Broadcast TV

The past couple of decades have been tumultuous for broadcast television. Up until the mid-'80s, the big three networks (CBS, NBC, and ABC) ruled the television airwaves and, along with newspaper, they dominated advertising revenues, as well. Then the cable industry began its expansion into neighborhoods and homes all across America. Since then, things haven't been the same. The technology that made it possible to deliver dozens of channels into America's television sets also created a programming vacuum. We all know how nature feels about a vacuum, and it wasn't long before fledgling networks began springing up to fill the void. As programmers experimented and gained experience, new and better programming was developed, and new networks became more competitive. Still, local affiliates of the big three networks thought their dominance, while chipped, was safe. They hadn't seen anything yet.

Twenty years later and the big three are still major players, but they are no longer the only ones. If viewers want news, they also have Fox News, CNN, and MSNBC to select from. If they want sports, they have multiple ESPN networks to watch. If they want movies, they have premium and vintage movie channels. And if they want first-run prime-time serial dramas and comedies, they can find them on dozens of channels in addition to the big three. High-tech services such as video-on-demand, internet TV, and cellular phone video programming all threaten to further fragment America's viewing habits in the future. To further complicate matters, broadcast TV also is dealing with pricing and value questions created by digital video recorders (DVRs) because of the ability they provide to avoid commercials.

Broadcast TV still remains expensive to buy, and television commercials remain expensive to produce. Agencies still like to buy broadcast TV for their clients due to the commissions they earn, but establishing effective reach and frequency is something only national advertisers and large local companies can afford to do.

Buying targeted TV programs and augmenting that with Radio buys on complementary formats is a great way for advertisers to get the ego gratification from being on TV while still getting cost-efficient and effective reach and frequency.

Advantages

Mass Appeal: In addition to the 98.9% penetration rate among U.S. households enjoyed by television in general, 83.0% of these homes are multi-set households. *(Nielsen Media Research, 2009)*

Reach Vehicle: TV reaches 92% of the population on a daily basis. *(Television Bureau of Advertising, 2009)*

Big Events: Programs such as the Super Bowl or popular series finales can reach a large mass of audience.

Visual appeal: TV has the ability to capture attention through sight, sound and motion.

Water-cooler appeal: Broadcast has the ability to generate next-day conversation about nightly programming, especially popular programs.

Disadvantages

Fragmentation: Marketers distinguish between Broadcast TV and Cable TV because of the differences in the way they are bought. Broadcast TV is generally sold locally by one staff for one station. Cable TV is typically sold locally by one staff for all the advertising-supported cable channels. On the other hand, viewers do not differentiate between Broadcast TV and Cable TV channels. Time spent viewing Broadcast TV is being divided among Cable and Satellite TV channels.

Diminished: Consumers' broadcast television time is being further diminished by Video On Demand (VOD), video games, Internet video downloads, and Internet browsing.

Commercial Avoidance: As many as 38% of all U.S. TV homes are now equipped with digital video recorders (DVRs). The commercial “zapping rate” when programs are seen on a delayed basis is 50-70%. *(TV Dimensions, 2009)*

Commercial Clutter: Clutter, particularly on ABC, CBS and NBC during primetime hours, has risen almost 60% over a 40-year period. In the early 1980s, 19% of TV content was devoted to commercials. By the late 2000s, it had climbed to 25%. *(TV Dimensions, 2009)*

Escalating Costs: According to NBC Universal, one :30 in the 2009 Super Bowl cost an estimated $3.0 million, up from $2.7 million for the 2008 championship game. Apart from one-time programs or large special events like the Super Bowl, one average :30 can cost double or triple the amount of one :30 in Radio.

Production Costs: According to the American Association of Advertising Agencies, production costs for a network TV commercial averaged over $400,000. Producing quality commercials significantly impacts ad budgets.

At-home Medium: TV is primarily an at-home medium.

Lack of Recency: According to TV Dimensions 2009, peak viewing hours occur in the evening from 8-10 PM, when consumers are less likely to be making purchases.

Seasonal: TV usage is greatly affected by vacation and weather cycles and the effects these have on viewer interest and availability. Usage is highest in the colder winter months and lowest during the summer months. *(TV Dimensions, 2009)*

Income:

Plus Radio

Personal Relevance: The Radio Ad Lab (RAL) study on Personal Connection, Personal Relevance shows consumers connect with Radio stations, saying their Radio station plays commercials personally relevant to them. The study shows consumers do not feel a connection with a television channel nor the commercials played on the channel.

Efficient Schedules: According to the Trade Promotion Management Association, more than 75% of consumers recall TV ad images after hearing a Radio commercial with the same or similar audio.

Quality Production: Quality Radio commercials can be produced for a fraction of the cost of a quality television commercial. Most Radio stations offer free creative and production for advertisers.

Mobile Medium: Radio is listened to at home, work and in-car and reaches people closest to the time of purchase intent.

Recency: Consumers are most influenced by advertising most recently exposed to before making a purchase. Radio is most often the medium used before making daily purchases.

Consistent: According to an early-2008 survey, 77% of Americans ages 12+ indicated they would continue to listen to AM/FM Radio in the future as much they do now, despite increasing advancements in technology. This includes 76% of monthly online Radio listeners, 71% of satellite radio subscribers, and 79% of those individuals who had ever listened to an audio podcast*(Arbitron/Edison Media Research, 2008)*

Increase Brand Recall: The Radio Ad Lab (RAL) study on Synergy shows replacing one of two television commercials with two Radio commercials increases brand recall by 34%.