, or more active in terms of attention to content. The processes of selection and actual viewing are distinct:

- (1) The decision of what to watch
- (2) The actual watching

Actually, it is probably too dichotomous to note that selection or viewing are either active or passive. Active and passive appear to be at opposite ends of a continuum.

Chart 1
 Comparison of Pay PPV and VCRs

	PAY-----PPV-----VCR	more similar	more different	
control of program viewing	little control of schedule	moderate control of schedule	high control of schedule	
ease of operation	easy to operate	moderately difficult	more difficult	
convenience	very convenient	moderately convenient	less convenient	
selection and quality of programs	good selection	good selection	superior selection	

The **decision to watch** is more passive when the viewer is going to watch "something" on television. This is more akin to Rubin's (1983) notion of ritual or habit. The decision to watch is more active when a particular program is viewed and the viewer's schedule is constructed around that program. This same decision can become even more active when the program is time shifted via a VCR. Shopping for a VCR rental appears to be a very directed effort in the decision to watch. Certainly it requires the viewer to do more in advance.

The **actual watching** of television is something we have not looked at as carefully as we might have with respect to the new television services. Television as background is a passive form of viewing, while close attention to programming is a more active form of viewing. Certain individuals go to great lengths not to be "disturbed" during their VCR rentals or pay program. Taking the phone off the hook and going to the movies at home is becoming common. The viewer is more directed toward the television. This is what is meant by active viewing: the set is the center of the activity not the background.

New viewing services and technologies have the capacity to change the viewing environment both in terms of control and direction of what is viewed and the actual attention to what is viewed. The capacity to change the viewing environment focuses on the consequences of having these new services available in the home.

Focus on the consequences of adoption was first argued by Robertson (1971) when he reviewed innovative behavior and communication. Some of the new television services only slightly alter viewing patterns; others require more dramatic changes on the part of the audience. The important factor is the impact new services have on existing consumption patterns. New products requiring only slight or moderate changes are referred to as "continuous" or "dynamically

continuous." New products that require a great deal of change are termed "discontinuous."

In a study focusing on the audiences of the new media, I found that the overall scheme of continuous to discontinuous products was supported (Krugman, 1985). Chart 2 updates that scheme. The scheme looks at the various services and provides a taxonomy based on the capacity to change consumption. As the capacity to alter consumption changes, our existing knowledge of advertising and program viewing becomes less relevant and we need to rethink our assumptions about audiences.

In any viewing situation there is a capacity to be active, that is pay close attention to the programming. Not all viewing situations offer the same capacity to control the schedule. There is an implicit assumption that, in some cases of more controlled selection, there is more potential to pay closer attention. This is based on the idea that the viewer has been more active in the process of planning. Planning activity provides an opportunity for closer attention. The lines are arbitrary and will change as audiences change.

Basic cable services which only slightly alter viewing were characterized as being continuous innovations because consumers are still watching television. The majority of this audience is offered greater selection. This group is more television oriented than traditional viewers who elect not to subscribe. Within this segment, there exist a number of small groups who actively use specialized programming.

Pay cable services bought on a subscription basis were judged to be dynamically continuous. Consumers are now paying for programming without commercial interruptions. At this point viewing has more potential to change in

Chart 2
"Potential" Consumption Changes

	Continuous	Dynamically Continuous	Discontinuous
Traditional Viewing			
Cable	<hr/> More selection, potential for greater segmentation, can operate on traditional television flow or more directed viewing		
Pay Cable	<hr/> Potential for more directed selection and viewing, less audience flow, no commercial breaks.		
Pay-per-view	<hr/> More directed selection, viewer must "order" program, potential for more directed viewing, more control of viewing schedule. Audience flow not an issue.		
VCR	<hr/> Much more potential for schedule control in terms of time shifting or renting. Requires more active shopping. Potential for more active viewing. Audience flow not an issue.		
Interactive services, home shopping, banking	<hr/> Television is performing a vastly different function. It is now an interactive monitor.		

both the planning and actual watching. Less audience flow from program to program is expected. Individuals can go to the movies in their home.

PPV requires more active behavior. The viewer must "order" the programming. PPV has the potential to assist the viewer in controlling the schedule. It also has the potential for more directed viewing.

The VCR has potential to be dynamically continuous or discontinuous. Certainly, it allows for more control in terms of "time shifting" regular television programming. However, it also allows planned movie viewing in the home and requires more shopping behavior in order to obtain the programming.

Interactive services, requiring new forms of behavior, such as home shopping and banking, were seen as discontinuous because the television set is performing a vastly different function.

It is important to note that much depends on the existing level of a product or service within the home. A home with cable and pay cable service that purchases a VCR is different from a home without cable and pay cable that purchases a VCR. The consequences of using new television services are not expected to be the same within homes utilizing different levels of new television services.

Households adopting new television technologies must be examined within the framework of the current level of television technology and services within the home. In proposing an inventory of new diffusion research, Gatington and Robertson (1985) noted that a major problem has been our failure to understand the relationship between a new adoption and the existing consumption system:

"Future research could contribute by focusing on how an innovation fits into the existing consumption system and inventory patterns" (pp. 854-855)

The PPV results in the last section become much clearer with this perspective. Remember that PPV was rated differently by those who owned a VCR and those who did not own a VCR. VCR owners were more critical of the service.

Additionally, PPV was not rated as differently by those who already subscribe to a pay cable service and those who do not. This result occurred because there is a much greater consumption difference between the use of VCR and PPV than between pay cable and PPV.

Some Research Issues

The further we move toward discontinuity, the less we can apply our knowledge of traditional television viewing. Then we need a deeper understanding of the viewing process. The purpose of this paper is to focus on audience change and not develop a detailed research agenda; however, it is important to overview the subject. An examination of the literature indicates that we have spent a good deal of time defining the audiences of the new media.

Recently Nielsen indicated that people meters will be the sole tool for 1987 rating. In part this decision is a response to the automated service introduced by AGB Television Research Inc. Automated devices will help eliminate a major problem connected with cable viewing. That is, the confusion over the multitude of channels being offered and the inability of consumers to accurately designate what they are watching. This only solves part of the puzzle. It will tell us who is viewing but does little in assessing the quality of viewing. Our overriding concern has been on the questions of:

who subscribes to these services?

who buys the new technologies?

who is watching or renting?

These questions are most appropriate given that we needed some basic definitions. However, we are in need of answers to at least two more questions.

why do people view?

how do people view?

To a limited extent we have investigated the antecedents of viewing by concentrating on motivational research. This investigation has been useful in understanding traditional viewing. However, we need to further our understanding with respect to why individuals select new television services and programming.

To a larger extent, we have not done enough in understanding how people view. It has been demonstrated that the capacity for viewing change is enhanced with the new media services and technologies. If that is the case then we need to examine viewing under these conditions. It is here that advertisers have the best chance to assess the efficacy of both programming and commercial use. This moves us from:

who views -----> why they view -----> how they view

A number of other researchers and practitioners have reached this conclusion in their separate areas. Here are a select few:

In researching cable television users' attitudes and behavior, Sparkes in 1983 concluded:

The results of attitude measures certainly seem to indicate that public reaction to cable television is a complex one which probably requires numerous different kinds of measures over an extended periods of time to map.

Levy published four studies on VCR use and the potential for impact in 1983. He concluded:

New and more sophisticated measurement strategies will be needed to count VCR audiences and understand their behavior.

After investigating television audience segmentation, Domzol and Kernan in 1983 concluded:

The "new technologies" - cable, STV, VCR, etc, - requires a rich understanding of audience segmentation since that is the key basis for its efficacy. A distinction, in practical terms, must be made between audience size and satisfaction.

In analyzing the new media for the Journal of Advertising, James (1983) concluded:

...we, as advertisers, need better research, not only do we need better quantitative measurement, we need better qualitative measurement than we may have needed in traditional broadcast television. In addition to knowing more about audience size and composition, we need to know more about viewer "satisfaction" and "alternatives."

In commenting on the use of people meters, David Poltrack (1987), Vice President for Research at CBS, noted:

...That brings up a theoretical question, "What 'is' TV viewing?"

The above are all concerned, in part, with the audience television/new technology relationship. I am urging us to go beyond who is viewing, to determine why and how viewing takes place.

The changing environment demands greater explanation concerning selection and viewing. We are in need of a comprehensive research program to assess the viewer-television relationship. Additionally, program viewing and advertising viewing are not necessarily separate entities. Research needs to examine advertising viewing within the context of television viewing.

As I have noted, most of the research to date has been conducted via survey methods. Those studies have been helpful but have only taken us so far toward understanding new technologies and audience viewing. Methods such as in-home observations and indepth interview need to be conducted in conjunction with the standard survey approaches. These would greatly increase our understanding.

The research issue takes on far greater significance in terms of young viewers. Many of us grew up in a broadcast television environment that was stable. Our notion of television was networks and independents. When you ask children to talk about television you find a completely different orientation and explanation. The kids of today are reared in a multi-channel, more control oriented environment. A recent Gallup youth survey indicated that the proportion of teens watching movies on the VCR rose dramatically in the past three years from 39% in 1984 to 87% in 1986 (Gallup 1986). By contrast they went to the

theatre 11 times in 1986 compared to 15 times in 1985. To be sure, we need a much stronger understanding of in-home viewing for this group. It has enormous ramifications for the way we attempt to reach changing audiences.

The following are just a few questions that we need to answer in helping determine the audiences of new television services:

1. What is the attention to and use of specialized cable and pay cable programming? Does this differ from traditional viewing?
2. What is the attention level for specialized commercials within specialized programming?
3. What is the capacity for viewing change with time shifting?
4. How do VCR rentals change viewing habits? What is the attention level to VCR rentals?
5. What happens to viewing as different combinations of new television services enter the home? How do we define television viewing?
6. Can we expect the same adoption of cable and pay cable services in inner-city areas that we have in other suburban or mid-sized metropolitan areas?

Researching "how" we view requires a different, more indepth approach than is used for understanding "who" views. A reasonable starting place is to assess the television viewing environment via indepth personal and focused interviewers. This initial step would help determine the attention we pay to the programming of the different new media services. Following the indepth interviews, a series of personal in-home interviews and observations could be used to confirm various levels of program viewing.

The end results of this research would be to establish general viewing weights for the different new media services and traditional television viewing. Currently, media planners report the use of various weights in order to purchase advertising (Lancaster, Kreshel, and Harris, 1986). However, little research has been conducted to confirm such a weighting structure.

Finally, the bigger picture of media in society is upon us. While media services do not "effect" the way we operate they do impact our social relationships. The rise of in-home entertainment has enormous ramifications for the way we operate. The inner city dweller, who now has a more economical entertainment sources is rapidly upon us. It is not enough to merely know who they are and what they watch. Rather, we need to better understand how this viewing influences social relationships.

Implications

Recent years have seen a movement away from network viewing and a rise in cable, pay cable, and VCR penetration. Three network prime time shares dropped from 91% in 1976/1977 to 74% in 1985/1986. Cable penetration in that same time period rose from 16% to 42%. Once more, the combined network share is currently 87% in homes not subscribing to cable and 66% for homes subscribing to cable and pay cable.

A recent analysis of viewing trends from 1976 to the present indicates that for every 10% increase in cable penetration there is a 7% decrease in prime time network shares (Krugman and Rust, 1987). This same analysis revealed that for every 10% cable penetration increase there is a 3% drop in network advertising revenues. Presently, the decline in network revenue share is substantially less than the network decline in audience share. While it was concluded that there is a certain inertia towards moving away from previous strategies that call for network programming, the results are ominous when one considers there is still room for moderate growth in cable penetration.

We have been hearing that cable industry profits are down and that the major growth period in terms of penetration is over. That is only partially true. It behooves us not to forget that a modest growth rate at 1% would give cable a 54% penetration by 1990 and a 64% penetration by 2000. These are not "blue sky" projections. If anything the 1990 figure is conservative.¹ Increased cable penetration has and will no doubt continue to impact the structure of both audience shares and revenues within the telecommunication industry. A recent

¹The 54% is a projection of D'Arcy Masius Benton and Bowles (DMB&B Media Insights, New Electronic Media, 1987). Ronald Kaatz (1985) Cable Advertisers Handbook estimated a 58%.

study (Krugman and Rust, 1987) investigated cable penetration, network shares, network revenues and cable revenues per cable household. Table 1 shows current 1985 figures and 1990 and year 2000 projections. Network share of audience and revenues will decline, yet still account for the vast majority of advertising revenues. However, this projection is based on advertisers feeling the same way about the ability of networks to deliver a "critical mass" in terms of audience shares. If the projected 54.6 network audience share falls below a threshold of confidence in the ability of networks to deliver audiences, then ^{Network} revenues could drop dramatically. Advertising revenues per cable household are expected to almost double from 1985 to the year 2000. This certainly confirms the idea of a very active cable industry which ~~actively~~ competes for advertising revenues.

While it is difficult to know what the reach threshold is for national advertisers, it is very likely that the tendency to stay with the networks will not hold as much in the future as in the past. Obviously, there will be a reach threshold below which networks will not be able to hold their advertising revenues to a point disproportionately higher than their actual ratings.

The cable industry is aggressive and getting much more savvy in terms of marketing both their programming and their basic subscriptions. Advertising revenues over cable are now 1.3 billion. We used to think of local cable operators as not terribly sophisticated in understanding their local subscribers. Basically, they were viewed as local monopolies. A look at the hiring of local station managers lets us see that the times have changed. Firms are now hiring MBAs to run local franchises. This step, I think, is the forerunner of a very big push for local cable advertising revenues. The impact will be competition for radio as well as local spot television.

Williams (1987) observed that the future of new communication technologies is in advertising revenues:

Table 1

Projections of Audience and Revenue

	<u>1985</u>	<u>1990(est.)</u>	<u>2000(est.)</u>
Cable Penetration (%)	41.1	54.0	64.0
Network Share of Revenue (%)	91.8	87.5	84.2
Network Share of Audience (%)	72.9	61.7	54.6
Cable Revenue per Cable Household (Divided by the Consumer Price Index)	6.64	10.31	12.83

Krugman and Rust 1987, Journal of Advertising Research (forthcoming)

A key question about new communication technologies, especially those that might compete with traditional media, is the degree to which they can capture advertising revenues. Although cable began with, and continues to be mostly a subscription fee medium, many analysts see its eventual major growth in the form of advertising revenues (pp. 155-56).

Research studies clearly indicate that cable viewing is becoming more specialized and that specific segments are forming. Additionally, television technologies have created a scenario where the decision to watch and the actual watching are potentially more active. This segmented viewing may not replace much of the current viewing, but it will compliment viewing. Advertisers need to recast much of their predispositions about the viewer-television relationship. This does not mean a more hostile environment to distribute message. It certainly does mean a different environment and one where programming and advertising have more in common. Additionally, we should be wary of always trying to separate our understanding of commercial viewing from our understanding of program viewing. Commercial viewing needs to be investigated within the total framework of program viewing.

At the moment we make fairly clear distinctions between commercially sponsored television programming and pay-premium/VCR rental entertainment. This distinction will be increasingly blurred. A combination of commercial/pay services are in the future. To a degree, they are here now in two different fashions; tiered cable and PPV sports packages that have some advertising.

In 1978 and 1982, it was argued that pay cable advertising was on the horizon (Krugman and Barban, 1978; 1982). Bogart (1986) also noted the possibility of pay cable advertising. Initial indications are that consumers are not against the notion of advertising on pay cable channels. Advertising revenues can help stabilize or lower the costs of pay programming. Most of the individuals in these audiences are upscale and highly desirable to advertisers.

Therefore, advertisers will go to great lengths to access them. Viewers will become increasingly more accustomed to paying for television. The idea of paying for specialized programming and watching commercials will not be as disparate. To this same extent it is fair to expect advertising on more and more VCR rentals.

Younger audiences growing up in a more select, controllable, and at times more active viewing environment, have different expectations. The advertising formats of today are in need of a rethinking. What advertising and media planners will need to increasingly understand is the quality of viewing for these specialized audiences rather than just the quantity of those viewers.

Finally, two additional items arise. One is the polarization of media use based on the combination of viewing technologies and services. The noncable home with a VCR is much different than the noncable home without one. We need to have an understanding of how markets differ based on multiple ownership patterns.

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