

# **Audience Research for Fun and Profit: Rediscovering the Value of Television Audiences**

by

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## **ABSTRACT**

The American television industry is in a moment of transition because of changes brought about by digital distribution and audience fragmentation. This thesis argues that the television industry can no longer adapt to the changing media landscape because structural relationships and business logics forged in previous eras do not allow for meaningful innovation. This project investigates how these relationships evolved and how they can be made more flexible to meet the challenges of digital distribution and digitally networked audiences.

Legacy relationships, logics, and measurement methods have prevented the television industry from maximizing the value of increasingly fragmented television audiences. Publishers, advertisers, and measurement companies have historically been able to get around the limitations of their relationships to one another, but they are now faced with increasing competition from digital companies that understand how to make fragmented audiences valuable. This thesis argues that 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 project also argues that the television ratings system is no longer serving the television industry, the advertising industry, and television audiences. The television industry has the opportunity to develop a system of audience measurement that maintains the residual value of television audiences while accounting for the value of audience expression. To leverage the true value of the television audience, the television industry must reconcile the commodity value of the audience with the cultural value that viewers derive from television programming. This thesis proposes that the cultural value of content should augment the commodity value of the audience. This project concludes that the television industry should reconfigure its economic structure by looking to other digital business, experimenting with new business models online, and actively exploring emergent sites of audience value.

Thesis Supervisor: William Charles Uricchio  
Title: Professor of Comparative Media Studies



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# 1

## Introduction

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In April of 2009, a sandwich saved a television show. The sandwich was fairly large—12 inches to be exact—but the feat was extraordinary nonetheless.

Of course, there is more to this story than cold cuts. Fans heard that the NBC comedy *Chuck* might be cancelled at the end of the 2008-2009 television season and they took the usual actions fans take in these situations. They wrote letters to the studio executives responsible for producing *Chuck*. They wrote letters to the network executives responsible for distributing *Chuck*. Then they did something different—*Chuck* fans decided to plead their case directly to Subway, one of the show’s prominent sponsors. On April 27, 2009, the day of *Chuck*’s season finale, fans went to Subway and bought foot-long sandwiches—a lot of foot-long sandwiches. They filled out comment cards, telling Subway managers that they bought the sandwiches to support *Chuck*. And it worked. On May 19, 2009 NBC released a statement saying that *Chuck* had been renewed “due to an innovative advertising partnership with Subway.”<sup>1</sup>

This is not the usual way a show gets renewed. Most of the time, if a show isn’t making the ratings numbers it promised advertisers, it’s moved to a different time slot or cancelled altogether. Fan actions have been rumored to occasionally nudge an

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<sup>1</sup> NBC, *NBC Renews Popular Action-Comedy 'Chuck' for the 2009-2010 Season with Subway as a Major Sponsor*.

ambivalent network into keeping a show on the air, but these cases are the exception to the rule. According to *TV Guide*, *Roswell* and *Jericho* fan campaigns may have contributed to keeping those shows alive. In each of those cases fans sent the network a food product in mass quantities.<sup>2</sup> The Tabasco sauce and nuts, respectively, may have saved these shows, but they didn't fix the system that made those audiences feel disenfranchised in the first place.

*Chuck*'s fans, on the other hand, were able to change the system. Their "buy-cott" was so persuasive that Subway changed its relationship to *Chuck* and signed a contract promising increased brand presence within the show. Subway's support for *Chuck* was not solely based on Nielsen ratings, the way the television industry typical makes audience valuable. Instead, Subway and NBC entered into a deal based on a measure of fan engagement—sandwich buying—that came from outside the system.

The campaign to save *Chuck* from cancellation, appropriately called "Finale and the Footlong campaign," relied almost entirely on organization from the *Chuck* Internet community. The popular press eventually picked up on these fan efforts, but word spread primarily on Twitter and *Chuck* fan sites.<sup>3</sup> The campaign was centralized on the fan website *Zachary-levi.com*, which is named for (but not run by) the actor who plays Chuck. A description of the campaign on *Zachary-levi.com* explains why the fans decided to buy sandwiches:

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<sup>2</sup> Eng, "Can Subway Save Chuck? Campaign One of Many Fervent Crusades."

<sup>3</sup> For popular press coverage see Eng, "Can Subway Save Chuck? Campaign One of Many Fervent Crusades"; Fox, "Zach Levi Joins Save Chuck Subway Campaign and Teases a "Game-Changing" Finale"; Flint, "Can Twitter and Subway save "Chuck"?"

Lots of people want to help Chuck, but may not have the time or inclination to write letters, but the network will listen closer if we're talking dollars...the intent is to let the network and their sponsor know that we've received their message. This is something a Nielsen [sic] box can't do...this is a translation of fan loyalty into real dollars that NBC & Subway can measure.<sup>4</sup>

In this treatise, the fans behind the Finale and the Footlong Campaign make several assumptions about how the television business works:

- First, watching the show isn't enough—to be heard by the network, these fans had to organize and take measurable action together to save *Chuck*;<sup>5</sup>
- Second, Nielsen ratings could not quantify the fervor of *Chuck* fans' devotion, but purchasing sandwiches could send that message;
- And third, the network (NBC) would be swayed more by monetary transactions—turning “fan loyalty into real dollars”—than by letters of support. These fans understood that the television industry had underestimated their value as audience members, so they went around the established system—to do “something a Nielsen box can't do”—and took matters into their own hands.

The Finale and the Footlong Campaign didn't only give us another season of a quirky dramedy; it also gives us a way to understand tensions around measuring and monetizing contemporary television audiences. After all, television is a for-profit business wherein television networks like NBC peddle two products: they distribute programs (like *Chuck*) to audiences; and they sell time for advertisers to run

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<sup>4</sup> Michelle, “Finale & FOOTLONG Campaign to save CHUCK!”

<sup>5</sup> For more on the “Chuck” campaign's relation to civic participation, see Van Someren, “On Chuck and Carrot Mobs: Mapping the Connections Between Participatory Culture and Public Participation.”

commercials based on who is in the audience. NBC doesn't measure the audience, though, and neither does Subway. For the sake of neutrality and easier transactions, NBC and Subway—and all the other networks and advertisers— rely on a third-party research firm, Nielsen, to measure the audience for them.

By renewing *Chuck* based on fan activity, both NBC and Subway implicitly signaled their doubt about television ratings as an adequate measure of audience value. Of course, *Chuck's* ratings weren't terrible. According to a press release from NBC, *Chuck* averaged 7.3 million viewers each week in a “highly competitive time period.”<sup>6</sup> *Chuck* also over-delivered with very desirable high-income households making more than \$75,000 annually. Had the ratings been worse, the show would have probably suffered a different fate. Still, this is an important story because NBC and Subway took a risk: instead of only trusting ratings points to make a decision about *Chuck*, NBC and Subway listened to fans who were eager to prove that the system was not working. *Chuck* fans bought sandwiches to demonstrate that they were the people Subway was trying to reach—people who would buy foot-long sandwiches. If the ratings system could effectively measure the real value of the television audience, Nielsen would have been able to tell NBC that these sandwich-buying people were watching *Chuck* in numbers that justified Subway's ad dollars. But they couldn't or didn't. And so, fans bought sandwiches and saved a show.

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<sup>6</sup> NBC, *NBC Renews Popular Action-Comedy 'Chuck' for the 2009-2010 Season with Subway as a Major Sponsor*.

## **SITUATION**

This thesis will explore how the assumptions made by these *Chuck* fans point to larger tensions facing the economy of television audiences. The ratings system is no longer serving the television industry, the advertising industry, and television audiences. The television industry can no longer adapt to the changing media landscape because the relationships and logics forged in previous eras do not allow for meaningful innovation. This project investigates how these relationships evolved and how they can be made more flexible to meet the challenges of digital distribution and digitally networked audiences.

Chuck fans were right—the system wasn't working. 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. Of course, academics have been making this argument for decades. The pioneers of cultural studies created frameworks for understanding the complex ways audiences make meaning of television texts. They made the work of watching television valuable, at least within their own discipline. On the other side of the academy, political economists have analyzed the ownership structures and regulatory regimes that govern the television industry. Much of this work has called to reform the legal and industrial structures that prevent the television industry from representing actual audience demand. Traditional economists have analyzed how macroeconomic structures create the television audience product, and this work has been the most readily accepted by the industry because it lacks the implicit and explicit criticisms that

pervade cultural studies and political economy. In essence, the industry hasn't been interested in working with people who are critical of their business models and scholars have eschewed cooperation with industry because of their inherent ideological differences. As a result, the academy has missed out on gaining insight into the business considerations that drive industry logic and the industry has remained ignorant to academic constructions of the audience that could improve their practices.

I hope this thesis will serve as a bridge between these two factions who both have a vested interest in the way the television audience is constructed. In the past, academic ideas of the audience may have been too far on the fringe to provide actionable insights for industry professionals. My arguments work to synthesize the work of academics working in political economy, cultural studies, and traditional economics for the benefit of industry practitioners. I believe that this synthesis will prove useful as the industry tries to re-imagine and redefine the value of the television audience.

Political economists have long been calling to reform federal oversight of media ownership, broadcast spectrum rights, and network neutrality. While these issues may have been only marginally important in 1980s and 1990s, these questions are now splashed across the front pages of the trade press as the digital era ushers in an influx of mergers, spectrum battles, and questions of fair access.<sup>7</sup> Now, more than ever, the industry would be wise to listen to academics with a deep understanding of policy and power structures. For that reason, I turn to the work of Political Economists like Eileen Meehan who have been analyzing the power structures of the television industry for

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<sup>7</sup> Ammori, *TV Competition Nowhere: How the Cable Industry Is Colluding to Kill Online TV*; Eggerton, "Comcast/NBCU File Deal With Justice"; Farrell, "Retrans Could 'Fix' Broadcast Model"; Schechner, "TV Networks, Local Stations Do Battle Over Cable Fees"; Stelter, "New Rules Sought on TV Retransmission"; "Giving FCC authority to set policy on net neutrality."

decades. I aim to present a political economic perspective on the audience that gives the industry a useful way to think about the implications of regulatory shifts.

Similarly, cultural studies has presented ethnographic research and textual analysis as an alternative to financially driven industrial constructions of the audience. Cultural studies celebrates the pleasure people get from popular culture and celebrates the way people read popular texts. These approaches haven't typically fit into industry constructions of the audience because pleasure and interpretation don't lend themselves to being measured on a mass scale. Cultural studies makes the audience valuable in ways that the industry hasn't been able to monetize yet, and, as we look to new business models, we should consider the cultural studies approach.

The audience research industry has tried to quantify audience engagement, but has fallen short. Cultural studies examines, tests, and challenges the nature of audience engagement in a far richer way than the industry has ever been able to. Cultural Studies may not provide ready-made actionable plans for monetizing audience engagement, but it does give present a fresh way to understand what we're trying to measure when we measure engagement. I hope to extend the work of progressive media scholars like Amanda Lotz and John Caldwell, who have given academics invaluable insight into the workings of the television business. However, instead of helping academics understand the audience research industry, I want to frame academic insights in actionable terms for the benefit of the industry. In this thesis, Cultural studies discourse is meant to challenge industry assumptions and offer a different way of imagining audience value.

This work will primarily benefit industry practitioners interested in revaluing the television audience, and I hope academics will find it useful as well. Academic discourse

is far from unified in its approach to the television audience. As disciplines, political economy and cultural studies rarely overlap because each uses the audience as a tool to prove a different point. While cultural studies reclaims the cultural value of popular culture from a reception standpoint, political economy exposes the power structures that marginalize real audience demand. This thesis synthesizes these two approaches to form a nuanced view of an audience made up of autonomous viewers who are impacted by the real, material conditions of industrial practice.

It seems that too much academic work willfully ignores the business considerations of the television industry. Academic criticism suffers when it doesn't account for—or at least acknowledge—the business pressures that guide decisions in the TV industry. In an attempt to remedy this academic oversight, my analysis draws heavily on popular opinions expressed in the television trade press. My hope is that this synthesis of trade press, cultural studies, and political economy will provide an instructive example of how we can redefine the television audience against the practical and theoretical considerations of digital economies.

## **TERMINOLOGY**

The story I'm about to tell has all the intrigue, drama, and conflict of a great piece of theatre. It also has a cast of thousands and an idiosyncratic argot full of acronyms, initializations, and jargon. To the uninitiated, they may be hard to keep straight. For that reason, I've included an appendix of the key terms I use throughout the thesis.

## **THEORY**

Theoretically, the tensions found in the current television industry map loosely onto framework of dominant, residual, and emergent cultural systems as explained by



Raymond Williams in “Base and Superstructure in Marxist Cultural Theory.”<sup>8</sup> I employ an inventive reading of Williams’s ideas in this thesis. I seek to apply his framework to a particular cultural system—the television industry—rather than to cultural ideology at large. My use of Williams is not meant as a comment on the Marxist tradition. I chose to use dominant, residual, and emergent systems this way because they suit my purpose so well. Williams’s framework allows dominant, residual, and emergent logics to exist simultaneously, and simultaneity is a key characteristic of my object: the television industry is at once guided by its past, by its present, and by predictions for its future.

I hope to avoid the pitfalls of previous research by underscoring how competing logics exist at once. Academic work about the audience is often unfairly reductive because it makes value judgments on industry practice without exploring the larger systemic context of those practices. Television research is constantly in flux, informed by its past and challenged by the affordances of emergent digital systems.

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<sup>8</sup> Though Williams’s essay is titled “Base and Superstructure in Marxist Cultural Theory,” I choose to focus on his notion of hegemony because Williams contends hegemony better accounts for the conditions of real life. He writes, “hegemony is not to be understood at a level of mere opinion or mere manipulation. It is a whole body of practices and expectations; our assignments of energy, our ordinary understanding of the nature of man and of his world. It is a set of meanings and values which as they are experienced as practices appear as reciprocally confirming” (38). Thus, while Williams’s re-positioning of Marx’s “base” and “superstructure” ultimately makes the terms more flexible and applicable, the concept of hegemony is still more flexible because it accounts for the actual experience of living within a cultural system.

I employ Williams here to emphasize the complexity of the logics guiding the television audience research industry.

Now, a brief explanation of how I'll be using the concepts of dominant, residual, and emergent to frame my argument.

### **DOMINANT SYSTEMS**

Williams explains that dominant systems refer to the material conditions, relations, and ideology that shape a culture:

[I]n any society, in any particular period, there is a central system of practices, meanings and values, which we can properly call dominant and effective...what I have in mind is the central, effective and dominant system of meanings and values, which are not merely abstract but which are organized and lived.<sup>9</sup>

The dominant system then, in the case of the television industry, refers to the way audience transactions take place. Dominant systems include the relationships between industry players, the technologies and processes used to measure audiences, and the vision of the audience created by technologies and processes. Nielsen ratings are the dominant way that television audiences are made valuable today, so the discussion of dominant audience measurement will focus mostly on how ratings data is created and used.

### **RESIDUAL SYSTEMS**

Residual systems are the systems that dominant culture has grown out of. Residual does not only refer to the past, however. The residual coexists with the dominant and continues to inform the material and ideological conditions of a culture.

Williams explains:

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<sup>9</sup> Williams, "Base and Superstructure in Marxist Cultural Theory," 38.

A residual culture is usually at some distance from the effective dominant culture, but one has to recognize that, in real cultural activities, it may get incorporated into it. This is because some part of it, some version of it—and especially if the residue is from some major area of the past—will in many cases have had to be incorporated if the effective dominant culture is to make sense in those areas.<sup>10</sup>

The television industry still measures dominant modes of engagement in the terms of residual systems. For example, audiences for live television are still the most valuable to networks and advertisers because there are systems in place to measure these audiences. Since live television was the only way to watch television for so many years, the television industry thinks of newer viewing modes in terms of live TV. The industry tends to fall back on the residual logic of broadcasting's heyday even though the dominant landscape includes many other ways to engage with television content.

### **EMERGENT SYSTEMS**

Emergent systems are constantly being created and engage in a perpetual struggle with the dominant. The industries and players who constitute dominant culture decide if the emergent system should be incorporated, viewed as a threat, or allowed to remain an alternative to the dominant. Williams succinctly explains how emergent systems are treated in capitalist economies like the television industry:

In capitalist practice, if the thing is not making a profit, or if it is not being widely circulated, then it can for some time be overlooked, at least while it remains alternative. When it becomes oppositional in an explicit way, it does, of course, get approached or attacked.<sup>11</sup>

Williams describes exactly what is happening in the contemporary television industry.

Now that television is digitally distributed, a crop of new systems to value audiences is emerging, especially out of established online business models, like search advertising.

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<sup>10</sup> Ibid., 41.

<sup>11</sup> Ibid., 43.

These emergent systems are vying to become dominant, either by becoming part of dominant culture or by dethroning the dominant culture. The television industry has viewed most of these emergent systems as a threat to their business models, but I argue that the television industry needs to learn from emergent systems to fully leverage the affordances of digital technology and digitally networked audiences.

## **STRUCTURE**

This thesis explores three sites of tension raised by the *Chuck* story—the structural relationships among industry players, audience measurement practices, and the construction of audience value—using William’s framework. The sections on residual systems explain how the dominant system evolved; the sections on dominant systems explore the shifting balances of power in the contemporary television industry; and the sections on emergent systems focus on how other digital business models are challenging the dominant system. These systems exist simultaneously, so I resist the urge to think of them sequentially.

## **CHAPTER 2: STRUCTURAL RELATIONSHIPS**

The second chapter addresses how the legacy economic structure of the television industry has prevented industry players from maximizing the value of increasingly fragmented television audiences. This chapter explains how relationships between publishers, advertisers, and measurement companies developed. I argue that industry players are caught in a codependent relationship that keeps the industry running, but 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. In the network era, there were fewer channels, fewer choices, and fewer audiences that could be created around content and sold to advertisers.

Today, there are many ways to watch TV—live, recorded on a DVR, online, downloaded—but audiences are still measured the same way. This focus on aggregation is a residual practice that fails to leverage the affordances of the medium and allows a lot of viewers to slip through the cracks. Sometimes, as in the case of *Chuck*, 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 aggregation to the detriment of engaging audiences across platforms.

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. Both the methodologies and corporate ethos of successful online companies like Netflix and Google can serve as a model for the television industry, or they can be its undoing. The second chapter explains how the relationships in the current television industry have left the industry ill-equipped to deal with fragmentation and how digital business can provide an instructive example.

### **CHAPTER 3: AUDIENCE MEASUREMENT PRACTICES**

The third chapter argues for a system of audience measurement that maintains the value of audience exposure while accounting for the value of audience expression. First, I investigate the residual logic that privileges passive measurement over viewer

engagement. Audience measurement firms have consistently created passive methods to measure the audience, reasoning that measurement becomes more accurate as the audience becomes less involved. Following this logic, the ideal audience measurement method wouldn't need any involvement from people at all. For this reason, the television industry trades in "exposures," which simply means the number of people exposed to a program or ad. *Chuck* clearly made an impression on sandwich-buying fans, but the fans didn't believe that measurements of exposure—in the form of Nielsen ratings—could adequately quantify their devotion to the show. Rather than rely on a system that allegedly counted *exposure*, fans chose to *express* their devotion to *Chuck*. The problem is that the television industry doesn't trade in *expression*. They heard *Chuck* fans, but had to go around their usual business model to keep *Chuck* on the air: the network brokered a deal directly with the sponsor, bypassing the ratings marketplace.

Again, the audience measurement system could not accommodate the *Chuck* situation because it didn't conform to the residual logic that guides the industry. This chapter will explain how residual logic evolved and then look to emergent systems for better ways to measure engagement.

#### **CHAPTER 4: CONSTRUCTION OF AUDIENCE VALUE**

The audience has a commodity value to the networks and advertisers while television programming has a cultural value to viewers. Reconciling these two value propositions has always been a struggle for both the industry and the academy. This chapter will argue that the cultural value of content can augment the commodity value of the audience. I will begin by analyzing the real process of turning television viewers into an audience commodity. Most people who watch TV have no commodity value to

the industry: only the audience measured by Nielsen becomes a product that networks and advertisers trade. That's how *Chuck* fans were able to hack the system by purchasing sandwiches. The actual audience of *Chuck* fans wasn't being measured by Nielsen, so they couldn't prove their worth as a commodity. They weren't valuable to NBC because they weren't translated into ratings points, but *Chuck* had a cultural value to them. To get the network to listen, they couldn't just write about that cultural value in a letter. Instead, *Chuck* fans turned their engagement with the show into a monetary transaction. That's where the sandwiches come in. Buying sandwiches allowed *Chuck* fans to commodify their engagement, turning "fan loyalty into real dollars that NBC & Subway can measure." The final chapter provides a model of how cultural value can inform commodity value.

## **ONWARDS AND UPWARDS**

What follows is an attempt to make sense of how the television audience can remain valuable to all these players while emergent systems challenge long-held beliefs. I'll consider what the television audience has been, what it is, and what it could be. The shortcomings of the current ratings industry don't have to obfuscate the real value of television viewers. The industry needs to understand the weaknesses of its residual practices and embrace emergent systems in order to rediscover the value of television audiences.





## 2

### “TV Everywhere” is neither: Structural Relationships

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For those of us who love TV, the phrase “TV Everywhere” sounds like heaven, a siren song promising to save us from the tiring, banal, and unpleasant parts of life. Just think about it. TV. Everywhere. Waiting in line at the DMV? TV will make the time fly by! Squished in a middle seat on a trans-Atlantic flight? TV will help you relax and get comfortable! Stuck on a crowded subway train during rush hour? No problem—there’s TV there, too! Because there’s TV EVERYWHERE.

But let’s take a step back. TV is already everywhere, depending on how you define TV. With an Internet connected laptop, you can stream episodes of *The Simpsons* on Hulu at the DMV. You can watch *The Wire* on a portable DVD player if you aren’t satisfied with the in-flight TV programming. And an iPhone stocked with the latest 30 *Rock* downloads from the iTunes store can help pass the time on the subway. If TV is everywhere already, then what does the industry initiative called “TV Everywhere” mean?

Jeff Bewkes, the CEO of Time Warner started hyping the “TV Everywhere” initiative in April of 2009 when he took the TV industry to task in *The New York Times*: “We are all being too slow. We should take all these networks and put them on

broadband and put them on mobile devices and do it right away.”<sup>12</sup> But “TV Everywhere” goes beyond just making content available online and on mobile. It’s an attempt to perfectly replicate the broadcast business model online and on mobile platforms. “TV Everywhere” uses a much narrower definition of TV than do DMV-Hulu-watchers, in-flight DVD viewers, and sitcom-enabled-iPhone owners. For the cable networks and MSOs behind the initiative, the “TV” in “TV Everywhere” means making linear TV available on-demand on computers and phones.

“TV Everywhere” isn’t for everyone, though. Unlike Hulu, DVDs, or iTunes downloads, people can’t get “TV Everywhere,” or similar authentication services, without a cable TV subscription. Currently, consumers have to have both cable and broadband Internet subscriptions with a single provider to access authenticated content. “TV Everywhere” is really only for people who already pay for a specific kind of TV (cable) in a specific place (on their TV set). Instead of describing the variety of options people currently have for watching TV—like the Hulu, DVD, iTunes examples—“TV Everywhere” really only describes on-demand linear content available on computers.

“TV Everywhere” wants to make your computer and cell phone act like a cable box, so it makes sense that the same people who measure the cable audience would measure authenticated content. Publishers and advertisers are eager to get Nielsen on board to measure their authentication services so they can start using a single Nielsen rating for three screens.<sup>13</sup> And Nielsen’s already working on plans to add a more robust

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<sup>12</sup> Hansell, “Tweaking the Cable Model, to Avoid Newspapers’ Fate.”

<sup>13</sup> Nielsen currently provides 3-screen measurement, but each screen is rated separately. See Hampp, “8 Things You Should Know About TV Everywhere.”

Internet component to its existing television panel, with the hopes of being able to measure “TV Everywhere” eventually, though they’re not announcing when yet.<sup>14</sup>

Maybe “TV Everywhere” isn’t as exciting as it sounded at the beginning. Instead of “TV Everywhere,” it’s really “TV in some places for some people who can see the exact same thing on their TV sets.” “TV Everywhere” is a promising initiative, but it’s been limited because it tries to update distribution strategies without considering how structural relationships are affected when content that was once available on one screen is now available on three. The limitations of “TV Everywhere” highlight the crisis in innovation facing the television industry. I’m not talking about technological innovation—the TV industry has more technology than they know what to do with. The real crisis in innovation has to do with the industry’s reticence to reconsider its core business models and the ways they make the audience valuable. This chapter will deal with how these relationships formed, why they’re getting in the way now, and what we can do to reconfigure them to better serve the digital landscape.

## **RESIDUAL RELATIONSHIPS**

The relationships formed between publishers, advertisers, measurement firms, and MVPDs in television’s first decades still bear heavily on the industry today, as we can see reflected in the organization of “TV Everywhere.” The initiative doesn’t just maintain the status quo for one player—it keeps the whole system intact. These relationships reveal that publishers, advertisers, measurement firms, and MVPDs are

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<sup>14</sup> Spangler, “Nielsen Hastens TV-Plus-PC.”

not a collection of self-interested players, but are rather an interconnected system where the livelihood of each depends on the existence of the others. These crucial dependencies have remained relatively unchanged even though they were formed at a time when television audiences were far less fragmented than they are today.

In keeping the structure of the industry, “TV Everywhere” also privileges a single vision of the audience. The authenticated mobile and online audiences will ideally be monetized using the same methods used to measure the linear TV audience. The problem is that mobile and online audiences aren’t necessarily the same as linear TV audiences. The choice to watch on one platform over another may make viewers more or less valuable to advertisers, and by replicating the broadcast model, the TV industry is missing opportunities to find new value in the television audience across platforms. Further, the configuration of the industry still privileges aggregated, temporally bound audiences even though that kind of audience rarely exists anymore.

The history of the American television industry has been amply documented by Michelle Hilmes, William Boddy, and others,<sup>15</sup> but it’s worth briefly covering some of this material to shed light on how the industry grew into its current configuration and why the players have had so much difficulty affecting meaningful improvement as distribution has changed the configuration of television audiences. In fact, TV relationships were residual from the start—the relationships between TV advertisers, programmers, and ratings providers were developed based on the radio industry. Radio broadcasters became television broadcasters, so it was convenient to continue using the

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<sup>15</sup> See Hilmes, *Hollywood and Broadcasting: From Radio to Cable*; Hilmes, *NBC: America's Network*; Boddy, *Fifties Television: The Industry and Its Critics*

same organizational logics. The structural relationship between audiences and content was the same in radio and television, too. Though radio programming was originally conceived as a strategy for selling surplus radios after the First World War, programming soon became the primary product of the radio industry just as it would become the primary product of the television industry. In 1929, 50% of US homes had radios, and manufacturers of other goods began to produce radio programming.<sup>16</sup> This was the configuration of the radio industry when television came on the scene. Early television and radio programs were produced by a single sponsor and networks tried to measure how many listeners or viewers each program attracted.

Television followed radio's business model exactly, which is hardly a surprise since RCA/ NBC introduced commercial television at the 1939 World's Fair in New York.<sup>17</sup> At the time, NBC was the programming arm of RCA, which manufactured radios and television sets. The two dominated the radio industry.<sup>18</sup> In the first half of the 1950s, television was programmed and monetized in the same way that radio was: programs were produced by a single sponsor. Sponsorship was intended to create brand visibility and good will among TV audiences, and it made it easy for networks to report viewership to single advertisers. This model did not sustain itself for long, however. Television programming was much more expensive to produce than radio programming, so very few advertisers could afford to sponsor entire programs. Networks offered other options for sponsorship, including alternate-week sponsorship

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<sup>16</sup> Meehan, "Why We Don't Count: The Commodity Audience," 68.

<sup>17</sup> Beville, *Audience Ratings: Radio, Television, and Cable*, 62.

<sup>18</sup> Hilmes, "The Origins of Commercial Broadcasting in the US," 29.

and programs with multiple sponsors. By 1956, only 15% of television programs had single sponsors.<sup>19</sup>

Television's business model evolved past sponsorship, but the structural relationships from radio remained in tact. Like radio networks, television networks still played the role of aggregator, both to distributors and advertisers. Accordingly, networks developed core competencies in aggregating programming to distribute, and they excelled at aggregating audiences to sell to advertisers. Aggregation became increasingly important as the sponsorship model ended. After 1960, networks were completely in charge of programming and advertisers were only able to buy spots that networks offered.<sup>20</sup> Because programs no longer promoted a single product, advertisers needed more detailed information about audiences so they could use existing network programming to reach their customers. Programmers also needed audience data to know how to reach relevant audiences to attract advertiser support.

Though publishers and advertisers wanted to be able to target and segment audiences, audience measurement data could only really provide estimates of large audiences that had been statistically derived from the viewing behaviors of small sample groups. Before digital television distribution, it would have been nearly impossible to know what program every single television was tuned to since measurement techniques relied on costly equipment and intensive oversight. Instead of trying to get census-style data on television viewers, measurement firms measured panels of viewers in major

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<sup>19</sup> Buzzard, *Chains of Gold: Marketing the Ratings and Rating the Markets*, 37.

<sup>20</sup> Hilmes, *NBC: America's Network*; Hilmes, "NBC and the Network Idea: Defining the Network System"; Mashon, "NBC, J. Walter Thompson, and the Struggle for Control of Television Programming, 1946-58." provide specific insight into how the sponsorship model developed into the spot model.

markets that were supposed to be a statistically significant representation of the entire American television-viewing universe. The process is one of combination: audience measurement merges different groups of people based on a similar characteristic—that they watch a given program or network—and turns them into audiences. The television industry still works within this paradigm of large, aggregated audiences, though new behaviorally based value measurements are emerging. Going forward, we need to evaluate if census-style is the end goal or if other sites of value are more useful.

### **ROLE OF THE MEDIATOR**

The role of the ratings provider has always been to act as a mediator between publishers and advertisers. This configuration was originally conceived to make negotiations easier, but preserving this structural dynamic has come at the cost of meaningful innovation. Though publishers and advertisers are eager to bemoan their lot in the trade press, the ratings industry was created to make their relationship easier. Further, it's important to remember that this system is not natural. These structural dynamics were created by the broadcasting industry; and if the ratings system isn't working, it can be re-invented to preserve the benefits it provides without incurring the costs and confusion. I'm not suggesting that a successful overhaul of television ratings would be easy—far from it. Before we can change the ratings system, we have to do a simple cost-benefit analysis: we must determine what value, if any, the ratings system provides in its current configuration, and weigh that value against the costs to overall effectiveness that publishers and advertisers incur by keeping the ratings system. Ratings benefit advertisers and publishers in two ways: first, they provide a neutral

currency for transactions; and second, they simplify negotiations between the two parties. Keeping this structural relationship in place has been a priority for publishers and advertisers because it makes negotiation possible.

Monopolies make negotiation even easier— high measurement costs and the need for common currency create the ideal environment for a ratings monopolist. Publishers and advertisers have favored monopolies in the audience measurement business since the first third-party monopoly arose in 1936.<sup>21</sup> Before ratings monopolies took hold, advertisers and publishers did their own measurement, but neither trusted the other not to act in its own best interest. CE Hooper, the original ratings monopolist recognized the standoff between publishers and advertisers and stepped in to create an allegedly neutral measurement that both sides could use as a common currency. Nielsen took Hooper's place as the television ratings monopolist in 1950 and has stayed in that role ever since, ostensibly maintaining a balance between the interests of advertisers and publishers.<sup>22</sup>

In addition to neutrality, third parties simplify the process of buying and selling ad time based on audiences. Advertisers frequently advertise on different shows and different channels, and networks deal with many advertisers. Pragmatically, it is easiest for everyone to have a common currency, so the audience needs to be measured in the same terms by the same methods. Under these conditions, uniformity of ratings can be achieved if a single ratings firm measures every audience, and the company that provides that large-scale measurement to the entire industry is then positioned to be a

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<sup>21</sup> Meehan, "Why We Don't Count: The Commodity Audience," 71.

<sup>22</sup> For a comprehensive history of the ratings industry see Buzzard, *Chains of Gold: Marketing the Ratings and Rating the Markets*.



ratings monopolist. Since 1950, AC Nielsen has been that monopolist. Nielsen has been challenged several times, as I'll address later, but ultimately the benefits of having a ratings monopolist have outweighed the cost and the hassle of having to balance, negotiate, and exchange between multiple ratings systems.

The ratings monopoly has made negotiation easier, but it's made for an unbalanced dynamic between advertisers, publishers, and raters: though the ratings industry is a monopoly, the television and advertising industries are not. No one company has a monopoly on programming, no one agency controls media buys, and no one MVPD has a monopoly on distribution. While the ratings monopoly has been slow to change, programmers, advertisers, and distributors have had to remain innovative to compete. As a result, measurement methods have fallen behind the needs of programmers and advertisers, especially since audiences have fragmented across channels and distribution platforms in recent years. Monopoly conditions in the television ratings industry have set an easy basis for negotiation between advertisers and networks, but in return, the industry has forfeited the innovation that accompanies a competitive market.

The power dynamics of the television industry have put the ratings providers in a reactionary position. While publishers, advertisers, and distributors compete to attract audiences, ratings providers typically only react to the changes that become part of the dominant system—and most of those changes come on the distribution side. As distribution technologies change, publishers and advertisers desire data that reflects the new ways of reaching and constructing audiences. But because there is no competition, the ratings provider has little incentive to innovate its technology until advertisers and

publishers demand a new way to measure the audience. Competition does arise on the rare occasions that publishers and advertisers make legitimate threats, but the smart monopolist makes the barriers to entry too high for new players to gain traction.

Nielsen, as the dominant ratings monopolist, has done a masterful job of protecting its strategic position throughout changes in the television industry, but the structure of the television industry is shifting rapidly and Nielsen may not be able to keep up. In the broadcast era, Nielsen needed only to maintain a balance between publishers and advertisers. Now, a proliferation of new content providers and distributors has complicated the environment Nielsen gained dominance over. We now need mediation to balance the interests of publishers, advertisers, cable providers, satellite TV providers, IPTV services, mobile TV, and online TV distributors. Over the past few decades Nielsen has only made minor changes in the way it measures the audience, and all these changes have been based on an increasingly anachronistic construction of the mass audience.

#### **FACING INTRAMEDIA FRAGMENTATION**

In the 1970s and 1980s, Nielsen used the structural dynamics of the television industry to maintain its market power as audience fragmentation began to test the delicate balance the television and advertising industries had achieved. Economist Philip Napoli's term "intramedia fragmentation" succinctly explains the way the television business changed alongside distribution changes. Intramedia fragmentation describes the wide range of program and channel choices that became available to audiences in the 1970s and 1980s with cable television, UHF, and VHS. Though Nielsen

ratings remained the only accepted option for audience measurement through these decades, intramedia fragmentation challenged the system's equilibrium. Still, Nielsen was able to maintain its monopoly by reacting slowly to the television industry's demands.

By the mid-to-late 1970s, the commercial television industry began to feel the effects of the deregulation and disaggregation that would lead to the current moment of crisis, but intramedia fragmentation really strained the structure of the industry with the widespread adoption of cable television in the 1980s. Before cable, there was only a small set of UHF and VHF channels, so it was fairly easy to aggregate viewers into saleable audiences. Cable television complicated the business of ratings and the tendency toward aggregation. Business models still relied on aggregating viewers into sellable audiences, but finding large enough samples of viewers became more difficult as audiences became increasingly fragmented. During the 1950s and 1960s, 85-95% of audiences watched the three major networks during primetime, but by the late 1980s networks only attracted 60-70% of primetime audiences.<sup>23</sup> The 30%-40% of viewers who weren't watching networks were scattered among hundreds of regionally distributed cable and low frequency channels. Cable networks wanted to know who their audience was and broadcast networks wanted to see where their viewers had gone.

Nielsen was aware of cable, of course, but they didn't provide cable ratings until it was profitable. Cable was not a new technology—it had been used to deliver broadcast signals to remote areas since the 1940s—but it had been barred from the top 100 TV

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<sup>23</sup> Ibid., 142.

markets.<sup>24</sup> The Federal Communications Commission (FCC) relaxed regulations at several points in the 1970s and 1980s to allow cable providers to enter markets throughout the country.<sup>25</sup> This deregulation finally allowed cable to become a viable mass-distribution technology. At first, cable was monetized primarily through subscription fees, so advertisers did not demand cable ratings. As cable reached acceptable levels of saturation, advertisers became more interested in cable and consequently, both networks and advertisers wanted ratings data. When Turner Broadcasting System became the first cable network willing to pay extra for Nielsen data, Nielsen began providing cable ratings.<sup>26</sup>

The shift toward cable marks the beginning of the dominant era in television audience measurement. Once cable ratings became a currency of the television industry, business changed for both programmers and advertisers, who now needed to reach even more specific groups of viewers fragmented over a variety of channels and programs. This fragmentation was informed further by the shift in consumer markets. The 1970s saw an increase in differentiated goods—meaning products were tailored to specific groups based on class and interest. Demographically based audience measurement allowed advertisers to reach specific groups.<sup>27</sup>

To accommodate intramedia fragmentation and shifting consumer markets, Nielsen focused on slowly updating its technology rather than reexamining the kind of audience it created. Though the hardware on top of the TV set changed, Nielsen still

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<sup>24</sup> Beville, *Audience Ratings: Radio, Television, and Cable*, 160.

<sup>25</sup> “General Cable Television Industry and Regulation Information Fact Sheet.”

<sup>26</sup> Meehan, “Why We Don’t Count: The Commodity Audience,” 76.

<sup>27</sup> Buzzard, *Chains of Gold: Marketing the Ratings and Rating the Markets*, 85.

used the same assumptions and the same statistical sampling method to produce an audience currency for its clients. This focus on the technological constructions of the audience rather than conceptual creation of the audience further cemented Nielsen's monopoly, fortified its relationship to publishers and advertisers; and accordingly made barriers to entry extremely high to competitors.

### **TECHNO-MONOPOLY**

Nielsen's primary business goal has been to protect its valuable structural relationship to advertisers and publishers, and Nielsen has maintained its monopoly by controlling the vertical means of ratings production: Nielsen owns both the technology and the statistical constructions used to produce audience ratings. Technology has been the key part of this strategy. As long as Nielsen can control the hardware used to make ratings, the statistical regimes follow. Consequently, Nielsen has been extremely aggressive in vanquishing competitors who claim to have a better technology for measuring audiences.

Nielsen has taken aggressive measures to maintain its technological monopoly. As Karen Buzzard traces in *Chains of Gold: Marketing the Ratings and Rating the Markets*, Nielsen's strategy has occasionally bordered on anti-competitive. Buzzard's account, published in 1990, provides a thorough treatment of Nielsen's competitive business practices. I would like to extend her argument into the present moment by suggesting that Nielsen can no longer protect its technological and structural advantages in the shifting television ecosystem because audience fragmentation necessarily undermines its position as mediator. Still, aggressive strategy explains how Nielsen

defended its structural position in the broadcast era and it allows us to see the residual logics that carry Nielsen into the 21<sup>st</sup> century.

Buzzard contends that Nielsen strove for market dominance from the beginning: a 1963 special subcommittee of the House Commerce Committee uncovered a 1949 document that Arthur Nielsen himself wrote about his plans to establish and maintain market dominance. This document detailed plans to lock up patents, discourage competition, merge with then ratings monopolist CE Hooper, and develop a “sampling pattern that favored CBS over NBC.”<sup>28</sup> Buzzard also chronicles Nielsen’s history of restraining trade. In 1952 Albert Sindlinger filed suit against Nielsen for trying to restrain trade and for patent violations. Sindlinger had developed a meter that would compete with Nielsen’s Audimeter and be able to measure out-of-home radio listeners. Nielsen mired Sindlinger in litigation until Sidlinger agreed to license the technology to Nielsen for a partial ownership claim.<sup>29</sup> Nielsen has also retaliated against publishers who challenged their monopoly status. When ABC switched to another ratings provider in 1962, Nielsen stopped publishing ABC data in national reports. ABC eventually had to re-subscribe to Nielsen services because of pressure from other networks and advertisers.<sup>30</sup>

Buzzard notes that networks have been understandably wary of replacing Nielsen because unless a majority of players agree to switch ratings providers, they all have to go back to Nielsen anyway. As content and audiences have become increasingly fragmented between television channels and platforms, however, Nielsen’s strength has diminished

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<sup>28</sup> Ibid., 103.

<sup>29</sup> Ibid., 104.

<sup>30</sup> Ibid.

considerably. Nielsen could afford to be punitive in the broadcast era when they were the sole mediator between advertisers and publishers, but that's changing as other mediators have arisen alongside new platforms.

Despite Nielsen's penchant for patent litigation, they have also copied technology to remain competitive. In 1985, Audits of Great Britain (AGB) began to test its people meter in the US market. AGB's meter was already being used in fourteen countries and it promised more accurate ratings than Nielsen. Like Nielsen's Audimeter, the people meter measures what channel the television is tuned to, but the people meter also measures who is watching the television by requiring members of the household to press a button every fifteen minutes. This level of specificity allows advertisers to gather more demographic data about who sees their commercials. AGB's methodology seemed like a viable threat to Nielsen, so when AGB arrived stateside Nielsen made a virtually identical people meter and installed it in 450 households. By 1987, Nielsen's people meter was installed in 2,000 households and Nielsen began to offer a people meter-based ratings service.<sup>31</sup> AGB bowed out of the US ratings business in 1988 because they couldn't attract enough subscribers. In fact, CBS was the only national network to subscribe to AGB and they still had to use Nielsen ratings to negotiate ad sales.<sup>32</sup> Nielsen's speedy development and implementation of the people meter cemented their role as a technological monopolist—that is, they rarely innovate until they risk losing business to a competitor.

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<sup>31</sup> Ibid., 165.

<sup>32</sup> Ibid., 167.

Nielsen's aggressive strategies have extended into the current era, even as media fragmentation has gotten more complicated. In 2005, set-top-box (STB) measurement start-up erinMedia brought charges against Nielsen accusing an illegal monopoly that restrained trade. In the suit, erinMedia claimed that Nielsen maintained its monopoly "through various predatory practices designed to impede or prevent competitive entry by companies like erinMedia."<sup>33</sup> In 2007, erinMedia abandoned its plans to compete with Nielsen after failing to raise startup cash despite attracting many interested venture capitalists. Perhaps coincidentally, Nielsen announced its new "DigitalPlus" plan to measure STB data only four days before erinMedia got out of the STB business.<sup>34</sup> ErinMedia continued pursuing its lawsuit against Nielsen until April of 2008 when both parties settled quietly. No details about the settlement were given, except that each side paid its own court costs.<sup>35</sup>

ErinMedia is only one of the more recent examples of Nielsen's strategic elimination of competition in the television ratings business. Unfortunately for the television industry, this means that change still comes slowly, and only when Nielsen feels threatened by a viable competitor. However, the case of erinMedia begins to show the cracks in the television industry's structural relationships. Though Nielsen ultimately defeated erinMedia, erinMedia was able to propose and articulate a kind of value that Nielsen couldn't provide. ErinMedia was going to provide its clients with census-style STB data and a framework for understanding that data. Nielsen's panels provide neither census-style data nor any structure for managing that data. The

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<sup>33</sup> Romano, "Startup Sues Nielsen."

<sup>34</sup> Moss, "ErinMedia Pulls Back From TV Ratings."

<sup>35</sup> Hinman, "Nielsen, erinMedia settle antitrust suit."



emerging dominant forces in audience measurement will be able to make sense of data and make sense of audience behavior across platforms.

### **DOMINANT: INTERMEDIA FRAGMENTATION**

The dominant system of audience measurement is characterized by attempts to preserve the structural relationships between advertisers, publishers, and Nielsen in the face of a new challenge: determining new sites of value revealed by digital audience data. The rise of digital distribution has thrown a wrench in the tenuous equilibrium that the television industry has achieved. Now instead just formulating strategies for *intramedia* fragmentation, the industry now has to deal with *intermedia* fragmentation as well. Intermedia fragmentation, again a term from Philip Napoli, describes the way the audience has become fragmented across platforms. Napoli explains that the “addition of new media technologies to the media system...expands the range of cross-media content options available to the typical media consumer.”<sup>36</sup>

The concept of intermedia fragmentation helps to reveal why the television industry is in a moment of crisis. Before digital distribution, Nielsen, advertisers, and publishers had to adapt to the steady proliferation of television channels and programs brought first by UHF and then by cable and satellite. Now with intermedia fragmentation, people are not only watching TV programs on different channels—they’re now watching programs on devices other than linear television. We’re no longer dealing with an expansion of what’s available on television; we’re dealing with an

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<sup>36</sup> Napoli, *Audience Economics: Media Institutions and the Audience Marketplace*, 137.

expansion in the definition of television. And the definition of the audience is changing, too. “TV Everywhere” is just one of many attempts to make television content available digitally. Digital video recorders (DVR), video-on-demand (VOD), online television aggregators, network online television sites, connected devices, download services, and streaming mobile video are all “television” now, and they’re all vying for the attention of what was once just a linear television audience.

Even though intermedia fragmentation has become commonplace, the legacy relationships and logics created during the broadcast era still govern the television industry. The value of the large, aggregated audience measured watching linear television is still greater than the value of an audience on any other distribution platform for three reasons:

- First, the relationships among advertisers, publishers, and Nielsen have created a clear business model for advertiser-supported linear TV;
- Second, the same clarity doesn’t exist online, with DVR playback, or with VOD;
- And third, publishers are still learning to translate their core competencies from linear TV to the new digital space.

Business models need to evolve to serve the needs of the digital audience, but the structural relationships are getting in the way of meaningful innovation.

Nielsen, as the mediator, holds a lot of the power in this scenario because they create the currency for transactions between advertisers and publishers. The television industry has a system for measuring linear TV, but now they also have to measure DVR playback, VOD, and online streaming. The monetization models for linear TV are in

place—no matter how imperfect—but emerging platforms are still evolving. If publishers want to distribute their content on a new platform, they have to convince Nielsen to measure that platform or they need to find another reliable third-party to measure it. Finding another measurer is difficult because Nielsen has made itself conveniently ubiquitous. The structural relationship between advertisers and publishers is unstable in the digital space without a clear mediator like Nielsen in place. Thus far, publishers and advertisers seem set on keeping Nielsen in place to maintain equilibrium, but they have been exploring other options, as we'll see later.

### **CONTENT IS VALUABLE**

Publishers and advertisers are also faced with the extra challenge of having to extend their core competencies into the digital space. The strategies and tactics that worked for attracting linear audiences don't always work for attracting digital audiences. In the early days of American television, content was aggregated for distribution only by television networks. Networks developed expertise in scheduling, programming, and flow—all tactics used to aggregate audiences around network content. Industrial understandings of the audience were then defined by the temporality of viewing network content and by the measurement and commodification of audience by the ratings industry. Viewing is no longer temporally bound because of intermedia fragmentation. People can view the same program live on linear TV, the next day (or month) on DVR, on VOD, downloaded from iTunes. This fragmentation has made the audience harder to measure and value because temporally bound ratings are used to create and measure audiences that are no longer temporally bound.

When there was only one time to consume television content—when it appeared on the air—it made sense to measure the audience in the aggregate, all at once. As Napoli explains, the measured media audience is a perishable product—it only exists during the period when the content is consumed.<sup>37</sup> Now, audiences can access programming in a variety of places at a variety of times. Those audiences should still be valuable, but the challenge is how to understand their value in a different viewing context. Publishers’ relationships to advertisers and Nielsen have stifled their willingness to reevaluate viewing context on digital platforms because linear TV is so much more lucrative. Since monetization models are clear for linear TV, it makes the most business sense to devote energy to making sure linear remains successful.

Instead of finding the varied value of audiences in each viewing context, publishers have decided to assemble aggregated audiences from fragmented distribution channels. Chief research officer (CRO) of CBS, David Poltrack explains this strategy in an *Advertising Age* article:

An ad might run in "CSI," the TV episode, but also in all streams of the show online for one week...[In the future] we'll sell you 'CSI' across platforms. You will get your advertising in the episode that goes on TV that week, and you'll get your ad running in all streams of any episode of 'CSI' online for that one week. Now you're building up more of a significant amount of Internet coverage and then the same thing could apply to mobile.<sup>38</sup>

This strategy gives television networks like CBS a chance to maintain the status quo by monetizing aggregated audiences, and it also maintains the status quo for advertisers who want their message to reach a the same audience across platforms. Advertisers gain a degree of consistency by associating their brands with *CSI* wherever *CSI* appears, be it

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<sup>37</sup> Ibid., 30.

<sup>38</sup> Steinberg, “The Future of TV.”

on TV, online, or on a mobile phone. This approach seems to neatly replicate the monetization model for linear television, but it's not without drawbacks. By privileging aggregated audiences, publishers are effectively treating online and mobile programming just like linear TV. Of course, it makes sense that they're doing that because, as we've seen, linear TV has a clear business model that everyone is used to. Still, publishers and advertisers are ignoring an opportunity for new revenue streams by treating online, mobile, VOD, and DVR audiences like linear audiences.<sup>39</sup>

Publishers, advertisers, and measurement firms are trying to replicate the residual systems despite the expansionary possibilities of new technology. That brings us back to "TV Everywhere." Unlike advertiser-supported services like Hulu, users need to authenticate their cable subscription with a password before they're able to view "TV Everywhere" content. "TV Everywhere" brings the MVPD distribution model to the web while replicating linear television's ad model. While Hulu currently only runs four or five advertisements during an hour-long show, "TV Everywhere" programs contain the full ad load that aired on linear TV. Turner Broadcasting CRO Jack Wakshlag explains why it makes economic sense to run a full ad load during "TV Everywhere" online programs:

If I can get 4.5 times my TV CPM online [the cost to advertisers to reach 1,000 viewers], I'd be happy and wouldn't need to do anything. But nobody's getting four times TV CPMs online. Nobody at Hulu's getting twice the TV CPMs. If people who already watch the show see it with a full commercial load, it's still a chance to catch up on shows they miss.<sup>40</sup>

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<sup>39</sup> Even experiments with new business models bind the industry to the same relationships and power structures. For example, product placement has made a comeback because it's advertising that viewers can't fast-forward on their DVRs. Product placement, of course, represents a throwback to the sponsorship broadcast model.

<sup>40</sup> Hampp, "8 Things You Should Know About TV Everywhere."

This logic makes sense if the online audience is valued in the same terms as the linear television audience. Though Hulu has recently been able to charge higher CPM than linear TV for some programs, publishers still make the vast majority of their advertising revenues from linear TV.<sup>41</sup> Still, the system needs to be able to adapt to the anticipated increase in online viewers and it probably won't be able to do so until all players involved are willing to reevaluate their relationships and the ways they make audiences valuable.

Different viewing platforms allow us to add another dimension of value to the audience product: context. People choose to watch a television program on a certain platform for a reason. 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 ads on every platform.

Efforts to reinforce the residual relationships between publishers, advertisers, and Nielsen amount to a crisis in innovation rather than a crisis in technology. Hardware and distribution capabilities have evolved beyond broadcast, but the structural logic of the industry has not. Instead of creating new ways to replicate the broadcast model in the digital space, the industry needs to rethink the way it makes audiences valuable. Techniques perfected for linear TV are still great for measuring

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<sup>41</sup> Pulley and Fixmer, "Loyal 'Simpsons' Fans Fetch Higher Ad Rates on Web (Update1) - Bloomberg.com."

linear TV, but they unnecessarily limit the capabilities of digital distribution.

Fortunately, the television industry doesn't have to reinvent the digital wheel, as it were.

## **EMERGENT CULTURE OF INNOVATION**

While the challenges of digital distribution and measuring digital audiences are relatively new for television, Internet media companies have lots of experience dealing with the challenges of digital data. Their successful models are much different from those of linear TV. The online advertising market is an especially interesting example of how competitive digital markets have been able to adapt to changing technology while creating valuable audiences. Rather than trying to aggregate disparate users into a saleable whole, online ad platforms allow advertisers to set their own terms and target the exact users they wish to reach within the ecosystem of the advertising network. Though this technology is hardly emergent in the web sphere, it is a new challenger to the outmoded logics that guide the television market. We'll look at several businesses that have become successful because they focus on constant, proactive innovation and improvement. These models are antithetical to Nielsen's reactive strategy and the television industry's desire to maintain the value of aggregate audiences through outmoded relationships. Digital business models exist in a different ecosystem, but they're becoming increasingly relevant as television distribution continues to change. For these companies, success in the digital space has meant understanding individual users and fostering a culture of innovation—two notorious shortcomings of television research.

## GOOGLE

Google has become a leader in online advertising sales by leveraging networked data rather than improving hardware—in contrast to Nielsen, which became the leader in television ratings by virtue of its structural position and its ability to protect its monopoly long after the situation that made them useful had passed. Google, like Nielsen, is a mediator between advertisers and publishers. Google serves ads alongside its search results and licenses its ad serving platforms to publishers. Google, however, creates value in a way that Nielsen doesn't. Google has a far richer data set than Nielsen because Google's search business model is structured around quantifying and predicting user behavior. While Nielsen produces ratings for advertisers and publishers to use per transaction, Google provides user data, makes sense of that data, and provides a platform for transactions to take place. Every time Google serves an ad or observes a user's behavior, that knowledge is fed back into the system, making Google's platforms better at predicting the behavior of future users. Unlike Nielsen's proprietary people meters, no one piece of hardware creates value for Google's clients. Instead, Google uses proprietary algorithms to create value. Algorithms give Google users the best possible search results, and Google uses algorithms to organize its ad serving platforms.

Google has a very different approach to its role of mediator as well. In fact, Google isn't really in a parallel position to Nielsen, though they do share some characteristics. Like Nielsen, Google creates a currency based in user data, but unlike Nielsen, Google provides publishers and advertisers with real-time campaign analytics and a platform for buying, selling, and serving ads. Google's business outlook is different from Nielsen's as well. Instead of reacting to industry pressures like Nielsen



does, Google proactively tries to improve its methods. To stay ahead in the search market and minimize security threats, Google conducts anywhere from 50 to 200 experiments at a time on its search results.<sup>42</sup> The results are then analyzed in real-time and used to make the algorithm more efficient. Google's algorithm is a secret, but they probably change it at least daily. Nielsen, on the other hand, has been using roughly the same people meter technology to measure audiences since 1987. Of course, it's important to remember that Google doesn't have a monopoly on search. Accordingly, they've had to innovate to stay ahead of the market.

Google started to translate its digital leadership into the television marketplace because Google understands how to make behavioral data valuable on a mass scale. In 2007, Google made a deal with Echostar, which sells local ad inventory for 100 channels on Dish Network. Google also sells local ad inventory for more than a dozen other networks including CBS College Sports, CNBC, MSNBC, and SyFy. At the time of writing, Google claims to have served over 100 billion ad impressions on television.<sup>43</sup> Google has also formed strategic partnerships with TiVo and Nielsen to combine their expertise in behavioral targeting with Nielsen and TiVo's demographic data. Mike Steib, the director of Google TV ads, believes that Google can use its online expertise to "help make television ads more relevant to viewers."<sup>44</sup> Google doesn't seem to be trying to compete with Nielsen, especially in light of this partnership. Google isn't measuring television ads—or it's at least not providing a measurement product—instead Google is

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<sup>42</sup> Brynjolfsson and Schrage, "The New, Faster Face of Innovation: Thanks to Technology, Change has Never Been so Easy or so Cheap."

<sup>43</sup> Spangler, "Google Tags TiVo For Set-Top Data."

<sup>44</sup> Moss, "Google, Nielsen Forge Strategic Partnership."

targeting and serving ads. Still Google's expertise and way of thinking about the audience as user could be instructive to the television industry, which is still trying to create an aggregated whole from fragmented parts

## **NETFLIX**

Online DVD rental company Netflix provides another example of innovative structural relationships that can apply to the television industry. Like Google, Netflix used the power of networks to find a solution to one of its key business challenges. Netflix had a problem similar to that which the television industry could face with digital set-top-box (STB) data. Netflix recommends hundreds of millions of movies to its users every day. Executives believed that their recommendation algorithm could be improved. In 2006, Netflix offered a \$1 million prize to anyone who could come up with a movie-recommendation algorithm that was 10% better than Netflix's algorithm.<sup>45</sup> The winning team was comprised of three teams who combined forces to improve the algorithm.<sup>46</sup> Though it took more than three years, Netflix was able to substantially improve its business by allowing its data set to be "crowdsourced." Netflix correctly guessed that its corporate culture was limiting the potential of the recommendation engine. By opening its data to outsiders, Netflix ultimately came away with a better way to do business. The television industry may not be able to similarly "crowdsource" its data issues, but they could learn to leverage the advantages of network culture.

Even if the television industry doesn't see The Netflix Prize as an instructive example, they now have to understand Netflix as a competitor. Like Google, Netflix is

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<sup>45</sup> Ellenberg, "This Psychologist Might Outsmart the Math Brains Competing for the Netflix Prize."

<sup>46</sup> Van Buskirk, "BellKor's Pragmatic Chaos Wins \$1 Million Netflix Prize by Mere Minutes."

also innovating on traditional television distribution models. Netflix has leveraged the networking capabilities of digital technology to change the delivery of DVD content. By brokering deals with movie and TV studios for rights to their back-catalogs, Netflix streaming service has created a robust on-demand content environment that sidesteps the licensing issues that typically stall online TV distribution. Netflix offers standard-definition and high-definition streaming movies and television shows to its subscribers on PCs and a variety of over-the-top connected devices including Roku, TiVo, Xbox 360, and certain Samsung and LG Blu-Ray DVD players.<sup>47</sup> Viewers cannot watch recent episodes of television shows because Netflix only offers content that has already been released on DVD, but Netflix's online library rivals any VOD menu.

Both Netflix and Google have been able to innovate so significantly in the digital space because they have been able to combine two key affordances of the digital environment. First, they've been able to invest in infrastructure and leverage the falling costs of digital distribution. Google, for instance, has pushed the limits of processing power by offering real-time ad auctions. Netflix is able to deliver streaming, high definition content because the marginal cost of distributing this content has fallen so significantly in the past few years. Processing power and digital delivery mechanisms are important to these business models, but Netflix and Google are exponentially more successful because they've been able to make sense of the vast amounts of digital data available from their users.

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<sup>47</sup> Patel, "Engadget's Netflix HD streaming shootout."

## COALITION FOR INNOVATIVE MEDIA MEASUREMENT

The television industry is beginning to recognize the threat posed by digital innovators like Google and Netflix. They now face a decision: the television industry can choose to replicate the broadcast structure in the digital space or they can reframe structural relationships and form a more relevant system for valuating the audience. Obviously, I'd like to advocate for the second option and it seems the first step seems to have come in response to the wealth of data available from set-top boxes that deliver digital television to millions of American homes. Since these boxes are digital, the data can flow two ways: viewers get programming through the box and the people on the other side of the box can ostensibly tell what viewers do with programming. The data is there, but publishers and advertisers now face the challenge of developing ways to collect and interpret that data.

Publishers and advertisers are calling for a solution to make sense of STB data and they're threatening to ditch Nielsen if something better comes along. There's reason to remain skeptical because Nielsen has usually been able to overcome competitors. Further, if publishers and advertisers just find another monopolistic mediator to replicate Nielsen's role, they haven't actually changed the problematic structure of the industry. This first sign of things to come came in an April 2009 issue of *Adweek* where Alan Wurtzel, NBC Universal's president of research, wrote of the "crisis in measurement": "This isn't just about television—the problem extends across all media platforms. And it's not about the lack of data. We are virtually drowning in data."<sup>48</sup> This

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<sup>48</sup> Wurtzel, "Crisis Management."

article, Wurtzel's call to arms, eventually led to a keynote at the Advertising Research Foundation's annual Audience Measurement conference and the October 2009 formation of the Coalition for Innovative Media Measurement (CIMM), a consortium of fifteen of American's largest publishers, advertisers, and agencies.<sup>49</sup> From the CIMM website: "The Coalition for Innovative Media Measurement (CIMM) is a group of content providers, buyers and sellers formed to promote innovation for Television, Internet, Mobile and cross platform audience measurement in the United States."<sup>50</sup> CIMM is dedicated to devising an audience measurement system that can better account for disaggregated audiences while aligning television business models with the affordances of digital distribution.

In November of 2009, CIMM released two open requests for information (RFI) that directly challenge Nielsen's role as an arbiter between advertisers and publishers. The first RFI deals with innovation in STB measurement and the second asks for information on cross platform media measurement. In the cross-platform RFI, the founders of CIMM explain why they founded the organization:

As buyers and sellers of advertising-supported media, we are concerned that media measurement is not keeping pace with urgent business needs. The media landscape is changing dramatically, and the television marketplace is changing with it. We are shifting from a TV landscape to a multi platform video landscape with a currency that only measures television.

We want to be clear that we are not only looking for better or more robust versions of current media metrics. We need a clear path toward the results-based metrics that are clearly, and rightfully, being demanded by advertisers.<sup>51</sup>

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<sup>49</sup> Katz, "New media upends TV ratings system."

<sup>50</sup> "Request for Information-- Cross Platform Measurement."

<sup>51</sup> Ibid.

CIMM's statement faults Nielsen's metrics for "only" measuring television while the industry is moving to a "multi platform video landscape." Indeed, CIMM claims to want measurement that provides a more complete picture of audience practices by leveraging STB and online data. Throughout the RFI process, CIMM has maintained that the coalition is in no way hostile toward Nielsen despite the obvious criticisms. In fact, CIMM has invited Nielsen and other measurement firms Kantar (formerly TNS), Rentrak, TiVo, and TRA to submit to the RFI. Wurtzel, who is leading the CIMM effort, also maintains that these research companies will be called upon to analyze the proposals that are ultimately submitted.<sup>52</sup>

Historically, Nielsen has been more concerned with maintaining its monopoly than in innovating its methodology, but perhaps the industry power of CIMM will be the impetus Nielsen needs to develop STB intelligence. Though Nielsen has been able to intimidate its competitors or replicate their technology in the past, this latest challenge is playing out in a very different media landscape. It will take a massive effort by CIMM to dethrone Nielsen, but this consortium presents a new kind of challenge. Whereas Nielsen's previous competitors were technology companies, CIMM is a consortium formed by Nielsen's clients and CIMM doesn't have any technology for Nielsen to replicate or litigate against. Instead, they're asking for other companies to come up with measurement solutions that will presumably have the backing of the consortium, whose members will also be the clients for any new system. While this proposal is commendable for leveraging data rather than strictly innovating technology, it still maintains the relationship between publishers, advertisers, and a mediator. There is

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<sup>52</sup> Friedman, "No Rivals: CIMM Invites Nielsen To Set-Top RFP."

evidence that Nielsen feels threatened by CIMM, but Nielsen has reacted with a cautious step toward innovation rather than with intimidation tactics.

Nielsen responded to the CIMM RFI rather quickly, if somewhat ineffectually. On December 1, 2009—a month after the CIMM RFI was announced— Sara Erichson, Nielsen’s President of Media Client Services for North America sent a letter to Nielsen clients that details Nielsen’s plan to keep up with the industry:

[A] critical element of our moving forward plan is the decision to begin, later this month, the rollout of Internet meters to all households in the National People Meter sample that have Internet access – an initiative we refer to as “TVandPC”. This will enable the measurement of online viewing to television content among the same People Meter households that are the source of Nielsen’s national television ratings. Once the rollout is complete we expect this will result in online measurement from approximately 7,500 National People Meter homes representing about 20,000 people and 12,000 computers. This new single source panel is designed to meet the needs of multiple client business models and will serve as the foundation for a number of Nielsen’s cross platform measurement solutions. It is in addition to the 200,000 computers now measured in our Nielsen Online panel.<sup>53</sup>

As this letter mentions, Nielsen has in fact been measuring online audiences, but they haven’t been doing it very well. One of the reasons for CIMM’s formation was likely the public debate over Nielsen’s online methodology. Nielsen’s online metrics came under fire when they reported that Hulu had 8.9 million viewers in March of 2009 while rival metrics firm comScore counted 42 million viewers.<sup>54</sup>

This new rating will only be able to measure online television viewers who see the same commercial load that airs on linear TV. This rating would exclude many of the current streaming sites like Hulu and ABC.com that run different commercials loads

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<sup>53</sup> Erichson, “Update on TV and Online Video Measurement in Nielsen’s National People Meter Panel.”

<sup>54</sup> Stelter, “Hulu Questions Nielsen’s Count of Its Audience.”

online and on air.<sup>55</sup> Publishers and advertisers are skeptical about this new rating because it's not really a single currency if it excludes popular television sites. Since the "TVandPC" metric only adds 12,000 computers to Nielsen's current sample of 200,000 computers, it doesn't solve the reliability issues brought up over Nielsen's March 2009 numbers nor does it satisfy the conditions of CIMM's RFI. CIMM is specifically interested in business intelligence that can make use of census-style STB data: "set-top-box tuning data will offer very large samples (approaching census) that can deliver granularity and reliability at low cost."<sup>56</sup> Nielsen's "TVandPC" sample of 212,000 computers is nowhere near the census style data CIMM expects to leverage.

The television industry needs to tackle the current crisis in innovation by reconsidering the residual relationships that hinder digital value creation, but these relationships are only one way television content and television audiences are made valuable. To understand the value of the disaggregated audiences we also have to examine what kinds of audiences are considered valuable by the industry and how those audiences are constructed with technology and statistics.

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<sup>55</sup> Steinberg, "TV: New Nielsen Ratings Combine TV Viewing With Online Views."

<sup>56</sup> "Request for Information-- Cross Platform Measurement."



# 3

## Going to the Dogs: Audience Measurement Methods

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Dogs and kids almost ruined the television industry in the mid-1980s. Toddlers and canines weren't so bad on their own, but when they got together they had the power to take down the entire business of television ratings. Or at least that's what some people thought.

The problem was that the newest, most perfect way to measure television audiences ostensibly had some issues telling the difference between small kids and large dogs. This new device, dubbed the passive people meter, would be able to scan the living room, recognize each family member's face, and report on who was watching TV. Nielsen claimed the device would capture a continuous record of who was watching by tracking where everyone's eyeballs were. It was simple: when viewers stared at the TV screen, they'd be counted as part of the television audience; and when they looked away from the screen, picked up a newspaper, or dozed off, they wouldn't be counted—even if the TV was still on. By using technology that could measure human behavior without any human input, the passive people meter promised to bypass all the pesky problems that come with trying to reify, measure, and monetize the act of watching TV.

But dogs and kids were the passive people meter's Achilles heel. An editorial in the *Washington Post* from the summer of 1989 details a common criticism Nielsen's new passive people meter: "Unfamiliar faces—possibly including the dog's—will be

included as visitors.”<sup>57</sup> Trade press discourse from the time makes regular mention of the dog/child problem when covering the passive people meter.<sup>58</sup> It’s a useful hook—an interesting way to describe the limits of the new technology. After all, even a perfect meter—a meter that needed no input from people—wasn’t useful if it couldn’t tell the genus of the eyeballs it scanned.

The skepticism raised by the *Washington Post* and others made sense, but it didn’t get at the real substance of the child/dog problem. The difference between children and dogs isn’t a question of using the right people meter—it’s a question of biology: children are not dogs. More importantly, children are a part of the television audience and dogs are not. A meter that can’t distinguish between small children and large dogs is not a useful meter.

I’m sure someone could develop a meter that could tell child from dog, but my concern goes far deeper than technology. What are we really measuring if dogs and children can be mistaken for one another? If the attention of a dog is the same as the attention of a child, then what is the quality of what we measure? The television industry has historically measured TV viewer attention as “exposure.” Exposures are simply the number of eyeballs—presumably human eyeballs— that are exposed to a program or ad. Commercial mass audience measurement has never been able to definitively tell when content makes an impression on the viewer, but not for lack of trying.

This chapter will explore the problems evident in a system where dogs and children can be mistaken for each other. Attention is a personal, subjective concept that

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<sup>57</sup> “The Nielsen Watch.”

<sup>58</sup> In fact, the title for this section comes from one such article from Crain's New York Business in 1988: Rigg, “Firm says rating meter won't go to dogs.”

the television industry has tried to reify and monetize. To gloss over the slipperiness of its object, the audience research industry relies on several residual logics to make the audience valuable:

- First the currency of ratings is more important than the people backing up that currency;
- Second, the passive audiences is the best kind of audience to measure;
- And third, the more scientific a measurement, the better.

These residual logics are necessarily limited by material and structural constraints of the television industry. Accordingly, they privilege the kind of audience that Nielsen can create rather than try to measure the audience that's most relevant to advertisers and publishers.

Programming and advertising strategies are now constrained by an outmoded system. These logics developed heuristically and were once bound by the real material conditions of the television industry, but they are no longer adequate to describe the current television environment. In Williams's terms, the residual has an unwarranted influence on the dominant structure. Consequently, we're left with a system of audience measurement where human behavior gets in the way of measuring human behavior. This chapter argues for a paradigm shift: instead of letting the residual concept of "exposure" or the Internet misnomer "impression" dictate the value of the audience, we need to understand TV viewing as an expressive process. Viewer expressions can qualify and quantify attention, while alleviating any fears that our message may have been lost on a giant schnauzer.

## **RESIDUAL LOGICS**

The television industry employs residual misguided logics to ascribe value to the television audience. All of these logics arose out of real concerns, but the landscape of the industry has changed while the logics have not. We saw in the last chapter that the dysfunctional relationships between publishers, advertisers, and Nielsen have prevented meaningful innovation. As a first site innovation, I suggest reconfiguring these outmoded constructions of audience value. Let's consider three of the most glaringly misguided logics that are hurting the television business.

### **LOGIC #1: CONSISTENCY ABOVE ACCURACY**

Television ratings are expected to do two things, but they do neither very well: first, ratings provide an estimate of how many people paid attention to a given television program in a given market; and second, they function as a stable currency for transactions between advertisers and publishers. These two functions are inextricably related because as a currency, ratings are backed by an estimate of human attention. To produce ratings, measurement firms struggle to reify the attention of TV audiences—that is, make attention, which is not a concretely defined action, into a thing that can be reliably sold. Unlike other reified commodities, like labor for instance, attention doesn't produce any tangible products or services. It's hard to tell if attention took place at all. Economist Philip Napoli poses the problem in non-Marxist terms: "In selling audiences to advertisers, media firms essentially deal in human attention, and human attention represents a much more abstract, elusive and intangible product than, say, steel,

insurance, or legal services.”<sup>59</sup> Advertisers and publishers make deals based on how Nielsen constructs an “audience” using a necessarily subjective definition of viewer attention. The definition of attention may not be crystal clear, but publishers and advertisers obviously want the measurements they use to reflect TV-watching behavior.

The Nielsen Company has taken on the difficult task of manufacturing a currency out of what is ultimately conjecture about audience attention. Since attention happens whether Nielsen is there to measure it or not, they have constructed an elaborate statistical regime that extrapolates what they measure to the rest of the population. Nielsen has convinced its clients that the sample is valid and that the sample adequately represents the behavior of the entire television audience through statistical extrapolation. Philip Napoli writes about the expertise needed to make an audience:

Because the manufacturers do not control the production of audiences, any efforts to bring predictability and rationality to the process of producing audiences must draw upon a sophisticated understanding of the essentially uncontrollable yet (fortunately) somewhat predictable behavior of media audiences.<sup>60</sup>

While Napoli explains how audiences should be produced, he lets Nielsen, publishers, and advertisers off too easy. The behavior of the Nielsen sample is predictable because Nielsen has used a consistent regime of statistics and technology to conjecture about viewer behavior. Nielsen’s consistency indicates that they’ve perfected a technological and statistical regime that gives the same kind of numbers every time, effectively creating a stable currency, but consistency alone doesn’t necessarily indicate that the ideas backing that currency are worth anything. Nielsen ratings only prove that audience behavior is predictable within the confines of how Nielsen has constructed it.

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<sup>59</sup> Napoli, *Audience Economics: Media Institutions and the Audience Marketplace*, 5.

<sup>60</sup> *Ibid.*, 30.

Being able to predict a Nielsen rating doesn't mean you know what actual television audiences are doing. In fact, Nielsen ratings obscure the behavior of audiences because it's difficult to determine what Nielsen ratings actually measure.

We can see the importance of ratings consistency most clearly at the points where ratings systems become unstable. When Nielsen began using the people meter to measure audiences in 1987, networks lost an average of three ratings points during primetime.<sup>61</sup> Though this shift certainly didn't mean that audience composition changed overnight, it did mean the currency of ratings became less valuable overnight. Networks were upset by the loss in ratings, so they commissioned Statistical Research, Inc. (SRI) to conduct a 2-year study on ratings practices. All three networks, the Association of National Advertisers (ANA), the American Association of Advertising Agencies (the 4 A's), the Committee on Nationwide Cable Audience Measurement (CONCAM), and the American Syndicated Television Association were consulted. Nielsen complied by supplying some data, but they withheld proprietary information as well as information they simply chose not to share. The 700-page report was published in 1992, and it found that Nielsen panelists weren't really told how to use the people meter: "There is considerable inconsistency and ambiguity in the definition of the task provided to household members."<sup>62</sup> Even more troubling, Nielsen never told panelists what constituted television viewing:

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<sup>61</sup> Ibid., 92.

<sup>62</sup> Milavsky, "How Good is the AC Nielsen People-Meter System: A review of the report by the committee on nationwide television audience measurement," 108.

Although they are given the responsibility, an operational definition of ‘watching’ is not provided to anyone in the household. Questions that deal with what to do when viewing is intermittent or transitory, or done as a secondary or even tertiary task, are not addressed. Thus, by default, ‘watching’ is left for each individual to define and to apply not only to themselves but possibly also to neglectful members of the household.<sup>63</sup>

All the squabbling over lost rating points is ironic when you realize that no one’s actually agreed on a standard definition of “watching,” and that watching can have a completely different meaning from Nielsen family to Nielsen family. Even though the people meter promised to deliver a better representation of the TV viewing audience, it still faced the same problem that diaries do. Because the people meter requires human input, it can’t be completely free from subjectivity or error.

#### **LOGIC #2: PASSIVE MEASUREMENT IS BEST**

Attention is an active process, but since it’s hard to define and measure, the television industry has constructed audiences based on passive measurements. Measurement technologies are made to avoid human interaction because subjective variables make the system less reliable. Right before Nielsen rolled out its people meter in 1987, CBS’s head of research David Poltrack described the ideal measurement system in a *Washington Post* interview: “We all agree that the best technology is a totally passive system that doesn’t require any interaction with the viewer.” The people meter did require interaction from the viewer, but it required less interaction than diaries, so it was a step in the direction of totally passive measurement. Because of this focus on unobtrusive measurement, the audience research industry has been able to produce adequate quantitative measures of exposure to media, but hasn’t really incorporated the

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<sup>63</sup> Ibid., 109.

quality of attention into ratings. That's why the passive people meter had trouble telling people from dogs—it was built to count eyeballs not qualify attention. Human attention then becomes an elusive object that has to be captured, and consequently, human behavior gets in the way of measuring human behavior.

It's important to note here that I use the word "passive" the way the industry does, not the way cultural studies and reception studies discourse do. In the industry's terms, passive measurements are those that require little or no input from the audience. It's a bit of a misnomer because neither the audience nor the technology is actually passive: the technology actively works to measure viewers, and viewers actively engage with content. Instead, passivity means that there is little or no interaction between viewers and the device measuring them. Diaries are an active measurement because they require a lot from the viewer—the viewer to remember and write down everything she watches in a diary. Passive people meters are a passive measurement because they don't require the viewer to do anything other than sit and watch TV. Understandably, the industry has focused on developing passive measurements to eliminate as much human error as possible.

However, this residual logic has prevented the industry from trying to understand audience behavior. The measurement industry has created a vicious cycle by trying to limit interaction with the viewer: since Nielsen can develop passive technologies, publishers and advertisers become accustomed to programming for audiences measured by passive technologies; and because publishers and advertisers are used to passive measurements, Nielsen continues to develop passive technologies. As a result, the industry rarely questions the residual assumption that audience



measurement systems shouldn't require human input. The value of passivity needs to be redefined as networked digital culture makes viewer activity more visible, more measurable, and arguably more valuable.

The industry would be wise to turn to cultural studies to understand the problems with passive measurement, but with a caveat: most cultural studies constructions of the audience don't deal with business-driven solutions. While cultural studies scholarship can provide relevant critiques of passive audience measurement, the industry must work to make actionable strategies from this criticism. Many cultural studies scholars have urged the academy to adopt an ethnographic approach to understanding audience behavior in opposition to the commodified audience created by the television industry.<sup>64</sup> Now that audience behavior is more visible through network culture and digital data streams, the TV industry can incorporate formerly impractical academic paradigms into the practice of measuring mass audiences.

The disjuncture between the active process of attention and the passive audiences constructed by the television industry has been heavily researched within cultural studies.<sup>65</sup> Media Scholar Ien Ang is one of the television industry's most vocal academic critics. She maintains that the industry obfuscates the important cultural process of watching television through its focus on passivity. Ang argues that the institutional point of view benefits from conceiving of the audience as "unknown" because the actual practice of watching television is too complicated to measure:

After all, television viewers have the freedom to move around in their homes when their TV set is on; there is no obligation to keep looking and

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<sup>64</sup> A footnote doesn't do this field justice. Start with Ang, *Watching "Dallas"*; Morley, *The Nationwide Audience*; Radway, *Reading the Romance*.

<sup>65</sup> Again, a footnote can't do this justice. Start with Stuart Hall on Encoding and Decoding.

they can always divert their attention to something else whenever they want to. But it is precisely this relative freedom of television audiences to use television in ways they choose to which has been conveniently repressed in the industry's imaginings of its consumers.<sup>66</sup>

Ang faults the television industry for ignoring real behavior, but she is not concerned with improving the industry's construction of the audience. Instead, she urges the academy to reject the industry's definition of audience and focus on the social conditions of watching television. Ang's position is instructive for academics, but I am more interested in understanding how audience measurement can make audiences valuable by measuring their activity. In the years since Ang wrote this criticism in 1996, viewer behaviors have become more visible through interactive TV and internet platforms, but the industry still seeks to replicate the residual logics of broadcast television in these new spaces. Television measurement can leverage behavioral data to address Ang's concerns and still remain an economically viable industry. After all, television ratings are a conceptual measure and not a concrete representation of who is actually watching.

### **LOGIC #3: OBJECTIVITY SHOULD SOUND SCIENTIFIC**

Measurement firms have historically employed a pseudo-scientific rhetoric to convince publishers and advertisers that audience measurement technologies can quantify the unknowable media audience. But more scientific methods don't necessarily reveal more about the audience, especially when the underlying assumptions about passivity are not examined. In fact, dominant logic has consistently privileged scientific technology over understanding audience behavior. AC Nielsen first gained its rating

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<sup>66</sup> Ang, *Living Room Wars: Rethinking Media Audiences for a Postmodern World*, 56.

monopoly by positioning the Audimeter as a more scientific alternative to Hooper's telephone coincidental, and the story of the Audimeter is steeped in science. Nielsen bought the meter from MIT, a university synonymous with advanced engineering and scientific research. Arthur Nielsen exploited the meter's scientific roots when he brought the meter to market in the 1940s. Karen Buzzard recounts Arthur Nielsen's original pitch for his Nielsen Television Index (NTI). Nielsen compared his competitors to a thermometer, "which indicates how sick the patient is but gives no remedy or diagnosis." NTI, on the other hand was a full diagnostic service "like the stethoscope and X-ray."<sup>67</sup> Rather than diagnose illness, however, Nielsen promised that NTI would use its advanced diagnostic capabilities to improve sales. Nielsen used the Audimeter to make audience measurement into a scientific process. Telephone coincidentals that relied on human memory were accordingly subject to human error, but the Audimeter, like the X-ray, was an objective scientific tool incapable of forgetting or misdiagnosing.

The TV industry liked the Audimeter because they believed it gave them a scientifically reliable estimate of the average audience size during each minute of programming. It made their jobs easier—the Audimeter could report exactly when audiences were watching television or listening to the radio. Networks liked Audimeter ratings because they produced bigger audiences than telephone coincidentals and diary reports and because detailed Audimeter ratings made it easier to analyze program flow and devise scheduling strategies. Advertisers liked the Audimeter because they could use it to determine when the most listeners and viewers would be exposed to their ads.<sup>68</sup>

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<sup>67</sup> Buzzard, *Chains of Gold: Marketing the Ratings and Rating the Markets*, 54.

<sup>68</sup> *Ibid.*, 53-4.

The Audimeter used its supposed scientific superiority to make the unknowable process of listening visible. The story of the Audimeter explains how residual logics around scientific rhetoric developed. Further, the Audimeter set the tone for the kinds of technology and audiences that the research industry would construct in the coming decades, but in the process, it made passive measurement even more important. The residual limits placed on audience interaction have prevented the industry from exploring emergent sites of value and led to several notable failures.

### **LOGICS IN ACTION: EXPOSURE AND THE CASE OF THE PASSIVE PEOPLE METER**

Television ratings have typically reported “exposures,” or the number of people who tune in a certain program.<sup>69</sup> The exposure incorporates all three residual logics outlined above. First, exposure is a simple quantitative measure of eyeballs that can be easily turned into a consistent currency because exposures don’t make assumptions about why a person chose a particular program, what they thought of the program, or if they were even concentrating on the television while it was on. Second, exposure is a passive measure. Exposure numbers are reported with as little subjectivity as possible. Third, exposure doesn’t actually measure who is watching TV; instead, it merely tries, in the most scientific way possible, to account for who has been exposed to TV. Ultimately, exposure doesn’t distinguish between kids and dogs because the quality of their attention is the same.

And that brings us back to the passive people meter. Though Nielsen’s passive people meter never got out of test phase, it still provides a cautionary tale about

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<sup>69</sup> For a thorough account of how exposure is calculated for the purpose of ratings see Webster, Phalen, and Lichty, *Ratings Analysis: The Theory and Practice of Audience Research*.

overvaluing passive measurement. The passive meter was meant to be the most scientific, most passive way to measure attention. The passive people meter came about because, as Poltrack put it, “interaction with the viewer” complicates the process of measuring viewers.<sup>70</sup> Nielsen Senior VP Barry Cook wrote an article about Nielsen’s meter for the *Journal of Advertising Research* in 1995. In Cook’s estimation, Nielsen’s passive people meter would completely erase any doubt about the uncertainty of rating data:

We are on the brink of a new era in television audience measurement. The ability to measure who is in the room, second by second, when the TV set is on—and possibly even to measure when those people are looking in the direction of the TV screen will give this industry a new currency.<sup>71</sup>

Actually, the passive people meter would have given the industry the same currency it was already using, but in an ostensibly more reliable form. Nielsen’s regular people meter was supposed to measure television exposure, and the passive people meter would provide the same information—who was watching TV—but without relying on input from viewers.

According to Cook, the passive people meter would resolve doubts, of which there have been many, about Nielsen’s sample response rates.<sup>72</sup> Cook claims that even the laziest people wouldn’t mind having the passive people meter in their homes. He explains, “First, unlike the diary or the active people meter, the thing is not a task. You don’t have to do anything. So the kind of people who would not be willing to undertake a

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<sup>70</sup> True to form, Nielsen began to work on a passive people meter after a startup called Percy claimed to have perfected the technology. See Rigg, “Firm says rating meter won’t go to dogs.”

<sup>71</sup> Cook, “COMMERCIAL TELEVISION,” RC-7.

<sup>72</sup> Nielsen’s history of sample bias is covered in Chapter 7 of Buzzard, *Chains of Gold: Marketing the Ratings and Rating the Markets*.

task are potential cooperators.”<sup>73</sup> With a perfectly passive measurement system, Nielsen could collect consistent, reliable data without having to worry about human oversight, error, or subjectivity. Publishers and advertisers no doubt salivated at the thought of measuring viewers who forgot to fill out their diaries or didn’t push the proper buttons on the people meter, but this emphasis on passivity has obscured the possible value of measuring actual human behavior.

### **DOMINANT CONSTRAINTS ON ADVERTISING AND PUBLISHING**

Logics around consistency, passivity, and scientific rhetoric developed because they facilitated the basis for exchange between publishers and advertisers, but in the process, the residual logics of the measurement industry have permeated both the publishing and advertising industries. Our very conception of advertising effectiveness ends up being shaped by the audience measurement business. That is, our conception of advertising effectiveness is necessarily constrained by the measurement industry’s construction of the audience.

### **SINGLE SOURCE**

Advertisers have had trouble determining advertising effectiveness using passive audience measurement because they have ultimately tried to correlate ad exposure—measured by Nielsen ratings—with the act of purchasing the advertised product. In a sense they’ve tried to take a medium that serves ads to the masses and turn it into a vehicle for delivering specific consumer response. Technically, television is not a direct

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<sup>73</sup> Cook, “COMMERCIAL TELEVISION,” RC-6.

response medium (though it could develop the capabilities to become one) because there are too many steps between being exposed to a product and buying it. Using passive technology, we can't say with any degree of certainty that TV advertisements cause or even influence purchasing behavior. People have myriad reasons for choosing products—it was on sale, it has attractive packaging, a friend recommended it—and it's a stretch to imply correlation between TV exposure and purchase, let alone causation. Other media have been able to better measure consumer response to marketing—like coupons in the newspaper or direct-response Internet advertising. Yet, single source data, the mythical measurement that can track a consumer from point of exposure to point of sale was the unattainable ability to measure a consumer from the point of exposure to the point of sale, was—and still is depending on who you ask—the holy grail of TV advertising effectiveness.

The whole notion of single source data is predicated on a passive measurement. That is, advertisers want to be able to measure consumers from exposure to point of sale with as little interaction from the consumer as possible. This hasn't been possible because Nielsen has only been able to provide separate panels—one for point of sale and one for ad exposure. At a round table held in 1999—more than 10 years after the people meter had become the accepted currency of the ratings industry—advertisers still weren't happy with the data Nielsen provided. David Marans of J. Walter Thompson explains the limits of the data provided by people meter numbers:

I don't really care what the rating is for *ER*, nor if it's on cable, or syndication, or a broadcast network. I want to know, for a target audience that we've selected, how many of them are viewing the Taurus or the

Listerine commercial during the break. And ideally, what the influence the commercial has on them. When we're talking about age and sex, the data we get right now is very rudimentary. It's almost laughable.<sup>74</sup>

Even with the technological advancements of the people meter, audience behavior is still predicated on exposure. While advertisers rely on ratings data to place commercials, they have no concrete way to measure if those commercials actually influence consumer behavior. Because television isn't a direct response medium, it's impossible to say if advertising exposure causes purchasing without asking the consumer directly.

To address the issue of advertising effectiveness Nielsen and Arbitron partnered on "Project Apollo" in 2005.<sup>75</sup> The joint venture aimed to provide the ultimate stream of single source data to the industry. The project required consumers to wear a Portable People Meter (PPM) that measured the ads they watched on TV, heard on the radio, or saw on the Internet. The PPM also measured what people bought. Together, these measurements would tell advertisers which ads got the best response and which media were the most successful platforms for their ads.<sup>76</sup> Project Apollo was cancelled in early 2008 because Nielsen and Arbitron claimed that they could not to attract enough clients to make the expensive project financially feasible.<sup>77</sup> But then, even before Project Apollo, advertisers have never had a way to quantitatively prove that advertisements influence purchasing decisions.

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<sup>74</sup> "Why Can't We Count? ."

<sup>75</sup> Gertner, "Our Ratings, Ourselves."

<sup>76</sup> Ibid.

<sup>77</sup> McClellan, "Arbitron, Nielsen End Project Apollo."



## NEUROMARKETING

Research on advertising effectiveness has been limited by residual constructions of the passive audience. The pseudoscience dubbed “neuromarketing” is one of the best examples of how the paradigmatic passivity of media audiences has bled into theories about how advertising works. Since Herbert Krugman’s 1971 study on the EEG effects of advertising, published in the *Journal of Advertising Research*, marketers have tried to correlate brain activity with the effect of television commercials. While these studies prove little about advertising effects, they do provide insight into how the advertising industry privileges certain conceptions of television viewing: in brain-wave studies, the viewer is positioned as passive, and methodology is employed to construct television viewing as a scientific and knowable process. These studies, especially those using the EEG, have provided few actionable insights, but they remain useful to the advertising industry because they arm marketers with a scientific discourse to justify their actions.

EEG studies have tried to arm advertisers with knowledge of brain stimuli, but the results have focused mostly on validating the usefulness of EEG technology for constructing an objective understanding of the television viewer. In their 2004 study of EEG and viewer engagement, Michael Smith and Alan Gevins argue that viewer behavior inherently defies objective measurement: “Viewer engagement is highly covert in nature. Although it may have observable behavioral correlates such as direction of gaze, it is not itself directly observable by others.”<sup>78</sup> Funnily enough, Smith and Gevins’s argument echoes Ien Ang’s criticism of the TV industry: in both cases, viewer attention

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<sup>78</sup> Smith and Gevins, “Attention and Brain Activity While Watching Television,” 286.

defies systematized quantification. But while Ang urges scholars to investigate the value of viewer engagement, Smith and Gevins hope to remove the viewer's experience from the picture all together. They frame engagement not as a valuable meaning-making process, but as a "covert" tactic used by the viewer to thwart the objectives of the researcher. Smith and Gevins use EEG to strip the viewer of her ability to elude objective measurement. They claim that EEG can "provide a more direct and objective method for gauging the intensity and nature of viewer engagement."<sup>79</sup> Following this logic, EEG technology can ultimately make Ang's "unknowable" viewing practices into an objectively measurable activity by removing any consideration of the viewer's agency.

EEG research completely eliminates the need to consider subjective human responses because it only values neurological responses to stimuli. There is no need to discuss interpretation and no need to trust that a subject's recollection is accurate. With EEG research, there are only brain waves, and brain waves don't lie. EEG research tries to create viewer passivity on two levels: first, EEG technology requires no input from the subject; and second, EEG research tries to prove that television viewers are passive at a neurological level. In his 1984 exploration of EEG methodology, published in *Psychology and Marketing*, Jeffrey Nevid explains the value of testing ad response with the EEG: "An underlying rationale for the use of these physiological measures is that since such responses are not ordinarily voluntarily controlled, there is little chance that subjective biases can distort the data."<sup>80</sup> If ads can be proven effective by brain waves,

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<sup>79</sup> Ibid.

<sup>80</sup> Nevid, "Methodological Considerations in the Use of Electroencephalographic Techniques in Advertising Research," 6.

then advertisers can reliably measure the efficacy of their ads without having to risk the human error associated with recall techniques.

Neuromarketing positions television as a medium that inherently encourages passivity. If viewing is a passive activity, then it makes sense to measure it using technologies—like the EEG and the Audimeter—that don't rely on any viewer activity or interpretation. Krugman's 1971 EEG study relied on a simple analysis of brain waves to reinforce the idea, popularly propagated by Marshall McLuhan, that television viewing ultimately changes the way people process information and interact with their surroundings: "Our subject was working to learn something from a print ad, but was passive about television...The subject was no more trying to learn something from television than she would be trying to learn something from a park landscape when resting on a park bench."<sup>81</sup> Though Krugman only tested one subject using the EEG, he evokes universalizing scientific language to draw a concrete conclusion about the low level of brain activity required to watch television.

These EEG findings are not surprising. Television has long been painted as a passive medium in the popular press. The idea of the couch potato,<sup>82</sup> of television rotting your brain, and more recent studies linking obesity to television viewing all reinforce the assumption that television requires little activity on the part of the viewer. These assumptions both inform and reinforce dominant media research practices. If marketing research and popular opinion both support the idea that television is a passive medium, it makes sense for audience measurement to be passive as well.

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<sup>81</sup> Krugman, "Brain Wave Measures of Media Involvement," 8.

<sup>82</sup> The term couch potato was first used in the mid-1970s, and became popular a decade later. For more see Uricchio, "Television's Next Generation: Technology/ Interface Culture/ Flow," 71

## IMPLICATIONS FOR PROGRAMMING

All these strides toward passive measurement, seen in the failures of both the passive people meter and Project Apollo, indicate the struggle between publishers and advertisers over measuring actual viewer behavior. Advertisers have historically wanted more precise estimates of ad exposure, but publishers typically don't respond well to changes that upset the currency of ratings. When people meters were introduced in 1987, ABC threatened to cancel its Nielsen subscription because people meter data was inconsistent from month to month and resulted in program rating losses of up to 10 percent.<sup>83</sup> The people meter also precipitated changes at the level of programming. Networks assumed that the people meter would be better at tracking younger viewers than diaries, so they deliberately aired programs that would appeal to younger demographics. ABC ended up sticking with its Nielsen subscription because their youth-oriented programming fared better with people meters than expected. In fact, ABC decided not to cancel the under-performing *Sledge Hammer* and *Spenser: For Hire* because of their potential for youth-driven people meter success. Though networks lost rating points across the board, some shows mysteriously got a boost from people meter ratings. CBS's *Cagney and Lacey* was ostensibly saved from cancellation because of good people meter ratings.<sup>84</sup> Still, networks were not happy about having to make adjustments because of the people meter. NBC vice president of research, William

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<sup>83</sup> Potts, "Nielsen Ratings May Be Axed by Networks; Ad Revenue Threatened by New Viewer Measure."

<sup>84</sup> Boyer, "TV Turning to People Meters to Find Who Watches What."

Rubens, described the people meter's impact on the television business as "Chaos" in the *New York Times*.<sup>85</sup>

### **EMERGENT: EXPRESSION TO IMPRESSION TO EXPOSURE**

While television industry trades in "exposures," online advertising trades in "impressions." In practice, the distinction between exposure and impression is mostly semantic, but it indicates different assumptions held by television and online advertisers. Both these terms describe advertising in relation to the viewer or user. While TV ads are measured in viewer exposures, online advertising is measured each time it loads and produces an impression on the user's screen. Just because it makes an impression on the screen, however, does not mean that the advertisement has also made an impression on the user. Impression, like attention, is a subjective concept—it's very difficult to tell what a person takes away from an advertisement at the level of digital data, but online advertising can track more than exposures.

Several different advertising models exist in online marketing and they allow advertisers to target their ads and measure consumer behavior. At the most basic level online advertising looks a lot like television advertising. CPMs (cost per thousand viewers exposed to an ad) are sold to advertisers. Cost per Click (CPC) and Cost Per Action (CPA) represent a divergence from the typical television model. CPC and CPA allow advertisers to pay to place online ads based on how many people click or take a

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<sup>85</sup> Ibid.

specific action related to their ad. A CPC or CPA ad on television could make television into the direct-response medium that Project Apollo tried to create.

Television has not been able to effectively leverage web-advertising technology, even though television is distributed digitally. The gulf in measurable ROI between online advertising and TV advertising has been widening for a while. Back in 1995, Nielsen's Barry Cook anticipated the difference in standards between online measurement and TV measurement: "Traditional media may face accountability challenges from the information superhighway which may be beyond today's audience measurement methods."<sup>86</sup> In fact, the "information superhighway" of 1995 was probably ahead of 2010's television audience measurement methods. Part of the reason for this can be attributed to the interactivity of online media. Consumer behavior is easier to measure online because browser cookies can track users from ad exposure to point of sale. The same technology doesn't exist for TV on a mass scale yet, though not for lack of technological capacity.

## **BEYOND BRANDING**

Advertisers still believe in the power of TV even though online advertising can give them more detailed reports of campaign efficacy. Lucas Donat of Donat Wald Direct Response Advertising explains advertisers' blind faith in TV campaigns in a December 2009 issue of *Advertising Age*:

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<sup>86</sup> Cook, "COMMERCIAL TELEVISION," RC-5.

When it comes to measurement, most TV advertisers know audience reach, some demographics and probably some level of top-line results. Admittedly, it doesn't match the depth and granularity of data we can get for online campaigns, where we know who's responding to our ads, what they're doing on our websites, how much time they spend there and whether or not they complete a purchase.

Even without that level of detail, most of us truly believe that TV works. But too many TV advertisers concede defeat in the measurement game -- unnecessarily. Sure, when compared with the detailed tracking available for online ads, TV can be a little fuzzy. But that doesn't mean it's useless; far from it.<sup>87</sup>

Donat admits that television can't provide clear performance metrics, but he maintains his faith in TV as an advertising medium. Donat maintains that his agency has been able to compensate for "fuzzy" data: "To deal with the relative ambiguity of TV ad measurement, my agency adapts the concept of fuzzy logic into what we call 'fuzzy analytics.'"<sup>88</sup> Donat is right to believe that TV advertising is useful even though it doesn't provide the granularity of web data. In its current configuration, linear TV gives advertisers a platform for mass-scale branding campaigns that raise brand awareness rather than motivate a specific purchasing behavior. Branding can still be a valuable tool for advertisers, but television doesn't have to be used only for branding. Television could—and should—start to look like the online ecosphere Donat describes. There is no reason digital television data can't eventually give advertisers access to granular data about purchasing behavior if they want it. Making use of that data is the real challenge.

Because advertising has been constrained by the logics of the ratings industry, advertisers need to rethink their relationship to the television audience in order to leverage the full power of digital data. After all, they can only gauge effectiveness using

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<sup>87</sup> Donat, "How Advertisers Can Accurately Measure TV Ad Performance."

<sup>88</sup> Ibid.

the measurements they have. New digital data streams provide the potential to create campaigns with varying levels of specificity. Linear television can still provide exposure when advertisers want to reach a mass audience, but digital distribution can allow advertisers to interact with consumers right from their TV sets. The advertising industry needs to develop these models and demand them from measurement firms.

### **CREATIVE IS KING**

Online advertising can provide more than fuzzy analytics, and it's only a matter of time until these methods start creeping into the television industry. Publishers and advertisers are already leveraging STB data for internal research. This data provides a level of granularity that Nielsen can't match and this granularity has the potential to shift industry relationships. Advertisers and publishers could test advertising effectiveness by leveraging second-by-second playback statistics for DVR viewing. CBS Chief Research Officer David Poltrack told me a story about how he was able to track viewer response to the popular "Mac vs. PC" commercials:

Now you can go to TiVo data and set-top box data and you can actually watch people stop fast-forwarding when those [Mac] ads come on...They actually like those ads and they're interesting...We're just now starting to get to a point where we have a kind of measurement that will allow for creativity to be rewarded when it is properly focused.

Poltrack used STB data to show that "Mac vs. PC" ads make a measurable impression on viewers. Even more than that impression, however, viewers can use their remote to actually *express* their fondness for those commercials. This kind of expression is extremely valuable to advertisers trying to measure the impact of their brand on consumers.



Publishers would also benefit from a wide-scale implementation of data-based technology because they'd be able to negotiate with advertisers based on measurable ad effectiveness. Poltrack explains that publishers have been able to sell audiences to advertisers, but that they could never assume any responsibility for the effectiveness of advertisements. With more granular data, Poltrack believes that “the ability to go beyond exposure is growing and the advertisers are looking more and more for accountability.”<sup>89</sup> With that accountability, programmers can finally tailor advertising flow the way they've tailored program flow. For example, they might give advertisers incentives to produce creative commercials that keep viewers from fast-forwarding through the commercial blocks.

### **ACTIVE IS THE NEW PASSIVE. EXPRESSION IS THE NEW EXPOSURE**

Ultimately, STB-based expressions can provide a passive measurement that doesn't obscure viewer behavior. To be measured effectively using a set-top box, viewers don't have to push buttons people meter buttons, they don't have to write in a diary, and they don't have to worry about the dog messing up the facial recognition software. The only problem is that Nielsen isn't providing granular data yet. TiVo and other proprietary research firms are selling STB data to advertisers and publishers individually. This research has allowed programmers to learn a lot about audience behavior, but it can't be used as a basis for negotiation. As long as Nielsen provides the industry's currency, other experiments with STB data will be limited. Nielsen has

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<sup>89</sup> Poltrack, interview.

effectively siloed this research in different networks, agencies, and research companies. We're left with rich insights and innovative data that can't be applied to ailing business models. Still, it's only a matter of time until the television industry figures out a way to leverage digital data in audience measurement. The outcome will either involve waiting for Nielsen to change or coming up with something new.

When we can eventually leverage digital expressions, we have to decide how to value expression. The audience has the potential to become more powerful than it's ever been and, this time, audience power doesn't just rest in the hands of those intrepid *Chuck* fans buying sandwiches. Everyone with a remote could effectively tell publishers and advertisers what they like, what they hate, and what they want. The challenge now involves learning how to think about the audience in terms of its power rather than in terms of its commodity value.

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## Two Sides of NBC: Constructing Audience Value

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While *Chuck* fans were buying sandwiches to save their favorite show, NBC was hatching an unconventional plan of its own. In the fall of 2009, NBC changed the flow of its primetime programming. During the 10 o'clock hour Monday through Friday, NBC decided to forgo scripted programming in favor of a late-night style talk show hosted by former *Tonight Show* host Jay Leno. Like *Chuck* fans, NBC executives attempted to get around the constraints of the television ratings system. But while *Chuck* fans circumvented NBC to prove their value directly to an advertiser, NBC created *Leno* in an attempt to make audience ratings nearly irrelevant to the bottom line. Unlike the expensive dramas NBC had previously aired at 10, Leno's show was so inexpensive to produce that it could recoup costs and turn a modest profit even without high ratings.

The Leno experiment was at once a success and a failure for NBC. Critics attacked NBC and *The Jay Leno Show* with a vehemence usually reserved for Charlie Sheen sitcoms. *The New Yorker's* Nancy Franklin described *Leno* as a catastrophe and she ridiculed NBC's decision to air the show:

The forensic evidence so far indicates that a kind of death is taking place before our eyes; the only question is whether what we're witnessing is an accident or a crime scene...NBC's attitude toward 'The Jay Leno Show' signals a whole new level of indifference, resignation, and laziness.<sup>90</sup>

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<sup>90</sup> Franklin, "Leno at the Bat: A strikeout in NBC's prime-time lineup."

Mary McNamara of the *Los Angeles Times* was a bit more light-hearted, but no less critical of *Leno's* massive failure. She wrote, "It's not a good sign when the Bud Light commercial is funnier than the comedy show it interrupts."<sup>91</sup> The press continued to attack NBC even after *Leno* was pulled from primetime. In January of 2010, on the heels of an announcement that *Leno* would leave the 10:00 slot and return to 11:35, *Entertainment Weekly* ran a cover story entitled "TV's 50 Biggest Bombs and Blunders." *The Jay Leno Show* at 10:00 ranked number one.<sup>92</sup> Still, even though *Leno* was ultimately cancelled, it was clear that *The Jay Leno Show* had accomplished what NBC had set out to do: *Leno* made money for NBC even without good ratings.<sup>93</sup>

*The Jay Leno Show* proved that a TV show didn't need a lot of viewers to make money. *Leno* was profitable because it cost next to nothing to produce and it was full of product placement. According to Nielsen data, *Leno* had the most product placements of any broadcast or cable series in 2009.<sup>94</sup> *Leno* was eventually taken off the air because its low ratings hurt NBC news broadcasts at 11:00. With *Leno* as a lead-in, affiliates in major markets reported losing nearly half of their 11:00 news audiences.<sup>95</sup> *Leno* was also among the least recorded shows of the 2009 television season. When NBC executives pitched *Leno* in the spring of 2009, they claimed the show would be "DVR-proof," meaning that people would want to watch it live.<sup>96</sup> Live viewing would mean more ad revenue for NBC, but it turned out that people didn't want to watch *Leno* at all.

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<sup>91</sup> McNamara, "'Jay Leno Show' stays on familiar ground."

<sup>92</sup> EW Staff, "TV's 50 Biggest Bombs and Blunders."

<sup>93</sup> Friedman, "NBC's Real Late-Night Picture: Network Was Losing Money."

<sup>94</sup> Schneider, "Leno leads in product placement."

<sup>95</sup> EW Staff, "TV's 50 Biggest Bombs and Blunders."

<sup>96</sup> Porter, "'Jay Leno' and the least DVR'ed shows of the season."

Like *Chuck* fans and their sandwiches, the *Leno* experiment indicates the shifting value of television audiences. Both *Chuck* fans and NBC wanted to outsmart the ratings system: *Chuck* fans did it by appealing directly to sponsors and NBC did it by making a show that didn't need ratings to make money. Though these actions seem diametrically opposed—one the act of loyal fans who loved a TV show and the other the money-saving ploy of a large corporation—they both reveal a fundamental tension in the audience research industry. The audience has commodity value to publishers and advertisers, but content has cultural value to viewers.

When shows live and die by Nielsen ratings, audiences can only express the cultural value of a show by proving their own value as a commodity. But the shows that are most important to people don't always get the highest ratings. In the case of *Chuck*, fans were able to effectively translate the cultural value of the show into a language NBC understood when they proved to be valuable sandwich-buying members of the commodity audience. With *Leno*, NBC approached programming as a commodity. This decision undermined the basic agreement that audiences and publishers entered into: audiences implicitly agree to let their attention be commodified—to watch commercials and network promos—because they get cultural value from programming. *Leno* was a successful commodity, but it wasn't a successful piece of culture.

The struggle between the commodity value of the audience and the cultural value of television content has played out over the decades, but it's an increasingly critical issue because digital networked culture has given us the chance to see exactly how poorly television ratings reflect actual audience behavior. In this chapter, I will argue that the ratings system is ultimately responsible for the growing division between the

commodity audience and the actual audience. As long as ratings exist in their current state, publishers and advertisers will miss out on innovative revenue opportunities and audiences will not get their fair share of culturally relevant programming.

Fortunately, audience behavior across television platforms is networked, instantaneous, and visible like never before. To discover sites of audience value, 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. By looking at visible audience expressions, we can learn how to reach engaged audiences.

Viewers have learned to speak the commodity-based language of the industry, and it's time the industry learns to appeal to the cultural values of audiences. Ideally, *Chuck* fans wouldn't have had to buy sandwiches because NBC would have already known that they were a valuable audience. TV is still a mass medium that trades in mass audiences. The audience will still be a commodity, but it will become a more valuable commodity once industry logic incorporates the cultural value viewers get from content.

## **RESIDUAL AUDIENCE ECONOMICS**

Before we can salvage the value of the television audience, we have to understand why the system isn't working. Ratings are supposed to turn audience attention into a commodity that advertisers and publishers can use as a currency. The commodity audience stands in for the actual audience in this transaction, but actual audience behavior hardly influences the creation of the commodity that's supposed to represent it. The root of the problem lies in the way the audience is constructed.

Like most commodities, the audience product isn't uniform through its manufacture and sale. Economist Philip Napoli's explanation of the audience product is especially instructive here. Napoli explains that the industry uses three distinct audiences as a basis for transaction: the actual audience, the measured audience, and the predicted audience.<sup>97</sup>

- The *actual* audience is comprised of all the people watching a television program, whether anyone knows they're watching or not.
- The *measured* audience is comprised of the people Nielsen counts as watching that program. Nielsen claims that the measured audience accurately reflects the actual audience. Though the methods used to construct the measured audience are obviously flawed, as we saw in the last chapter, the measured audience still provides a basis for formulating the final type of audience—the predicted audience.
- The *predicted* audience is an estimate of how many people are expected to comprise the measured audience for a given show. The majority of transactions between publishers and advertisers are based on the predicted audience.

At the most basic level, publishers predict how many people will be in the measured audience for a show and advertisers pay a rate for ad time on that show. Then, after the show airs, Nielsen provides ratings for the measured audience. If those ratings are higher than predicted, publishers can raise the price of advertising on that show in the

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<sup>97</sup> Napoli, *Audience Economics: Media Institutions and the Audience Marketplace*, 23.

scatter market and in future upfront ad sales.<sup>98</sup> If ratings are lower than predicted, publishers have to “make good” on their agreement with advertisers usually by offering additional ad time.<sup>99</sup>

In the process of negotiation, ratings take the place of the actual audience. Nielsen created a method of measurement that extrapolates data about their panels to the entire population, and Nielsen isn’t equipped to provide census-style measurement. To address these shortcomings, organizations like the Coalition for Innovative Media Measurement (CIMM) are pushing for clear definitions of attention and census-style audience measurement. Despite CIMM’s best efforts, it’s important to realize that the difference between the actual audience and the commodity audience developed because it was not in anyone’s best interest to measure the actual audience. Political economist Eileen Meehan frames this argument in terms of supply and demand:

Constraints in continuities of demand for some demographic categories over others mean that the commodity audience is *a priori* different from the viewing public. All viewers are not equally in demand and hence not equally profitable to either broadcasters or raters. As a result, a ratings firm that acts rationally within this market structure will not measure the public; to do so would be to produce an unsalable commodity. Similarly, it would be irrational for broadcasters to program for any viewership other than the fixed and semi-predictable sample; to do so would be to refuse to produce the commodity audience.<sup>100</sup>

Meehan’s criticism, written in 1984, hinges on the fact that raters, advertisers, and publishers favor the commodity audience over the viewing public because the

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<sup>98</sup> Most television ad time is sold during the “upfront period.” During upfronts, advertisers and publishers make deals for ad placement throughout the upcoming television season (or part of a season). The scatter market refers to reserved or unsold ad time sold that publishers sell closer to the date a program airs. The scatter market is especially important when shows over-perform in ratings because publishers have a chance to charge advertisers more than they did in upfronts.

<sup>99</sup> The process is much more complicated than I've explained here. For more detail see Webster, Phalen, and Lichty, *Ratings Analysis: The Theory and Practice of Audience Research*.

<sup>100</sup> Meehan, “Ratings and the Institutional Approach,” 223.



demographic categories represented by the commodity audience are more valuable. Her concern is valid, but irrelevant to those in the industry who believe that some demographic categories *are* more valuable than others.<sup>101</sup> While her argument may have been immaterial to the industry in 1984, it's now become easier to measure the use patterns of viewers who aren't part of the most desired demographic. Further, as marketing strategies become more nuanced, advertisers want information about how to reach even the smallest niche demographics. To find use patterns, however, raters have to overcome the residual logics that developed around constructing audiences.

The commodity audience is constructed with a focus on quantitative over qualitative measurements. In other words, ratings primarily measure how many people are watching and then provide secondary demographic data about those people. This is not to say Nielsen's qualitative data isn't an important component of ratings. On the contrary, Nielsen's last vestige of value comes from its ability to provide demographic data overlays from its panels. The industry functions this way because of residual logic—before digital data streams, it would have been nearly impossible to understand how viewers engaged with television content on a mass scale. Meter technology can't even tell if someone is in the room, let alone test for the variety of reasons someone might turn on a certain program. Under these conditions, the exposure paradigm makes sense.

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<sup>101</sup> I don't want to get into this debate because, at least at this juncture, I'm primarily concerned with the veracity rather than the composition of the audience commodity. I wouldn't dream of depriving you of learning all about this, though. Check out Meehan, "Why We Don't Count: The Commodity Audience"; Meehan, *Why TV Is Not Our Fault: Television Programming, Viewers, and Who's Really in Control*; Meehan, "Gendering the Commodity Audience: Critical Media Research, Feminism, and Political Economy"; Ang, *Desperately Seeking the Audience*; Ang, *Living Room Wars: Rethinking Media Audiences for a Postmodern World*; Livingstone, "On the relation between audiences and publics"; Fiske, "The Cultural Economy of Fandom"; Stavitsky, "Counting the house in public television: A history of ratings use, 1953-1980."

Ratings can estimate who was exposed to a program, but they can't give any qualitative data other than simple demographics based on age, sex, and zip code. Publishers and advertisers got used to exposures and raters accordingly aimed to improve the accuracy behind exposure data. Qualitative measure of engagement gleaned from focus groups, surveys, and ethnographic studies are important for programming, scheduling, and ad buying, but qualitative data can't be reliably applied to the industry's macroeconomic structure. That could change now.

### **HOW TO MAKE A RELEVANT AUDIENCE**

Instead of adapting current qualitative and quantitative measures to the digital ecosystem, we need to leverage both kinds of data when we value the mass television audience. Audience measurement should be about creating and delivering the most relevant audience, not just assuming that legacy relationships and macroeconomic systems will work in the digital space. I may not know what the future of the television industry will look like, but I know that the system in its current form can't sustain itself. The television industry can either stick with their increasingly irrelevant business models, or they can take advantage of the opportunity to find new sites of value in untapped data streams. Let's start by looking at how macroeconomic structures need to shift.

### **ALL DEMAND IS NOT CREATED EQUAL**

The dominant structures of the television industry are out of step with the demand of actual audiences because the industry thinks that programming to the

commodity audience is a better business strategy than programming to the actual audience. If the measured audience were an acceptable stand-in for the actual audience, the distinction between the two would be strictly semantic, but Nielsen's construction of the commodity audience fails to account for the broad range of value that resides in different audience members. The residual logic behind the commodity audience assumes that all audience attention has the same value, but it's becoming increasingly clear that all attention is not the same. *Chuck* fans, for example, weren't especially valuable to NBC as a measured audience. They only became valuable once they were able to express the difference between themselves (the actual, sandwich-buying audience) and *Chuck's* Nielsen rating (the measured audience).

The very economic structure of the audience marketplace has been designed to obfuscate the demand of the actual audience. Eileen Meehan puts it well:

In short, the mass of mass media, television, is programmed for a narrow slice of the total viewership—for the commodity audience. Thus it is macroeconomic structure—not taste, not training, not temperament—that determines who counts in television.<sup>102</sup>

I agree with Meehan about the dominance of economics, but I don't see it as a problem, per se. It makes sense that economic considerations determine what ends up on TV because at the end of the day, the industry needs to monetize content. We just need a better macroeconomic structure, one that incorporates the values of actual audiences in the process of making them valuable. Moreover, taste, training, and temperament are not absent from the production of television content and television audiences. Real people—members of the actual audience—work in the television industry to produce content that appeals to audiences at a cultural level. Plenty of programming manages to

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<sup>102</sup> Meehan, "Why We Don't Count: The Commodity Audience," 77.

maintain relevance despite the networks' concern for the bottom line. There are scores of talented storytellers working in the television industry, and there are executives willing to air interesting, relevant content even if it doesn't make perfect economic sense.

There are two kinds of demand operating in the television industry: first the audience has a demand for quality programming; and second, the industry has a demand for quantitative measures of the audience. It's been hard to measure the qualitative demands of the audience in a quantitative way, but the value system of viewers does not have to oppose the TV industry's economic system. The cultural value of content should contribute to the economic value of the audience, but it's going to take some work. Presently, cultural value only becomes relevant in situations like *Chuck* when some intrepid fans can make their commodity value visible by buying sandwiches. The remaining sections will outline ways to use emergent systems to help reconcile the value systems of audiences and industry.

## **QUALITY DATA**

The ratings system has created a divide between the actual audience and the commodity audience, and while this arrangement has been manageable for decades, it's no longer an adequate way to make the television audience valuable. It makes economic sense to incorporate the behaviors of real people into the creation of the audience commodity. Audience behaviors don't have to come to light through ethnography, surveys, or focus groups—though those methods still have their value. Audiences can make their preferences known to publishers, advertisers, and raters through their

interactions with digital content. Interaction can range from simply changing the channel on a digital TV to creating fan fiction online. These interactions can be quantified and incorporated into the value of the commodity audience.

Understanding this behavior can create a new value scale for audiences. Instead of just measuring based on age, gender, and geographic data, the industry can use digital data to better understand use patterns—when people watch, how they watch, where they watch, and how they interact with content on other platforms. There are layers of granularity in the use patterns of digital viewers: the first is the simply interacting with digital interfaces; and the second is interacting with content across platforms. Interaction with digital interfaces is a fairly straightforward measure. We can measure how people change the channels on a digital TV, when they fast-forward with their DVRs, and how long they watch videos.

Networked activity and concepts like web 2.0 have shifted the task of value creation toward users, and we can measure this activity because it occurs in digital spaces. Jose Van Dijck and David Neiborg are critical of this shift, but they succinctly explain the ethos of web 2.0: “The process of value creation is shifting gradually from a product and company-centric view towards a view of networked active co-creators who are becoming the locus of value extraction.”<sup>103</sup> Many businesses—including television—are encouraging consumers to interact with digital content online and become content creators themselves. A discussion of the merits of web 2.0 would be beyond the scope of

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<sup>103</sup> Van Dijck and Nieborg, “Wikinomics and its discontents: a critical analysis of Web 2.0 business manifestos,” 863.

this argument. Instead, I'll explore the digital sites of value that the television industry can use to make the use patterns of viewers more visible.

## FANS

The Internet has allowed fans to create networks and share content in a space that's visible to publishers and advertisers who know where to look. Online, networked activity has made it much easier for fans to create and circulate value within communities.<sup>104</sup> Publishers are turning to fan activity to learn about audience behavior and to gauge the interests of audiences. Where fans were once a small subset of people who actively interacted with content, they are now seen as "lead users" who can help publishers understand the behaviors of more viewers who choose to participate in network culture. Joshua Green and Henry Jenkins explain the shifting role of fans in the network age:

Fans have been redefined as the drivers of wealth production within the new digital economy: their engagement and participation is actively being pursued, if still imperfectly understood, by media companies interested in adopting Web 2.0 strategies.<sup>105</sup>

Though Green and Jenkins are correct about the industry's recent valorization of fan activity, we have to understand that fans don't necessarily predict how other people will behave. Their willingness to interact with content is, and has always been, unusual.

Most of the activity that takes place within network culture isn't about fandom—it's about people trying to make connections within their own networks. Fans, then, should only be seen as a first point of intervention for publishers and advertisers. Fans

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<sup>104</sup> For more on this see Jenkins, "Interactive Audiences?."

<sup>105</sup> Green and Jenkins, "The Moral Economy of Web 2.0: Audience Research and Convergence Culture," 213.

can create interest and momentum for content within their own networks by sharing, praising, and convincing their friends to watch certain TV shows, but it's important to remember that fans are not necessarily representative of the entire audience and that most casual members of the audience are probably not interested in getting even peripherally involved in fan communities.

### **EVERYONE ELSE**

Luckily, even non-fans are more visible, and they're arguably more economically valuable than fans are. Not everyone participating in networked culture creates content, but even spectators can still be valuable as audience members. Van Dijck and Nieborg cite a study showing that "the average income of passive spectators of user-generated content sites is significantly higher than the median income of content creators."<sup>106</sup> The challenge becomes figuring out how spectators use content so we can assess their value as audiences.<sup>107</sup>

Network culture allows us to see how people use content within their social networks, but it's difficult to measure use value. Green and Jenkins argue that when people share information within their networks, they are actually working to bridge the commodity value and cultural value of content:

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<sup>106</sup> Van Dijck and Nieborg, "Wikinomics and its discontents: a critical analysis of Web 2.0 business manifestos," 861.

<sup>107</sup> I would be remiss to ignore scholarship on audience labor when discussing the value of audiences. For insight into the labor of TV audiences see Jhally and Livant, "Watching as Working: The Valorization of Audience Consciousness" and Meehan, "Ratings and the Institutional Approach"; Some of the materials I've cited also include in-depth discussions of online labor See Van Dijck, "Users like you? Theorizing agency in user-generated content"; Van Dijck and Nieborg, "Wikinomics and its discontents: a critical analysis of Web 2.0 business manifestos"; Bermejo, "Audience Manufacture in historical perspective: from broadcasting to Google."

[W]e need to recognize the ways that these two notions—assessing economic value and determining cultural or sentimental worth—are increasingly connected, as the artifact...travels through different kinds of exchanges involving groups who are applying different systems of evaluation and who may be pursuing fundamentally divergent goals and interests.<sup>108</sup>

Like *Chuck* fans who were able to prove their commodity value, the audiences that Green and Jenkins describe are deftly moving between the cultural logic of audiencehood and the commodity logic of the television industry. This work of evaluation and appraisal shouldn't be left only to audiences. To harness the value of networked culture, publishers and advertisers must similarly evaluate and appraise the ways audiences engage with content. Audience research should ultimately position engagement and participation as sites of value alongside estimates of exposure. Measures of attention should be combined with measures of engagement to form a more complete representation of the commodity audience.

### **STRATEGIC INTERVENTION**

Though the television industry has made several attempts to quantify engagement, they haven't gotten it right yet.<sup>109</sup> Engagement metrics haven't worked because the industry has tried to make them do the small-scale work of ethnography, focus groups, and surveys instead of trying to simply measure use patterns. Further, the television industry has overshot the mark by trying to apply engagement metrics to linear television—the biggest distribution medium at their disposal and their main source of income. Instead of trying to make engagement metrics work for linear

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<sup>108</sup> Green and Jenkins, "Living in Convergence: Placing a Value on Participation."

<sup>109</sup> For a thorough account of the industry's attempts to create engagement metrics see Askwith, "Television 2.0: Reconceptualizing TV as an Engagement Medium."



television, publishers and advertisers should experiment with engagement metrics online and then apply their findings back to television.

Though people meters will probably dominate the ratings industry for the next several years, publishers and advertisers have the opportunity to start afresh in the online space. The stakes are lower online since most revenue still comes from linear TV. While linear television distribution is inflexible because of complicated contracts with MVPDs and myriad incompatible delivery protocols, online experiments can be conducted, analyzed, and adjusted in near real-time. Instead of treating streaming TV sites like an extension of the broadcast space, the industry should view online TV as a testing ground. Their findings will be extremely valuable in the long term because television distribution technology and broadband penetration rates suggest that TV will be delivered primarily through Internet protocol in the coming years.

## **AVENUES TO EXPLORE**

The television industry should also explore other successful IPTV distribution platforms to learn from them and size up the competition. There are hundreds of interesting examples of ways the television industry could learn from other successful digital businesses. Here are a few of the most interesting.

- Netflix streaming is now available on several over-the-top connected devices like game consoles (Xbox 360, Wii, Playstation), Roku, and Apple TV. These devices link the TV directly to an Internet connection. Thought they don't

connect to MVPD set-top boxes, Netflix subscribers can access Netflix vast library of streaming content thorough these over-the-top devices.

- Download-based subscription services like Apple's iTunes store provide another revenue stream for the television industry to investigate more aggressively.
- A la carte subscription models are another avenue to explore. Unlike cable subscriptions, a la cart pricing gives customers the ability to build their own TV subscription package based on channels or shows they're interested in. Again, this service would be much easier to test online or on mobile platforms because syndication, carriage and retransmission agreements, and licensing restrictions make a la carte pricing unrealistic on linear TV right now.

### **MEASURING EXPERIMENTATION ONLINE**

Measuring online experimentation proves somewhat difficult because new models must be developed to bridge the gap between the actual audience and the commodity audience. Even though Nielsen's methodology no longer produces an acceptable measure of television audiences, the online advertising industry has struggled to shed the dominant logics of the television industry. Though advertising delivery technologies are different online and on TV, online advertising models have been marked by a desire to replicate the television industry's construction of the commodity audience. Scholar Fernando Bermejo presents an overview of the early years of Internet advertising in which he enumerates the residual logics online advertisers have tried to replicate: "The online audience measurement industry has been ruled by

the search for a standard source of measurement, and has leaned towards syndicated studies conducted by independent third parties.”<sup>110</sup> These are exactly the ideas that have allowed the TV industry to commodify the audience, but standard, syndicated measurement needs to evolve as new constructions of the audience emerge. In the online space, the television industry needs to avoid repeating its mistakes.

### **THE EMERGING IMPORTANCE OF TASTE, ORGANIZATION, AND INTERFACE**

Monitoring audience taste and curating content are two major opportunities for innovation in the coming years. The television industry has tried to program to the taste of the commodity audience, but as we’ve seen, there’s no way for this system to account for the taste of actual audiences. In the past, audiences have expressed taste on an ad hoc basis by engaging in letter-writing campaigns to make their taste known to networks when ratings weren’t accounting for them.

### **VIEWERS FOR QUALITY TELEVISION**

Viewers for Quality Television (VQT) is a notable example of taste-based audience expression. From 1984-2000, VQT organized around taste in television programs. VQT’s membership was comprised of mostly college-educated middle-class people who claimed they were a valuable audience, but that their taste wasn’t being reflected in television ratings. Sue Brower’s analysis of the group points to the guiding logic behind VQT:

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<sup>110</sup> Bermejo, “Audience Manufacture in Historical Perspective: from broadcasting to Google,” 142.

Fans were challenging the very structure of the industry and the 'prevailing taste' the networks claim is revealed by the ratings. These fans argued instead that their programs *should* be continued because of a 'quality' that admittedly only a minority seemed to prefer.<sup>111</sup>

At its peak VQT had about 5000 active members, but it folded in the year 2000 when its membership sunk to around 1500 and the organization was no longer able to cover costs. It's hard to quantify the impact VQT had on the television industry, but it's founder, Dorothy Swanson claims that VQT played a role in keeping several "quality" shows on the air through letter writing campaigns, awards, and VQT seals of approval.<sup>112</sup> VQT was organized by people with a specific set of interests. While they claimed to have good taste, VQT couldn't claim to be a reliable representation of the actual audience. We're getting to the point where viewers may not need to organize and segregate themselves in VQT-style groups to make their tastes known. Digital data collected from set top boxes and online viewing may now be able to serve the role VQT played in a more quantifiable way.

## **DEMAND MEDIA**

Demand Media rests at the opposite end of the taste spectrum from VQT. Demand Media is an online content publisher that claims to have reduced consumer desires to an algorithm. While VQT traded on the refined judgment of its demographically desirable members, Demand Media creates content based solely on the search terms of anonymous Internet users. Here's how it works: Demand's algorithm combs through bulk search results; then it calculates key word rates for popular search terms; finally, the algorithm generates search terms that will be profitable. Next,

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<sup>111</sup> Brower, "Fans as Tastemakers: Viewers for Quality Television," 168.

<sup>112</sup> Kiesewetter, "Viewers for Quality Television canceled."

another algorithm figures out what people specifically want to know about the search terms and then generates an estimate of the lifetime value of each search term.<sup>113</sup>

Demand Media posts the search terms to a giant database of filmmakers and writers who produce instructional pieces on the search terms. Finally, Demand publishes the completed videos and articles to its own sites and to aggregators like YouTube. Demand Media profits from this content through several advertising revenue sharing models. And they've been very profitable. In November 2009, Demand was valued at \$1 billion and is expected to bring \$200 million in revenue in 2010.<sup>114</sup>

Interestingly, Demand Media was far less profitable when humans decided what content would be produced. Before Demand developed its algorithm, human editors would comb through search terms and decided what content to produce. The algorithm is now able to generate more ideas than the human editors were and it's able to generate more profitable ideas: pieces suggested by the algorithm are 20-25 more profitable than pieces suggested by human editors.<sup>115</sup>

Demand Media runs on the premise that media companies should lower the costs of production until they make a profit, but Demand isn't concerned with producing relevant insights or attracting loyal fans. People like *Chuck* fans are willing to go to great lengths to express their affinity for television content, and there's almost no chance anyone would be as passionate about Demand's cheaply produced instructional videos on topics like "Outdoor Grilling Tips" and "How to Buy and Care for Chinchillas." In that

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<sup>113</sup> Roth, "The Answer Factory: Demand Media and the Fast, Disposable, and Profitable as Hell Media Model."

<sup>114</sup> Ibid.

<sup>115</sup> Ibid.

respect, Demand Media is profitable, but not culturally salient—like NBC’s decision to air Jay Leno five nights a week. Of course, as the company’s name suggests, there is a demand for video tutorials on banal subjects, and Demand Media has successfully met that demand. It’s also important to note that Demand Media doesn’t try to apply its model to every type of content. Demand doesn’t use its algorithm to produce news or entertainment content because it’s not profitable enough. Seems that news and entertainment can still be left to trained professionals.

The TV industry should avoid Demand’s approach to content unless it wants another repeat of the Jay Leno fiasco, but there’s also a way to use the principles of demand’s marketing to reach customers. And that brings us to the second key area for innovation in digital television: organization and interface.

## **ORGANIZATION AND INTERFACE**

Data should be used to organize, curate, and target programming. This concept isn’t new to anyone in the industry. Alan Wurtzel’s April 2009 *Ad Week* article—the one that led to the formation of the Coalition for Innovative Media Measurement—said as much: “We are virtually drowning in data...It’s not the amount of data that is the problem; it’s the quality and utility.”<sup>116</sup> Publishers and advertisers need to make sense of the data at their disposal to reach audiences. That’s where the logic of information systems like Demand Media’s algorithm can be helpful. The business of television is now subject to the organizational logics that govern digital information. William Uricchio argues that neither the viewer nor the programmer control television flow in the digital

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<sup>116</sup> Wurtzel, “Crisis Management.”

era. Instead, he poses that the way content is organized—through metadata protocols and interface design—ultimately decide what gets seen.<sup>117</sup> Uricchio is absolutely right to emphasize the importance of data organization: user interfaces—whether on TV or online—are the first point of contact viewers have with content. Viewers now search for, discover, watch, and interact with television programming through digital interfaces. And digital information can flow two ways. Viewers leave traces of their taste every time they use a digital interface. The trick is figuring out how to make sense of that behavior and create a better viewing experience.

The intervention I'm suggesting here is subtle but powerful. We need to combine the work of publisher-side curation with the work of viewer-side appraisal. These two processes should become a symbiotic whole where actual audience work directly affects the way publishers organize programming. We have the opportunity to let the audience have its say. If we don't listen, we risk deepening the divide between the cultural value of content and the commodity value of the audience.

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<sup>117</sup> Uricchio, "Television's Next Generation: Technology/ Interface Culture/ Flow," 176-177.





# 5

## Conclusion

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In the grand tradition of American exceptionalism, we sometimes forget that television didn't have to be this way. Everything Americans take for granted about TV—the ad supported model, the scheduled commercial breaks, the resolution of the screen, the length of episodes, the cable monopolies, the media conglomeration—could have developed differently. This system wasn't handed to us from on high.

Other countries have this thing called television, and while the content looks roughly similar, the economic structures behind it are different. On Chinese television, for instance, advertisers bid for a chance to run five-second spots during China Central Television's "golden minute." The golden minute is a 60-second block of ads that runs every night at 7:30 when programming shifts from news to entertainment. The highest bidder wins the coveted first slot during the golden minute for an entire year. Companies have recently bid upwards of \$40 million for the first golden minute slot.<sup>118</sup> The largest broadcaster in Britain, the BBC is funded primarily by television license fees paid by every British citizen who owns a TV. Other television networks in the UK use an ad-supported model that more closely resembles the American system.<sup>119</sup> China and the UK are just two examples of the myriad ways nations and media industries intersect.

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<sup>118</sup> Wang, *Brand New China*, 261.

<sup>119</sup> Harvey, "Channel Four and the Redefining of Public Service Broadcasting."

There are probably almost as many television systems as there are countries in the world. The American TV industry exports lots of content to foreign markets, but it seems that we still haven't realized that ours isn't the only way to do business. This is all to say that the future of TV doesn't have to look like TV's past. None of these systems, rules, or guidelines is natural. And now more than ever, things have to change.

This thesis has tackled some of the transitional issues facing the American TV industry. From the stagnant relationships between television industry players, to the anachronistic construction of the audience, to the ways we value the audiences, I hope it's become clear that the industry's residual logics of aggregation, passive measurement, and commoditized audiences no longer serve the emergent media landscape. Using Raymond Williams's framework of dominant, residual, and emergent systems, I've explained how the television industry's business models have remained in place long past their usefulness. Conceptions of the audience formed in the era of linear TV have had too great an impact on the way the industry has determined the value of the digital, networked, cross-platform television audience.

Nielsen doesn't come off well, in this thesis. I don't mean to condemn their organization as much as I mean to criticize the structure that allows their organization to exist in its current formation. Monopoly has been a luxury and a burden for Nielsen. It's made them the only game in town, but it's also made them too conservative to meet the industry's needs. As a mediator between publishers and advertisers, Nielsen has used its structural position to restrain meaningful change, but all parties are complicit in this problem. As long as publishers and advertisers demand a single mediator to measure audiences, they will have to deal with the problems that come with an under-

regulated monopoly. The solution to these problems could come partially through increased Federal regulation, but I don't believe government intervention can effectively update the TV industry's business model. The industry can move beyond its residual 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.

## **WHAT'S NEXT**

I'd like to conclude by identifying the key challenges facing the future of the industry as we move past this moment of transition.

## **MORE DATA STREAMS**

As NBC's Alan Wurtzel wrote, "we are virtually drowning in data."<sup>120</sup> We've seen that the emergent leaders in the contemporary space are able to use digital affordances like network culture, real-time experimentation, and behavioral targeting to make sense of abundant digital data. Google, for example, has dominated the search and online advertising markets by making user data valuable and accessible to publishers and advertisers. Making sense of the data gives companies power now, but what will the challenges be going forward?

Synthesizing data streams promises to be a huge value proposition for ad-supported television as digital technologies mature. The current challenge is how to

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<sup>120</sup> Wurtzel, "Crisis Management."

integrate behavioral data with other data streams, like purchasing behavior and credit history. This may sound like an invasion of privacy, and perhaps it is, but it's no different than the way the direct marketing business has worked for decades.

## LICENSING

Content licensing agreements are just as outmoded as the residual relationships between publishers, advertisers, and Nielsen. Developed to protect DVD sales and syndications rights, licensing agreements no longer make sense in a multi-platform viewing landscape. For one, inconvenient licensing agreements encourage viewers to pirate content. When the sitcom *It's Always Sunny in Philadelphia* was pulled from Hulu in January 2009 in an attempt to boost DVD sales, fans got mad and started flaming Hulu message boards, saying that they would pirate the show from bit torrent sites.<sup>121</sup> Dan Frommer, editor of the tech business blog, *Silicon Alley Insider*, made an astute observation about the nature of watching TV online:

People use Hulu because it's free, easy to use, and good quality. But mostly because it's free. The next easiest, freest option for many Hulu users -- *people comfortable with watching TV on their computers* -- isn't driving to Best Buy [to buy a DVD]. It's a Firefox trip to The Pirate Bay."<sup>122</sup>

As Frommer points out, price is a factor in illegal file sharing, but it's only one factor. Illegal file sharing happens in situations where it's a better alternative to the residual logics. For example, Henry Jenkins notes that American fans of *Doctor Who* usually turn to file sharing because *Doctor Who* is broadcast in America six to nine months after

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<sup>121</sup> Albrecht, "Hulu Yanks Sunny, Viewers Don't Find it Funny."

<sup>122</sup> Frommer, "Reminder To Big Media: Pulling Shows Off Hulu Boosts Piracy." Emphasis in original.

its on in the UK.<sup>123</sup> In order to participate in the global *Doctor Who* community, Americans have to find a way to get *Doctor Who* before it's on TV here. That kind of “piracy” isn't about stealing at all—it's about being denied the opportunity to engage with a TV show. It takes a certain amount of investment to access shows on file sharing networks. If fans are willing to make that effort, chances are they'd be engaged members of the legitimate audience if given the chance.

Initiatives like “TV Everywhere” similarly threaten to make those without a cable subscription turn to piracy as the next easiest option. Piracy, in fact, can be a great motivator for business innovation when it's seen not as a threat, but as an indication that businesses aren't meeting consumer demand. Henry Jenkins has written about piracy as an indication of failure in the marketplace rather than an example of deviant behavior: “[T]he media industries could reduce some forms of ‘piracy’ by better understanding what motivates it and reading it as symptomatic of the marketplace reasserting demand in the face of failures in supply.”<sup>124</sup> Combating piracy in itself is a shortsighted goal. Instead of trying to end piracy, the media industries need to give people an alternative that is as good or better than illegal file sharing.

Outmoded licensing agreements are also keeping publishers and advertisers from experimenting online. CBS's deal with the NCAA for March Madness broadcast rights is a prime example of how well distribution could work without archaic licensing agreements. CBS's deal with the NCAA included no restrictions on live web streaming, so over the past few years, CBS was able to experiment to find out which models were

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<sup>123</sup> Jenkins, “Some of My Best Friends Are Pirates.”

<sup>124</sup> Ibid.

most profitable. In 2003, CBS charged \$15 for access to online games. In 2006, they stopped charging, but didn't show certain games in certain markets in an attempt to drive viewers to linear TV. In 2008, CBS decided to make all 64 March Madness games available online without restrictions. And in 2010, CBS sold as many ads for live web coverage as it did for linear TV coverage of March Madness. Online ad revenue for the tournament alone brought the network \$37 million, which was a 20% increase over 2009.<sup>125</sup> With March Madness, CBS was able to find an ad-supported model that worked. Distributors rarely have the chance to do that kind of experimentation because of their rigid agreements with producers, but experimentation clearly benefited CBS enormously. Flexible licensing deals need to be part of the equation going forward if publishers and advertisers want to remain profitable.

### **NO MORE DUMB PIPES**

The phrase “dumb pipe” refers to a distribution network being used to transfer data without adding value. MVPDs in their current configuration are dim, if not completely idiotic pipes because they're not maximizing the vast amounts of user data at their disposal. As we've seen, set-top boxes can tell us more about user behavior than any other way we've had of measuring audiences. MVPDs need to make use of this data if they expect to remain viable in their current configuration. The top six cable providers have formed a group called Canoe that's trying to standardize STB data across all their subscribers. Canoe has missed every deadline it set for itself and now faces competition from Google.<sup>126</sup> Google is partnering with Sony, Logitech, and Intel to create a set top

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<sup>125</sup> Learmonth, “CBS Scores \$37M Beyond TV With Help of March Madness.”

<sup>126</sup> Goetzl, “Enterprise: Canoe Uses EBIF Launch To Propel Interactive Advertising.”

box. An insider explained: “Google wants to be everywhere the Internet is so they can put ads there.”<sup>127</sup> This STB initiative suggests that Google is trying to corner the interactive TV ad market, which has been stalled by Canoe for several years. Another threat to Canoe comes from a technology company called NDS. NDS has been perfecting personalized behavioral ad swapping platforms that can run on STBs without any help from Canoe standards. The only problem is that none of the cable operators will deploy NDS’s system since they are shareholders in Canoe.<sup>128</sup> Canoe needs to get its act together or MVPDs need to cut their losses and partner with another provider to compete with Google.

The MVPDs also face threats from competitors on the distribution front. In February of 2010, Google announced a plan to bring super-fast fiber-optic Internet access to 500,000 homes in the next few years.<sup>129</sup> Though some see this move as an attempt by Google to get the FCC to enact faster national broadband standards, Google could seriously be moving into the distribution business. And with their data expertise, Google would pose a serious threat to the MVPDs. Not only would Google be able to deliver programming, but Google would also have the data-gathering platforms and advertising expertise to add significant value beyond what MVPDs provide.

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<sup>127</sup> Bilton, “Google and Partners Seek TV Foothold.”

<sup>128</sup> Roettgers, “In the Future, Ads Will Skip You.”

<sup>129</sup> Spangler and Eggerton, “Behind Google's Broadband Strategy.”

## REGULATION

Like the relationships between television players, the relationship between MVPDs, Internet service providers (ISPs), and regulatory agencies needs to be redefined for the digital age. Regulation is possibly the biggest issue facing digital media industries. The public and private regulatory regimes that govern broadcast media, MVPDs, and telephony were developed and refined over decades. Those systems are far from perfect, but at least rules are in place to protect consumers. We have no such regulation for the Internet. Television, radio, and print are all being distributed digitally over Internet Protocol (IP), yet there are no restrictions guiding how Internet Service ISPs deliver data. On April 6, 2010 a Federal Appeals Court in the District of Columbia ruled that network neutrality falls outside of the purview of the Federal Communications Commission (FCC), the government agency tasked with regulating broadcast, MVPDs, and telephony. The ruling came after the FCC tried to reprimand Comcast for slowing traffic to popular file-sharing sites.<sup>130</sup> Comcast was found to be slowing traffic, but the court ruled that the FCC couldn't do anything about it. This ruling means, in essence, that ISPs can control how we access Internet content. In a worst-case scenario, ISPs could make it easy to access favored sites, while slowing traffic to a crawl on competing sites. The *LA Times* explained the issue in an April 7, 2010 editorial:

We think the best course is for lawmakers to give the FCC clear but limited power to preserve the openness that has made the Internet not just a hotbed for innovation but also the most important communications medium of our time.<sup>131</sup>

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<sup>130</sup> Kang, "Court rules for Comcast over FCC in 'net neutrality' case."

<sup>131</sup> "Giving FCC authority to set policy on net neutrality."



Net Neutrality is one of the defining issues of the emerging digital age, and without regulation, we'll be left with an oligarchic system that doesn't serve American consumers or American citizens.

Regulations governing television distribution also need to be reconfigured. Retransmission fees are the latest federal regulation that has put consumers between MVPDs and publishers. The 1992 Cable Act allows local broadcasters to negotiate carriage contracts with cable operators every three years. Broadcasters can either demand that the cable operator "must carry" their station or they can negotiate for a per-subscriber fee from the cable operators—this fee is known as a retransmission, or retrans, fee.<sup>132</sup> If broadcasters demand a retrans fee and cable operators don't agree to it, broadcasters can pull their station from the cable operator's lineup.

Retrans fees were originally created to protect low power stations and make sure that people had access to local stations when cable started coming into American homes, but retrans battles have now become about networks trying to find new revenue streams as ratings share plummets. In the first three months of 2010, Fox threatened to pull its signal from Time Warner cable before NFL playoffs and WABC in New York removed its signal from Cablevision for the first hour of the Oscar telecast. Again, the FCC has been unable to act on this matter because of laws enacted in the broadcast era. Massachusetts Senator and chairman of the Senate Communications Subcommittee, John Kerry urged FCC chairman Julius Genachowski, to reconsider the outmoded retrans system: "The result of these flawed incentives is consumer uncertainty, higher prices, and

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<sup>132</sup> Hearn, "The Real Story Behind Must-Carry."

broadcasters using special events as leverage in negotiations.”<sup>133</sup> Unfortunately, as in the case of net neutrality, the FCC can only enforce laws Congress has enacted. Though FCC leadership may disagree with unfair Internet practices and retrans fees, they’re powerless without the legal right to regulate. The future of American media is in the hands of Congress, and they need to protect the first amendment and protect consumer access to mass media.

## **FINAL THOUGHTS**

Research is more important than ever for the television industry. Changes in distribution partnered with the uncertain future of government regulation means that publishers, advertisers, and MVPDs need to invest in research. A good research department can make sense of audience data, spot trends, and guide business decisions. The industry would also benefit from forming relationships with academic researchers. Unfortunately, dialogue between the industry and the academy doesn’t happen nearly enough. Academic work requires extensive research and peer review while industry practitioners need to keep up with fast-paced business cycles. Academics tend to historicize while the industry needs actionable tactics. But these two discourses have a lot to offer each other as I hope I’ve shown.

The changes happening in the industry should be informed by the deep understanding of the television audience provided by those working in cultural studies, audience studies, economics, and communications. In the television industry, short-

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<sup>133</sup> Eggerton, “Kerry: Game Of Retrans Chicken Must End.”

term tactical approaches too often get in the way of sustainable long-term strategies.

Academic inquiry finds patterns and historical antecedents that can provide the industry with both new ideas and cautionary tales. The reverse should be true as well: academics need to pay attention to the contemporary realities of the objects they study, and the TV industry is no exception.

The television industry isn't a naturally occurring phenomenon. TV took years of negotiation, legislation, and experimentation to evolve into its current form. We are now faced with the exciting opportunity to shape how television grows into its next iteration. Here's hoping we can avoid repeating the mistakes of the past and usher in a great new era of television.



## Appendix

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This appendix explains the terms I use throughout the thesis.

### **INDUSTRY PLAYERS**

#### **ACADEMY**

Of course, not all academics share the same opinions about what an audience is or should be, but those in the academy have an interest in how media systems represent the television audience.

#### **ADVERTISERS**

I use this term to refer to both advertisers and agencies acting on behalf of advertisers.

#### **AUDIENCE RESEARCH INDUSTRY**

Though publishers and advertisers frequently employ in-house researchers, the audience research industry, for my purposes, refers to those whose primary business is researching, measuring, and reporting on audiences. AC Nielsen Company has dominated the national TV audience ratings business since 1950. Recently, Nielsen has had some competition, and those competitors will receive a good deal of attention as well.

#### **DIGITAL BUSINESS**

Digital business models, primarily from the Internet, are posing a challenge to the television industry. Companies like Google, Netflix, and Demand Media have expertise in Internet distribution and are now setting their sites on traditional TV. Many of these businesses are viewed as a direct threat to the dominant television system, but many are also trying to work within the existing system. There are also logics that, while common to digital businesses, are still foreign to television. The television industry must be informed by digital business if current players hope to maintain a stake in the production and distribution of television content.

#### **MULTICHANNEL VIDEO PROGRAMMING DISTRIBUTOR (MVPD)**

This term refers to any company that delivers television content through a network other than over-the-air broadcast. Included in MVPD are:

- Multiple system operators (MSOs) that provide cable, internet, and phone service (Comcast, Time Warner, or Cox, for example)
- Satellite television providers (like DirecTV and Dish Network)
- Telecommunications companies that deliver television (like AT&T's U-Verse and Verizon FiOS).

It no longer suffices to say “cable company” because not all of these companies deliver content solely through cable. Further, “cable” has become shorthand for “cable television” even though most cable companies also deliver Internet and phone service.

### **PUBLISHERS**

Publishing broadly refers to making content available. Though this term traditionally refers to the book, newspaper, and magazine publishers, television content is also technically “published.” The terms broadcaster, TV network, TV channel, TV station, programmer, and cable network, each denote a specific component of the act of publishing, and the term “publisher” can refer to all of these actions without getting bogged down in industry jargon. This term is also useful because modes of publishing have changed. While all TV publishers could have been called broadcasters at one point in history, most publishers are no longer limited to broadcasting alone. They now publish content online, on mobile phones, on cable, and over-the-air. Further, TV publishers no longer just publish TV programs. They also produce content related to TV shows like DVDs, web content, applications, games, and podcasts, etc.

### **TYPES OF TELEVISION DISTRIBUTION AND PLAYBACK**

#### **AUTHENTICATION (“TV EVERYWHERE”)**

TV authentication services are a joint project between MVPDs and publishers to make content available online to MVPD subscribers. Authentication interfaces allow MVPD subscribers to log onto a third party interface that validates their subscription and serves content from a variety of publishers.

#### **DIGITAL VIDEO RECORDER (DVR)**

DVR refers to the device used to digitally record linear television content for playback. Most DVRs are rented from MVPDs, but some third party devices, like TiVo, work with MVPD set-top boxes.

#### **LINEAR TV**

Linear TV refers to television content that is shown and watched on a particular channel at a particular time. Historically, linear TV has been the standard way to watch television. Recorded television, video-on-demand, and streaming web TV are not linear.

#### **OVER-THE-TOP CONNECTED DEVICES**

Over-the-top connected devices link the television set directly to an Internet connection to access streaming online video or downloaded content. These devices have separate interfaces from MVPD set-top boxes and don’t connect with MVPD television feeds. Roku, Xbox 360, and Apple TV are examples of over-the-top connected devices.

#### **SET-TOP BOX (STB)**

A STB connects to a television set and renders signals from an external source (like cable or satellite feed) on the TV screen. Though there are many types of STBs, I will be

primarily concerned with digital STBs in the US market. These devices deliver digital television and some are capable of gathering data about viewers.

### **STREAMING ONLINE VIDEO**

Streaming online video refers to television content accessed over the Internet. This content is streamed rather than downloaded, so it requires a moderately fast connection. There are many free streaming sites, some run by aggregators like Hulu, some, like NBC.com, run by networks, and some that distribute copyrighted content illegally. Authentication services (see below) are also typically streaming video.

### **VIDEO-ON-DEMAND (VOD)**

Video on demand is a service offered by MVPDs. VOD content can be downloaded or streamed through a set-top box from an on-demand interface and watched on a television set. “On demand” means that viewers can theoretically watch this programming whenever they want without having to record it.





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