THE FUTURE OF TELEVISION
AUDIENCE RESEARCH:
CHANGES & CHALLENGES

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USC Annenberg School for Communication & Journalism
December 2011
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FORWARD

A global crisis in the advertising industry, largely linked to the impact of the Internet, is transforming the business models of media industries, the content they create and distribute, and the audiences who consume that content. This report is part of an ongoing research project at the Norman Lear Center on Advertising, Technology & the Future of Media (which can be found on the Lear Center website here: www.learcenter.org/html/projects/?cm=ccc/atfm). In partnership with the Internet Interdisciplinary Institute of the Open University of Catalonia and the Barcelona Media Center at the University Pompeu Fabra, we analyze how advertisers and media companies confront the new opportunities and challenges created by digital technologies. The handful of companies that measure the reach and impact of advertising are experimenting with new methods of measurement made possible by new technologies. But while improved methods are being developed for gathering detailed information about how consumers encounter ads, the stakeholders in the advertising and media industries are conflicted about the effects that more accurate information will have on content and on their bottom lines.

In our research monograph The Future of Television (www.learcenter.org/pdf/FutureofTV.pdf), Dr. Meritxell Roca Sales, a visiting scholar at the Annenberg School for Communication and Journalism, and Marissa Gluck of Radar Research describe the crisis in the ad industry and its effects on the television industry. The monograph, which is available free online, includes information gleaned from in-depth interviews with executives in the media and advertising industries in Los Angeles, and from the systematic collection of data on the crisis in the advertising industry.

In this report, Lear Center Researcher Robyn Abzug interviews leaders in the U.S. television industry about the durability of audience segmentation models built upon demographics and new opportunities to implement psychographic and behavioral models for understanding audiences. The result is a fascinating snapshot of a powerful industry in transition, one often tempted to stick with tried and true models as it grapples with an influx of data about audiences who have more power than ever to control where, when and how they interact with media.

Johanna Blakley
The Norman Lear Center
Managing Director & Director of Research
December 2011
INTRODUCTION

Since the dawn of the television era in the 1950s, demographics, age and sex in particular, have been the key way that networks measure their audiences. The primary company responsible for this, Nielsen Media Research, first measured television audiences with an “audimeter,” which was initially used for radio audiences before being adapted to the new medium. This device was wired to the television in a selection of family homes, called Nielsen Families, and recorded minute-to-minute set tuning. Once the data, captured on 16mm film, was returned to Nielsen, the company could report on both national and local television trends for the industry at large. The bimonthly Complete Reports would traditionally include cumulative audiences, audience flows, Cost per Thousand (CPM)\(^1\), and eventually demographic reports (Cantor 230).

As technology has changed, Nielsen has adapted by, for example, introducing new and updated methods of measurement, such as the Storage Instantaneous Audimeter in the 1960s and 1970s. At that time, no explicit demographic data was measured about the audience, but Nielsen could extrapolate this data from family diary reports that provided at least a sense of audience composition (Lotz 194-5). Eventually, Nielsen introduced the People Meter, a box attached to the television in the home, and each member of the household could be identified as a number to better understand what he or she watched. The People Meter could record what was being watched, how long a show was being watched, when the channel was changed, etc. Recently, these have started to evolve into both Local People Meters, which can be used to obtain data on smaller local markets, and electronic People Meters, which may come to replace Nielsen’s traditional paper diaries (Downey).

Some of the most important data on the television audience that Nielsen reported included the number of United States households and persons in them, the average viewing audience composition, the number of U.S. households using the television set and the various times it is in use, the average audience (homes viewing during an average minute of a program), and total audiences (homes viewing the program in excess of five minutes) (Cantor 231).

The media, advertising, and television industries place much importance on the demographic data currently culled from the Nielsen Families around the country. For example, when advertisers are trying to decide where to buy key spots on television, they want to know where to find their current target demographic (i.e. beer companies want to find young men in their 20s and 30s). These companies use Nielsen data to find the television programs that are attracting that demographic. The Nielsen data is also used to produce ratings for each individual television program, which is how the television industry measures and judges success. In turn, television executives use the Nielsen data to set advertising prices

\(^1\) CPM=cost of time and talent against the persons in the household audiences (Cantor 230)
for the following season. Unsurprisingly, Nielsen holds a remarkable amount of power within this model (Asaravala).

The television industry has continued along in this cycle for decades now, holding Upfronts each May, where the best and brightest content of the upcoming television season is offered to advertisers in lavish presentations designed to sell coveted advertising spots for the fall. The networks try to convince the advertisers that their new programs will be hits and will deliver the intended audience and will, therefore, be solid advertising investments. The ads are then bought upfront (hence the name) on a guarantee before the television season begins (Blackwell 41).

However, as the leading company in television audience measurement, Nielsen is often coming under fire for the reliability of its data. In 2004, as Nielsen moved to implement the electronic People Meters, critics were calling out the company on its data and the changes in the results (Asaravala). It happens like this every time that Nielsen rolls out a new technology. As the data set changes, the affected parties (networks, advertisers, etc.) are quick to criticize (Lotz 196). The current digital era is no different, as Nielsen tries to keep up with the DVR, Tivo, Hulu, Netflix, and other similar inventions.

In the past several years, these new technologies have changed the playing field of the television landscape. Additionally, the singularity of the major broadcast networks has been threatened by the growing influx of niche cable networks. These issues have led to several key developments in recent years.

First is the C3 rating. Whereas traditional Nielsen ratings reflect the television program's audience, the C3 rating reflects who was watching the commercials, rather than the content. This rating, which emerged as a metric in 2007, refers to average commercial minutes in live programming plus three days of DVR playback. Advertisers realized that program viewership did not equate to commercial viewership any more, as viewers used their DVRs to skip over the ad pods, and the advertisers wanted credit for viewers of the ad for which they were paying (Lafayette).

A second key trend is the fragmenting of a once large and incredibly broad television audience who is now able to view programming over countless devices at any time period during the day. Thanks to an endless choice in channels and networks, viewers are no longer confined to three major networks. According to the National Cable & Telecommunications Association, in 1995 there were 171 national cable video networks available and by 2002, that number had grown to 280 and it only continues to grow (“History of Cable Television”). Combine that with technological advances, viewers now choose from hundreds of cable and broadcast channels as well as whatever is available on their various devices, including computers, mobile devices, gaming devices, time-shifting devices, or Internet-enabled devices. As such, it is proving more and more difficult to track the audience and know who they are and the best way to target them.
Additionally, the meteoric rise of social media adds another dimension to audience research. Social media provides new ways of segmenting audiences that currently cannot be done on television. Sites that tie-in with television content can be a valuable resource for understanding not only who watches the programs but how to target them based on what other social media they use. In 2010, NBC, for instance, launched a social media platform called Fan It that is meant to appeal to viewers who want to directly interact with the NBC content. According to Mashable.com, it is part of a larger plan to leverage the shows’ fans in the social media sphere and provide incentive for them to participate. The program “serve[s] as a precursor for redefining metrics around television viewing audiences…Data from social networks could become an important new element in measuring audience engagement” (Van Grove). Websites like Hunch.com give a glimpse of how psychographic segmentation can be accomplished digitally. Through targeted surveys, Hunch.com builds what they call a “taste graph” of the online sphere based on users’ affinities. From their data, they provide the users with personalized recommendations (Hunch.com). Other users of proprietary algorithms based on user choices and taste include Netflix and Hulu, both of which allow users to pick or rate what they like or do not like, leading to targeted recommendations of what to watch.

These industry shifts raise serious questions about the customary Nielsen model. Are there better ways of segmenting the viewers, over a variety of platforms, so that networks can better package their programming and advertisers can make a more effective buy? For example, car owners, such as those who own a BMW or Audi, have very homogeneous demographic characteristics, but each car brand has a specific type of owner with a unique personality. A similar look at television audiences could allow advertisers of those car brands (who attend the Upfront presentations every year) to match their car buyers to specific television shows. Even in 1996, Conway observed that traditional demographics were no longer the strongest research tools as the market becomes increasingly more fractionalized (9). As the standard currency, demographics have not caught up with these changes and presume that viewers are still watching in only the conventional way. For instance, there is not yet a way for the networks to get credit for online viewership and, as more viewers move to online platforms, like a network’s landing site or Netflix or Hulu, there is no standardized way of tracking them.

Instead, a psychographic profile of the audience, one based on psychological segmentations such as behaviors, attitudes, interests, values, opinions, feelings, etc., is a valid and valuable way of narrowing down the audience into segments for an advertiser. In fact, the research presented here will show the strides that the television industry is making in this area to try and correct for these industry shifts in order to both get credit for changing viewership and make the business transaction between networks and advertisers a more efficient one.
When William Wells, one of the preeminent psychographic scholars, wrote about psychographics in 1975, he noted that there was not one clear definition of psychographics that everyone accepted and, as such, he defined it in general terms like, “psychographic information can put flesh on demographic bones” (198). When he tried to narrow down what kind of content it could include, he argued that psychographic research could include everything from activities, interests, and needs to values, attitudes, and personality traits, which could either be “homemade” variables or borrowed variables from attitude scales or personality inventories.

Several years later, academics Charles D. Schewe and Roger J. Calatone placed emphasis on psychology when they described psychographics, especially in relation to better understanding the buyer. They specifically defined psychographics under the umbrella of lifestyle data, like attitudes, interests, and opinions (AIOs) while noting the four things that psychographic data can measure: “(1) people’s activities (how they spend their time), (2) their interests (what they place importance on in their immediate surroundings), (3) their opinions (their view of themselves and the world around them), and (4) some basic characteristics such as their stage in life cycle, income, education, and residence location” (14). The result of the research then provides a detailed profile that allows the marketer to better visualize the target audience. Put succinctly, psychographics start with people and reveal how the people feel about specific subjects, which can lead to more effective marketing (19-20).

In 1990, Nancy J. Gladwell, a professor, worked within a similar arena when she defined psychographics much the same way, citing Wells as her key definition (in relation to tourism): “Psychographic research attempts to provide an understanding of the tourist by looking at activities, attitudes, interests, opinions, perceptions, needs and daily life routine, or in other words life-style characteristics” (15). She also referred to Schewe and Calatone’s description of psychographics when she argued that psychographics could be used by marketers to better visualize the target buyer (15).

Still, writer Rebecca Piirto Heath noted in 1995, twenty years after Wells, that psychographics were one of the least understood concepts in market research: “Get ten marketers together and ask them to define psychographics, and odds are you’ll get ten different answers” (74). She eventually identified a psychographic study as one that has added dimensions of psychology and/or lifestyle information, usually gathered through quantitative survey techniques, measuring attitude, interests, or opinions. Around the same time, Taiwanese professor Chin-Feng Lin noted that demographics could be used as building blocks for larger psychographic research, specifically ones using market segmentation. When psychographic segmentations are used, the consumers are divided into group based on lifestyle and personality, often
within the same demographic profile (250).

So it seems that, in the last decade or so, researchers have been coming around to a common definition, if only a very broad one. In 2004, in their look into the youth travel market in the U.S. and Australia, academics Yvette Reisinger and Felix Mavondo presented an overview of the history of psychographics that seemed to hit on all the key psychographic studies and theories. They cited Wells’ work, as well as Gladwell (1990), Shih (1986), Abbey (1979), Mayo (1975) and Ryel & Grasse (1991). Most of these authors, as cited here, noted that psychographic research, looking into AIOs, are both meaningful and relevant, providing information that is different from and just as important as demographics (46-7). Heath also placed emphasis on the psychological dimensions needed to segment audiences while Hsu, et. al., citing Schewe and Calatone (1978), identified psychographics as a way to dig deeper into the psychological side of buyers which help understand the consumers’ ways of living (4). On a very basic level, Wells was able to provide a broad definition that presented psychographic research as “quantitative research intended to place consumers on psychological-as distinguished from demographic-dimensions” (197).

From here, there are several ways to go about the research and numerous ways to narrow down the targeted consumers. For example, Wells identified two approaches to narrow down psychographic testing, through profiling or segmenting. Consumers could be either profiled or segmented through either general lifestyle or product-specific descriptors, or described through personality traits (197-202). A general life-style study, not necessarily designed around a particular consumer, reveals specific qualities about consumers that enable a marketer to better communicate his product. These simple descriptions of consumers help to avoid some of the traps provided by solely by demographics. For example, a demographic study of heavy shotgun users reveals things like income level and geographic location, while a psychographic study delves deeper and breaks up a homogenous demographic group in new ways. For example, a general life-style study finds answers to questions like “Is the hunter a risk taker? Is he likely to follow rules on his own, or does he require external control?...Is the hunter attracted by violence in general? What other products would make good tie-in sales with hunting equipment?” and so on (198).

In the case of product-specific profiles, researchers looking into a specific product category select a limited set of relevant, product-related dimensions on which to focus, removing the need for item diversity when conducting the story. These studies explore the descriptions of the targeted groups as compared to the rest of the population, with results that show the client what to emphasize to attract potential consumers (199). When conducting a study using personality traits as descriptors, the resulting answers produce higher-level scores, eliminating some of the descriptive detail provided through individual questions (200). Finally, the segmentation process either divides consumers according to general lifestyle trends or more product-specific categories (201-2).

Wells concluded that the ways in which psychographics are able to describe the consumer can be
advantageous compared to other means: “…[P]sychographic methods have offered new ways of looking at old problems, new dimensions for charting trends, and a new vocabulary in which consumer typologies may be described” (209).

In one specific case study, journalist Wayne Friedman noted that psychographic research are being used to place television viewers into specific categories that exist within a designated demographic. In his study of ESPN2’s “psychographic-affinity” sales pitch, Friedman wrote that categories like men “who like to fish,” who are “do-it-yourselfers,” “innovators,” “leaders,” or “trendsetters,” all falling within the same demographic, helped the broadcaster’s advertisers better understand the viewer. According to Friedman, the cable channel saw an opportunity to experiment with psychographic segmentations on some of its viewer-specific sporting events like hunting, bowling, or boxing. Additionally, when ESPN2 launched its early morning talk show, Cold Pizza, executives were able to choose sponsors based on psychographic research, which indicated that their viewers were men who liked gadgets. This data, often from surveys, helps a television network understand its viewers’ attitudes or insecurities and, in the case of Cold Pizza, led to a deal for a media buy and product placement and integration with Sears (34).

Similarly, Lin’s study found that varying psychographic classifications within market segmentation variables provided valuable information to understand consumers’ brand preferences. In his study, one of the appendices was used to show that psychographic segmentation clearly described lifestyle and personalities of consumers, allowing researchers to explore consumption models and relevant brand characteristics (259). Other psychographic studies rely on data that already exists, through other surveys or data collection. For instance, Reisinger and Mavondo broke down their data by several interrelationships – cultural values, personality, motivation, activities, and lifestyle – by using an existing youth travel study for their main sample of data (48-52).

In the television landscape, demographics, as academics Hugh M. Cannon and G. Russell Merz argued, were by nature an indirect matching process (33). Lin cited research showing that people within a common demographic group have different psychographic make-ups (249), and finding that combining traditional demographic data with additional psychographic data provides the “complete” marketing picture, useful for product positioning and increasing target market share (260). Similarly, Heath stated that the two forms of research can together paint a fairly accurate picture of the consumer, arguing that psychographics were tied to demographics even from the start: “A psychographic study joins consumers’ measurable demographic characteristics with the more abstract aspects of attitudes, opinions and interests. Demographic, purchasing, media and psychographic information is coded from surveys, thrown together and analyzed until some groups with shared characteristics can be distinguished from all other groups” (74). Together, demographics and psychographics help marketers best identify the groups likely to buy specific products and services (74).
Of course, as with any method, there are key weaknesses that need to be addressed. Journalist Ben Fiber, in an article in Canada’s *The Globe and Mail*, reported on psychographic trends within a Toronto communications agency. According to the article, the firm, Young & Rubicam Ltd., argued that psychographic measurements, ones of personality and lifestyle traits, are only “enhancements of other research data.” As a result, the measurements should not be used by advertisers as the only means of identifying the target audiences. While lifestyle identifications such as “successful, upper-white-collar ‘achievers’” is a valid psychographic measurement, Young & Rubicam’s vice president was quoted in the article as saying that sometimes the only way to know to whom to advertise is to know demographic categories, such as age and income, first.

Another weakness of psychographic research is that by nature it is both more difficult and more expensive to obtain data than with other methods (Reisinger and Mavondo 48). Heath pointed out that the executives to whom she spoke claimed that “with corporate downsizing and the need for quick results, no one had the time or the money to do psychographic studies anymore” (74). This can be especially true when industries like television find it hard enough to measure standard demographics like age and gender to begin with. Also, in regards to television, it is possible that the audiences being studied are so huge that tiny differences brought up by psychographics would be washed out by size (Freidman 34).

Wells highlighted four major questions that the use of psychographics would bring up: questions of (1) reliability and (2) variability (using the traditional definitions of both), (3) applications to real-world marketing problems, and (4) contributions to the study of consumer behavior. Within these categories, some key pitfalls in conducting a psychographic study include not overanalyzing data that could exist solely due to chance (205), asking if the segmented groups actually exist or are they made up by the marketer (207), and noting that it is easy to both circumvent the data’s usefulness and to be redundant in one’s findings (207-8).

With all of this in mind, the research questions proposed here are as follows:

- What psychographic measurements are being used right now to determine the television audience?
- How are the various branches of the industry adapting to the new television landscape and what actions are they taking?
- What are some challenges and resistances to psychographic measures? What incentives, or lack thereof, are there to change?
- What would be helpful for advertisers or networks to know or do in order to move towards wider use of psychographics?
METHODOLOGY

For answers to these questions, interviewing was the primary method. Speaking at length with industry professionals revealed key nuances about the research community and its trends. Interviewees included research or advertising sales employees at all the major television networks, several studios and cable channels, influencers in companies pioneering these techniques, and ad buyers who are using the audience data in their work. The set of interview questions (adapted as necessary) can be found in the appendix.
DISCUSSION OF RESULTS

The research community of the greater television industry is primarily made up of network and studio research executives, third-party independent research companies, and those on the ad selling and buying sides. They all have a vested interest in the current and potential research methods used and, as in any industry, they have countless and varied opinions on how the research should be obtained.

In a series of interviews with members of this industry, it was found that the industry’s opinion on the current state of research methodologies can be whittled down into three main groups. There is a mix of people who do not want to change the traditional ways, those who want change but do not see to do so, and those who see no other way but to change. The people who seem to be the most proactive are primarily the third-party companies and the networks that are liaising with them to test out different methods. However, those who know they need to change do not yet know the best way to change, since much remains unproven and untested.

In the television research industry right now, there are some who are trying to bring psychographic research to the forefront as a way to fill in the gaps left by demographic analysis, which many agree are unable to provide a full picture of the consumer, especially in light of the new digital age. Additionally, many interviewees noted the increasing age of the average network television viewer, as also highlighted in a recent article in *The Economist* (“Media’s ageing audiences: Peggy Sue got old”). Average faithful television viewers are ageing quickly, right out of the traditional 18-49 demographic range. CBS, with the oldest average audience among the broadcast networks, has an easily undervalued audience, as per several interviewees. As such, these respondents noted how CBS is one company that is constantly trying to change the way audiences are measured in order to get credit for their older viewers. In other cases, large content providers such as ABC and Warner Brothers are employing state-of-the-art media labs to test a variety of ways, other than through demographic segmentation, to measure audiences. Interviewees spoke of how even though these methods cannot be used as guarantees, they can help provide a larger picture of the audience.

**Engagement**

Psychographics may not be a new concept but it has consistently been a secondary research method when segmenting television audiences. The interviews brought to light several creative ways that companies are trying to go beyond the standard analysis using psychological segmentations. One key trend is *engagement*, as pointed to by several respondents who spoke about segmenting viewers based on their level of engagement with a media property. This idea of affinity is one way to identify who among
the large audience is paying the most attention to the media product and its accompanying advertising.

A reason behind dividing audiences based on engagement can be illustrated with the iPod. Gary Reisman, principal of NewMediaMetrics, Inc., a strategic marketing firm, argued that the appeal of the iPod transcends traditional age breaks and people of all ages can be invested in the product and its advertisements. As such, his organization has shown that audiences’ attachment to specific brands corresponds directly to how much the audience will pay attention to the brands’ advertisements and therefore how likely they are to actually purchase the product. Other interviewees confirmed similar sentiments that engagement and affinity data can be incredibly valuable. In one instance, Sree Nagarajan, Founder and CEO of brand research firm Colligent, described how his company is able to find out the top brand liked by viewers of a specific program, providing the network data to best convince that brand to advertise on that specific program. Similarly, television research industry veteran Steve Leblang noted that it could be much more beneficial to advertisers to seek out products, like a *Friday Night Lights* or a *Damages*, that, despite a small audience base, has an incredibly passionate core audience and has a “proof of audience connection.”

IAG, a company recently acquired by Nielsen, specializes in measuring engagement and came up often in interviews. Many respondents, such as Leblang, implied that IAG could set the standard for measuring engagement and become the approved industry currency going forward. Leblang highlighted how the company is able to recruit panels daily and ask it a series of questions about content in the program and the accompanying ads. The results are timely engagement scores that are valuable in their own way, even if traditional ratings are shown to be smaller. NBC Vice President of Prime-Time Ad Sales Shari Post explained that IAG is able to do this by assigning an index to C3 ratings that accounts for how engaged a viewer is on the show, and that could be something which networks would be able to guarantee the advertisers in the near future.

**Behavior**

Another key trend segments viewers based on their behavior, more specifically their viewing behavior mixed with their shopping behavior. Both behaviors shed light on viewer preferences, on how they are watching television, what they are watching, and on how their actual purchasing behavior is related.

Some in the industry are turning to set-top boxes for this purpose. Set-top boxes can function almost as census data (rather than selected sample families as Nielsen does) and can note everything watched through the set-top box, including each channel change and each program watched, for a much larger group of people. According to Michael Vinson, Vice President of Statistical Sciences and Analytics at Rentrak, one of the leading companies using set-top box research, this method assigns characteristics to the audience, creating marketable segmentations such as “sports lovers” or “ad skippers.” This data is placed over information about shopping and buying behavior, which has become valuable as purchases...
are made more frequently with debit and credit cards, as Senior Vice President of ABC Television Network Research Charles Kennedy explained. Data from loyalty cards, such as those used in grocery stores, can also be merged with viewing data so both the grocery store and the television networks can understand what viewers are watching and buying, according to Eric Steinberg, Senior Vice President of Research, West Coast, for CBS. Similarly, several respondents noted how purchasing behavior mixed with viewing behavior creates segments of the audience that can then be sold back to advertisers, allowing for a better media buy.

Bill Harvey, of TRA Global, explained how his organization is using a purchaser targeting system that segments the audience based on what they buy. TRA allows its customers to “pick any program, for example,” he said, “and then look at a ranking of all of the things we know about the people who watch that program...from looking at that kind of a list, you do tend to get some insight.” According to Harvey, the TRA Global system can also identify what other programs people are watching for a better understanding of the audience at large.

Additionally, veteran industry companies like Simmons and MRI are providing shopping data to be married to Nielsen-provided data. According to Bruce Rosenblum, Executive Vice President of Warner Brothers Media Research and Insights, the fusion creates a model of audience segments with certain characteristics that can also be assigned a rating. Using these data sets together, he explained, provides a richer look at the consumers and allows presentations to the advertisers to be customized to make the best possible business pitch.

One of the most recent developments in this area came from CBS, a company known for constantly trying to find ways to get credit, as mentioned earlier, for its older viewership. David Poltrack, chief research officer of CBS Corp., made a presentation in March 2011 at the Advertising Research Foundation Re:Think 2011 conference that detailed a way of segmenting audiences based on behaviors and attitudes. In his presentation, according to coverage by AdAge, he asserted that demographics were inadequate and segmentation should go beyond simply age and gender (Neff). He proposed a model that paired shopping loyalty card data provided by the marketing performance analytics company Nielsen Catalina Solutions with other Nielsen viewer data, including set-top boxes and panels. Through this data, Poltrack proposed six segmentations of the audience, such as “TV companions” and “program passionate,” that would allow advertisers to better match their ads to the consumers.

It is a controversial move because it does undermine the traditional currency but also because CBS has often been seen as a company wanting to make money off its ageing audience, as noted elsewhere. In fact, several respondents voiced their skepticism and likened Poltrack’s efforts as just another in a long cycle of this pattern. Others, like Linda McIsaac of Xyte, Inc., questioned the methodology. Her organization merges studies of the brain with engagement, using online assessment surveys to understand
the organization in the mind and how people are learning. She said via email, “What they are calling behavior is the time people watched TV. Xyte knows who watches TV and we can tell you WHY they watch the program. They cannot because there is NO theoretical basis for their approach.” Similarly, TRA Global’s Bill Harvey emphasized via email that the methodology of the CBS-Nielsen model is lacking a national sample of set-top boxes, relying instead on a mix of non-comparable data from, for example, frequent shopper cards, home scanning panel data, set-top boxes with People Meters, and commercial recall data.

He also expressed concerns about CBS’s partnership with Nielsen and how it would continue to perpetuate Nielsen as the dominant player in the industry, which may not be the best for the industry. “From the standpoint of TRA which is being used by P&G, Kraft, Mars, and many other major advertisers to change TV buys and cut ineffective commercials to provably increase sales,” he said via email, “the Nielsen copycat move is a cynical and unwelcome event which makes it harder for us to sell a real service because of Nielsen’s saying ‘we are the currency, we have it all, stick with us’ while underneath those glossy generalities they have a crazyquilt of methods and no solid national sample of set-top box data... This is the way that large companies use dishonest means and lower quality methods to crush smaller innovative companies.”

On the other hand, there were some interviewees who did praise Poltrack’s methods for being a step in the right direction away from demographics, even if widespread acceptance may be several years away. Several respondents noted that the industry would need a public figure representing these attempts at changes in methodology, and Poltrack could serve as that mouthpiece. Adding to Poltrack’s case for industry-wide acceptance is the fact that his data and methods will be totally public, available for use for all Nielsen clients, including CBS rivals (Neff).

Physiological psychology – concerned with behavior and the brain – forms the basis of another trend, that of using neuroscience and biometric data to segment audiences. New technologies, different from cumbersome devices of years past, are allowing companies to monitor viewers’ inner workings as they watch television programming. Rosenblum illustrated how Warner Brothers uses biometric testing as part of a battery of methods designed to get further into consumers’ mind and understand where they are most and least engaged with the programs.

According to Xyte’s president Linda McIsaac, they have been able to identify patterns of behavior through all facets of a person’s life and, through the data, make conclusions about what television programs people are watching and why. She illustrated how the data from their methods, which shows models that are predictive, can be used by advertisers to design marketing messages to specifically attract particular behavior sets, allowing these advertisers to be more efficient with their dollars. The data, which is both reliable and valid, is valuable because these surveys indicate specific behaviors that are predictive and
reveal consumers’ motivations.

The hope now is that many of the methods detailed above, some using newly available technologies, will eventually give way to one that the television industry can accept as a currency. It is only as each faction creates their own definitions and ways to measure psychographics that one version will rise to the top as the preferred method, adopted by the industry at large. And once that method is explicitly proven, tested, and validated, psychographics will become something on which the networks can guarantee audiences to the buyers.

**Challenges**

The main challenges that face psychographic segmentations stem from significant methodological flaws to many of these techniques. These interviews revealed one key point that influences the field overall: while many in the industry realize a change must happen, the biggest challenge to accepting psychographic research industry-wide is a lack of definition. Even though the basic method has been around for several decades, no one is able to define it in one way. One executive remarked that, “There have been attempts for years and [they haven’t] gotten very far for practical reasons and for methodological reasons. People haven’t been able to really establish that a psychographic approach is more effective in understanding audiences or understanding ad effectives than the tools we have now.” This has led to an environment that discourages the industry from working together to find the best course of action. In other words, since everyone does it differently, no one way has been proven in the way that demographics has. This lack of a standard affects even the most basic opinions on its use. For instance, Eric Steinberg of CBS called psychographics a very “nebulous term” and likened it to “shadowboxing,” while another research executive noted that the variables were “squishy.”

As a result, while demographics are an accepted currency and television networks are able to make guarantees to advertisers under the current ratings, this is not yet possible in the psychographic realm. Charles Kennedy remarked how important a common lexicon is in the industry, how important it is “that we all agree that it is what it is, dollar for dollar for dollar…a gregarious individual, what does that mean, what’s the scale and do we know the cause and effect of that, if a gregarious individual, they are this, if they are such and such, they are that.” He suggested that defining this lexicon would be the first step in moving towards psychological methods. Other respondents noted how it is just that much easier to stick with the Nielsen standard, which produces tangible, verifiable, and replicable data. “There are many psychographic schemes out there none of them are necessarily recognized as the one that the industry looks at,” one television research executive said. “You can do segmentation surveys where you wind up developing your own with each survey you do and there’s no way to kind of assess them in a measurement way on an ongoing basis whether you’re hitting those kind of psychographic targets.”
In the case of set-top box data, for instance, there is no way to know who is in front of the television as the data is collected; it is all anonymous. As Michael Vinson of Rentrak noted, the household in set-top box data is treated as a unit, rather than as individual viewers. In other cases, said several interviewees, the data itself is very difficult to pin down. When delving into psychological criteria, there is no standard. Whereas respondents are usually the same age and gender from day to day, feelings and moods are not constant or consistent. How viewers respond to a survey or even a brain scan one day could be drastically different another day. This makes the data unreliable and not valid, the two criteria for statistically significant results. Only data that can be proven to be both could ever hope to be adopted as industry currency. Additionally, interviewees talked about the risk of over-segmenting the viewer population through very narrow groups of criteria. There is little value to the advertiser in a tiny segment, even if it is a specifically targeted one. Smaller segments also allow people to fall through the cracks.

Valuable to all parties involved, and what is lacking, is proof of some kind – be it return on investment (ROI) or case studies, as many interviewees noted. This type of evidence would provide a foundation for businesses to change their research practices. As Linda McIsaac said, having the “big guys” share their case study research would be a valuable step forward, while Shari Post called ROI the “hottest goal” that everybody looks to in order to gauge success. As put by one television research employee, “The closer you can get to showing an advertiser with 100% certainty these people who watch this show at this time for this amount of time are going to buy this product, that’s what they want. If you can show them that on paper, then you don’t have to sell anything.” In other words, this proof would show that these methods could be replicated by other organizations, but somebody has to spend the money to actually demonstrate that it could work.

This, though, could prove to be a very challenging part of the process. Several respondents were quick to point out how it was difficult to believe any newer developments because they all seem so self-serving. The intentions of most companies, be it a television studio or an independent organization, can often be traced back to profit rather than industry benefit. For instance, every time that CBS presents a new way to measure audiences, many skeptics assume it is to get credit for older viewers, rather than to further research advancements. As Shari Post asserted, “Sometimes it even feels like our clients won’t necessarily buy into it because they feel like we’re manipulating the outside companies.” Along those lines, these companies who create new methods often have no incentive to share their “secret sauce,” as two respondents put it. The companies are more than willing to show why their service is the best, but they do not have the motivation to make their methodology public and accessible to everyone. The segmentation model proposed by CBS’ Dave Poltrack could help alleviate some of the stigma attached as he has made his model entirely public to all Nielsen customers.

Still, this secrecy makes it difficult for any of these methods to become common, especially because many interviewees noted how widespread shifts to include more psychographics in standard currency would
only happen if everyone knew that the other methods were just as valuable. As several respondents observed, both the networks and the advertisers have to be comfortable, on both a methodological and an economic level, with any future systems.

From that economic perspective, cost and timeliness will always be an issue. Many of the newer systems have heavy costs attached and take time to process the results. As it stands now, many interviewees said they stick with Nielsen data because it is the quickest and easiest way to get data that can be understood in the shortest amount of time. Respondents pointed out that what exists now is often the most cost- and time-effective way of getting the best picture of audiences, flaws included. Many companies also do not have the time or resources (money or labor) to invest in all that is involved in the long process of testing and proving new methods, as noted by several respondents.

Another roadblock to keep in mind is the lack of incentive. As Jim Hoffman, Senior Vice President, Sales & Marketing, NBC Universal, noted, “Everybody knows what we have is somewhat flawed but it is the best we have so until we can come up with something that’s better, that people feel give us a more accurate picture. It’s not going to change.” There are many who just do not see change as necessary in their everyday business life, or do not even perceive a change taking place. To them, the current system allows for the business transaction to happen; in other words, several respondents argued that the money is made off the data currently in use and therefore no change is needed. As Melva Benoit, Senior Vice President, Consumer Insight and Audience Research, at Fox described:

“You use currency to buy newspaper in the morning and that works quite well. The newspaper man, he gauges your stride, how you’re walking, he talks to you, so he does gather some psychographic information. Does he use that information to sell you a newspaper; does he need to actually…measure how you’re feeling before you bought a newspaper? No. The exchange with money works just fine. There’s nothing wrong with the exchange that’s happening now.”

The business transaction that currently relies on demographic segmentation is enough to some networks and cable channels, primarily the larger channels that have an especially broad reach, and they do not see the need for more specific segmentation. Those on the advertising side, either selling or buying, also seemed less inclined to require a change from an economic perspective. They reiterated the point that Nielsen is able to provide the best bang for their buck.

However, the fragmentation of the new digital audience, one of the key trends mentioned earlier, has brought to light the need for some newer methods, according to many interviewees. Along those lines, Steve Leblang highlighted the three most important types of people who are sought by advertisers and networks: “People who are watching commercials, people who are paying attention to the commercials,
people who are enhancing their viewing experience through some other supplemental interaction.” To find these groups, the industry is finding that psychographics can be useful. In particular, Shari Post, in ad sales, observed how advertisers will become more interested in psychographics as the audience continues to fragment, because “you have to make sure where you’re sending the money is where you’re reaching your consumer.” Networks, she said, want to get credit for their content that appears elsewhere than just on the screen.

To The Future

There are many people in the television, research, or advertising industries who still do not believe a change is happening in the industry. They believe that the status quo is serviceable and acceptable because the business transactions (networks sell their ad time to agencies on behalf of clients) still happen and money is still made. As Michael Vinson of Rentrak put it, “The ultimate bottom line is that it’s harder. No one was ever fired for buying adults 18-34. It’s such an obvious math target that it’s easier to do it and it’s risk free. Everyone knows how to do it.” Others argue that there have been many attempts over many decades to come up with a better way to segment audiences, and they all end up falling by the wayside.

But a change needs to happen, even if the path is not yet clear. Between the fragmentation of the television system and the advent of new media technologies, relying only on demographic analysis is not sufficient. Much of the data collected here shows that there are those in the industry who are actively working to find better ways to segment the audience that goes beyond a standard breakdown of age and gender. But it is not easy nor will it ever be easy, as also illustrated by the data. There are problems with almost every new method brought to the table that prevent them from becoming standardized throughout the industry, information on which networks can make guarantees to the advertisers. From problems with validity and reliability to issues of trust among the parties involved, it will, as Jim Hoffman put it, require a sea change that will not happen in one day.

But who will lead the way? Will it be the networks who pioneer changes, such as CBS, or the advertisers, who have the dollars to spend? From the interviews conducted, there was no clear answer, except that it would take one major company with one major mouthpiece to lead the way. Maybe it will be David Poltrack and his new model, but that remains to be seen; some respondents did not see his ideas catching on for several years, at minimum. Others questioned its validity. However there was some consensus (at least among those who saw a need to change) that this was a good first step, though it could just be another attempt in a decades-long cycle of trying to affect the sea change.

It is hard to tell if demographics will ever be unseated as the primary currency in the industry because of how difficult it is to change the status quo. For instance, Bill Harvey noted that “it’s not an industry that’s easy to change.”
The advent of new technologies will certainly help push it along. Several interviewees spoke of how the advertising agenda is focused here and how to best monetize it. The digital landscape is, from the advertiser's perspective, cheaper than traditional broadcast advertising, especially for smaller companies. Many resources in the television industry right now are devoted to forms of new media, such as social networks or mobile applications.

From this, it is quite likely that the digital landscape will be the way to increase the use of psychographic research in the industry and prove its value before it is adopted more widely. If the industry can become comfortable with its use digitally, it would be easier to convince companies of its worth, especially as the television landscape fractures and fragments. Social networking sites could be one way to reclaim larger chunks of audiences, as Bill Harvey suggested when he claimed that understanding the Internet, mobile, and social media from a psychographic perspective would be the way to introduce or increase its use. And since much of the industry's attention is already on digital technologies and social media, it is a prime opportunity.

As mentioned above, NBC is one company currently spending money to understand the new media environment and how to better monetize it, through their program Fan It. Their focus on social networking could help redefine how metrics are used on the online community. And companies like Hunch.com, Netflix, and Hulu already have psychographic segmentation methods built into their sites, providing a valuable potential resource in testing psychographic metrics online. Their methods of taste-segmentation could reveal reliable ways to translate them to the traditional television world. This also implies that there is not yet one standard currency like there is on traditional television.

Now is the time to bring in psychographics, as the industry shifts and moves into the future. Mixing psychographics like engagement with newer technologies could function as a safe way to test the waters. From there, a notable company with digital results could translate their success to the television world and unseat demographics as the only currency available. As the television landscape changes and evolves, the research industry cannot be left behind. It cannot continue to have only one point of data on which it does business. The new media arena is a viable way to test the waters of psychographic measurement so that it can be better applied to traditional television and allow for a better and more efficient business environment.
SAMPLE INTERVIEW QUESTIONS

1. What, in your opinion, is the best way to measure and define audiences?

2. What might be missing from traditional methods? What are some holes that demographics can’t fill?

3. What might you suggest as an alternative? What is your company doing right now?

4. Do demographics still have a place?

5. What are the disadvantages of using psychographic measures? To networks? To advertisers? Why do you think this is?

6. What are some other factors that might dissuade networks and/or advertisers from adopting these practices?

7. What do you think needs to change before psychographics can become more widely accepted? Do you think this will happen anytime soon?

8. What would be helpful to advertisers or networks to allow them to understand the benefits of psychographics? What do they need to see before changes will take place?

9. Some argue that there is no need to change because the business transaction works as it is. What is your response to that?

10. Where do you see the future of media research going, especially with all the new niche markets and a more fractured audience base?
1. Melva Benoit, Senior Vice President, Consumer Insight and Audience Research, Fox
2. Liz Dome, Buying Time
3. Edward Frank, former research and program executive, NBC
4. Marissa Gluck, Founder and Managing Partner, Radar Research
5. Bill Harvey, Co-Founder, Vice Chairman, and Chief Research Officer, TRA Global
6. Jim Hoffman, Senior Vice President, Sales & Marketing, NBC Universal
7. Charles Kennedy, Senior Vice President, Network Research, ABC Television Network
8. Steve Leblang, former television research executive
9. James Li, research analyst
10. Ted Linhart, Vice President of Program Research, USA Network
11. Linda McIsaac, President, Xyte
12. Sree Nagarajan, Founder and CEO, Colligent
13. Shari Post, Vice President of Prime-Time Ad Sales, NBC
14. Gary Reisman, principal, NewMediaMetrics, Inc.
15. Bruce Rosenblum, Executive Vice President, Media Research and Insights, Warner Bros.
16. Julie Scher, Network Buying Supervisor, RPA
17. Vivian Silverman, Director of Spot Broadcast, Fraser Communications
18. Eric Steinberg, Senior Vice President, Research, CBS
19. Dave Stepp, Vice President, National Television Client Services, Nielsen
20. Michael Vinson, Vice President of Statistical Sciences and Analytics, Rentrak
21. Jack Wakshlag, Chief Research Officer, Turner Broadcasting
22. Joan Zidow, Local Sales Manager, KCAL (CBS)
23. Anonymous research executive at The CW
24. Anonymous domestic television research analyst
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