

**The Role Online Television Viewing has in the Future of Television and
Audience Measurement**

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DEDICATION

I would like to dedicate this to my mother, Sandra Windom, for teaching me how to be responsible and hardworking and showing me how to be strong no matter what comes my way. I would also like to dedicate this to my sister, Kenyce, my Aunt, Deltrese and Jordan Jackson. All of you are my inspiration and each gives me a unique motivation to continue to thrive.

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ABSTRACT**The Future of Television Audience Measurement:
How Changes in TV Measurement Could Augment
Continued Future Debate and Inconsistencies**

Kendra Unique Smith

This study examines major issues facing the television industry, particularly those affecting audience measurements along with issues surrounding Nielsen. Most of this research was done online, through books and in conversation with various television executives. This information is constantly changing therefore most of the research relied heavily on things being published online and interviews with television executives from major broadcast television networks.

CHAPTER 1: INTRODUCTION

As television continues to grow and change, it is important to understand all the factors that affect this evolution. There are now so many entities that affect the way television is being viewed and there are so many different platforms to view it. With ratings and the television audience being the important force in television, there has to be a way to examine all key factors and monetize them. Research indicates that the audience now controls how, when and where people watch TV. The consumer is in control. Television executives have to forecast potential solutions and outcomes in hopes of finding a happy medium where buyers, sellers and advertisers can all be satisfied with the information being reported and used to generate income. Over The Top (OTT) viewing and Time Shifted viewing both play significant roles in why consumers have altered their viewing habits. These changes have implemented new ways to measure audiences beyond the traditional television. Julie Park from Comscore wrote in a report “for content owners to get credit for these audiences and for advertisers to accurately plan multi-platform campaigns, the ecosystem must transact on consistent and trusted digital video measurement” (Parke, 2015). Video Reporting must provide a single, unduplicated view of the way people are actually watching video, on their own time, across their preferred device (Parke, 2015). Developing a perfect system that can accurately measure television audiences across multiple platforms seems to be the hindrance. A system that could accurately measure viewership across all platforms, specifically for the use of television audiences, will continue

to make traditional television viewing the primary source for TV audiences.

Though these things are all issues surrounding the television industry, impacting the structure of television organizations, they are not things that will hinder the growth or future of traditional television.

Over The Top Viewing

Over the top viewing (OTT) is one of the newest outlets that give cable companies and broadcast TV a reason to be concerned. Over the top viewing provides television viewers the ability to view their television connection over a broadband connection via the internet or OTA (over the air) with an antenna without needing a multiple-system operator. Video, audio and other media can also be delivered over the top. Overall, over the top viewing poses a new challenge for the television industry. Content providers may have reason to negotiate and listen to every side if content becomes a la carte as unbundling can be the biggest downside economically (Martin Medina, 2013). OTT viewing allows affordable television viewing for everyone (Will OTT, 2015). Subscription based services Netflix and Hulu Plus are the leading providers in over the top content. Great Lakes Data System says consumers want three things: the ability to watch the content they want however they want, without breaking the bank. (WOTT, 2015). The internet has allowed for television programming to be viewed on many different devices such as phones, tablets, computers, laptops, etc... because of this, broadcasters now acknowledge the new technologies into their business model. At the 2015 National Association of Broadcasters annual fete in Las Vegas, the NAB President Gordon Smith laid out the case for

integrating “next generation” technologies, like OTT video (Bookman, 2015). The NAB talked about Dynamic Ad Insertion (DAI) which Bookman writes is “the first and best solution to monetize OTT video for any provider who isn't going to add a subscription component to their service” (Bookman, 2015). Many theories surrounding OTT video are in its early stages because the anticipated viewing audience is unknown but expected to grow moderately in 2015 and years to come. With online video set to grow from 33% in 2012 to 77% by 2020, there has never been a better time for companies to embrace video streaming (Visual Unity, 2015).

OTT viewing can definitely be a benefit for broadband providers, allowing them to up-sell their customers to faster, higher speed internet service. However, on February 26, 2015, the FCC just ruled in favor of “Net Neutrality” which allows users to browse and communicate freely without the service providers blocking or discriminating against certain content or websites. The FCC’s rules are strong, sustainable rules to protect the open internet and preserve the internet as a platform for innovation, free expression and economic growth (FCC, 2015). Broadband providers have economic incentives that harm the openness of the internet which ultimately could slow down the speed and extent of the internet. The U.S. Court of Appeals for the District of Columbia upheld the Commission’s finding that internet openness drives a “virtuous cycle” that enhances consumer demand, leading to expanded investments in broadband infrastructure that, in turn, spark new innovations at the edge (FCC, 2015).

Without the FCC's Net Neutrality ruling, broadband companies could have the ability to control the internet in ways that could allow paid prioritization, meaning, no one company or affiliate can pay for favor over the next company. Now, the first three Bright Line Rules, ban practices that are known to harm the open internet. These three rules are (FCC, 2015):

- **No Blocking:** broadband providers may not block access to legal content, applications, services, or non-harmful devices.
- **No Throttling:** broadband providers may not impair or degrade lawful Internet traffic on the basis of content, applications, services, or non-harmful devices.
- **No Paid Prioritization:** broadband providers may not favor some lawful Internet traffic over other lawful traffic in exchange for consideration of any kind—in other words, no “fast lanes.” This rule also bans ISPs from prioritizing content and services of their affiliates.

These rules are applied to all internet access, whether on a desktop or mobile device. As the FCC's 2010 open internet ruling had limited applicability to mobile broadband (FCC, 2015). Also, new rules allows for the commission to address questionable practices on a case-by-case basis because the internet is always growing and changing.

As far as incremental growth is concerned, television programmers will not be gaining customers from having virtual MSO (multiple system operators) if the subscribers are simply just moving from cable to internet services. For a company like Comcast, that offers both internet and cable services, they could make up for what could be lost in cable subscriptions by charging more for their internet services. In terms of an actual broadband TV service becoming a reality, Intel was expecting to launch its OTT broadband TV division in late 2014. Since then, Verizon bought Intel's internet TV unit as Intel concluded it would cost too

much money to enter the pay-TV business. Prior to this acquisition, there were reports of Intel having trouble signing final distribution deals. Verizon plans to use the acquisition to spruce up FIOS and eventually offer OTT TV. Sony on the other hand has reached preliminary agreements with Viacom for an Internet Distribution Deal according to Viacom news (Jafar, 2014). The agreement is for web based TV services and Sony will carry MTV, Nickelodeon and 20 other Viacom Inc. channels along with the option to stream Viacom programming on mobile devices (Ramachandran, 2014). This service will be Sony's Playstation Vue internet TV service, the companies upcoming live TV service (Roettgers, 2015). Since, Sony has also sealed deals with CBS, NBC and FOX. Janko Roettgers of gigaom.com says a source reported these channels as part of the programming to come with the Playstation Vue:

“Spike, CBS, NBC, Fox, My9, Telemundo, American Heroes, Animal Planet, BET, BET Gospel, Big Ten network, Bravo, CBS Plus, Centric, Chiller, Cloo, CMT Pure Country, CNBC, CNBC World, Comedy Central, Cooking Channel, Cozi TV, Destination America, Discovery Channel, Discovery Family, Discovery Life, DIY, E!, Esquire, Exits, Food Network, Fox College Sports (3), Fox Sports 1,2,3, FX, FXM, FXX, Golf Channel, HGTV, Investigation Discovery, LOGO, Movies TV, MSNBC, MTV (Hits, Jam, 2, U), Nat Geo, all the Nickelodeons, OWN, Oxygen, Palladia, Science, Sprout, SYFY, Teen Nick, Travel, TV Land, Universal, USA, Velocity, VH1, Vh1 Classic, Soul, YES Network.

The list has some popular channels and some channels that are not popular. “It looks like Sony signed really big bundles with all of the programmers, forcing it to carry numerous channels with very small audiences” (Roettgers, 2015).

Audience Measurement

Television audiences are measured through Nielsen, which is a global information and measurement company whose “capabilities provide relevant metrics that are necessary to inform successful marketing and programming and drive continued growth (Nielsen, 2015). Having the Nielsen’s audience measurement data provides media companies and brands the ability to know when to reach prospective consumers. This information also helps media companies plan their programming in hopes of getting a return on investment and brand reputation (Nielsen, 2014). They specialize in knowing what consumers watch and buy. The way the Nielsen’s ratings work is: they get a sample of people that Nielsen claims fully represents the entire television watching population. These people are called “Nielsen families” or “Nielsen panelist.” They are approached randomly by Nielsen and asked to allow them to collect data from their household regarding their viewing habits. There are about 50,000 people in about 20,000 households (as some families contain more than one person, such as husband, wife, children and though the families are paid, the amount is not specific. It seems to vary family to family. One family reported they received a check for \$50.00 several times a year. Another guy listed as Arle on TVline.com commented on an article entitled Number of 'Nielsen Families' that Fuel TV Ratings to Grow 'Significantly'. He said that he in fact is a Nielsen Family and that his family was paid \$300 cash upfront, followed by a \$300 “thank you gift” check, plus \$20 a month for their first year and \$25/month for their last year. He also went on to say that his family’s 2-year contract ends in August 2014 and he is

sad about it. Arle said that Nielsen offered to pay an additional \$20 per month if they did their online tracking as well, but the family declined wanting to keep the sites they were visiting private.

Nielsen measures data such as viewing behavior, commercial engagement (fast forwards and when they occur), what is being viewed, when, who and how many are watching, all the way down to which member is watching and their demographics. These data are measured by Diaries, (which are to be filled out daily and are examined during “sweeps”). TV meters and Local People Meters which capture all of that information. The information is sent back to Nielsen each night, including the live ratings, same day DVR numbers, until seven days after its initial air date. The demographics come from each family member having their own remote control which tells Nielsen who is watching. This information is important for clients because they are able to give in depth knowledge. This information can allow clients to alter their campaigns and ads where need are based on this data.

Cross Platform Measurement

In this day in age, people are watching more television. There are so many more platforms to get your programming. Nielsen now has Digital Ad Ratings, which provide next day ratings for ads that are comparable to TV ratings (Nielsen, 2015). Nielsen is also pursuing on-device meter panels that will integrate audience measurement across multiple platforms with their cross platform home panels that are said to measure TVs, PCs, mobile phones and tablets providing extended screen ratings (Nielsen, 2015). Nielsen plans to capitalize on cross

platform measurement by attaching meters to peoples PCs, tablets and mobile phones (Nielsen, 2015). Allowing a company like Nielsen to track your television viewing is one thing, but tracking their cell phone is quite invasive. There is suspicion about how flexible and willing people will be to allow Nielsen to track their personal devices in order to provide substantial data. Will people go that far for a couple extra bucks a year? Are meters on phones and tablets even necessary? There may be a simplified way to do this, just by tracking the information that is already out there and available.

Nielsen and McKinsey & Company acquired SocialGuide back in 2012 which was inspired around the idea that Twitter and social media has changed the traditional way television was viewed (Nielsen, 2012). SocialGuide identifies, captures and analyzes data on Twitter surrounding every program aired across 247 channels. Nielsen reports that in the U.S. their online panel measures activity of more than 200,000 internet users across 30,000 sites and extends to more than 500,000 panelists worldwide.

SocialGuide has evolved into Nielsen Social, which has now made Nielsen the leading provider for social TV measurement, audience engagement solutions and analytics and this information is given to TV networks, agencies and advertisers. Nielsen social also provides Twitter TV ratings and TV related conversation via Twitter and with these measurements they aim to provide an understanding of this information so that people within the industry can act on this data.

Research Questions

1. How can this industry accurately measure the television audience when there are so many more factors involved that now dictate how people watch TV?
2. Can current ratings systems be a solid and accurate enough form to move forward?
3. Will there need to be new tactics and technology in place to grow and keep up with this evolving television market?
4. Does Netflix's business model affect the current television model and is it foolproof?

CHAPTER 2: REVIEW OF LITERATURE

Netflix

Netflix is now a competing entity in the television world as it is now a network but not competing with traditional television in terms of ratings (Barr, 2015). The Netflix Web site describes the company as “the world’s leading Internet television network.” Reed Hastings, the CEO of Netflix said in an interview with Ken Auletta of the New Yorker “We are to cable networks as cable networks were to broadcast networks,” arguing that the linear television experience with programs offered at set times is “ripe for replacement” (Auletta, 2014).” In April, 2015, Netflix made a deal with Marvel for its new series *Daredevil*, which will air on Netflix. ABC currently airs and produces Marvel’s *Agents of S.H.I.E.L.D* but are ultimately okay with the deal as ABC studios is serving as the producer of all Marvel series despite their home (Barr, 2015). With Netflix now producing their own content and releasing the entire season of their shows at once, they have definitely created something innovative that content providers have never done. Netflix took advantage of the trend they saw in their users, “binge viewing.” With this knowledge they developed their own content and it has been a hit. Ted Sarandos, chief content officer for Netflix had the big idea to expand their content to original programming, which led to the political drama, *House of Cards*, Sarandos biggest move yet (Ascharya, n.d.). Within the first few weeks of its release, *House of Cards* became Netflix’s most watched title (Freid, 2013). After investing 100 million into the first two seasons of *House of Cards*, Sarandos adds that “the show is paying off not only in advertising, but also

increased subscribers and credibility among Hollywood” (Ascharya, n.d.). As of December 2013 Netflix had four series that have been renewed for season two and or beyond. These series are:

- *Lilyhammer*, a Comedy-drama
- *House of Cards*, a Political drama
- *Hemlock Grove*, a Horror/thriller
- *Orange Is the New Black*, a Comedy-drama

Below are ratings for each of the four Netflix series from two websites, metacritic.com and IMDB.com gathered from each website January, 2014. These ratings are based off of user ratings. For example: IMDb invites users to rate any film on a scale of 1 to 10 and the totals are converted to a weighted mean which displays next to each film. They also have filters in place to avoid ballot stuffing. However, metacritic.com comes up with a score by converting each review into a percentage that the site decides for itself and that is how they come up with the percentages listed on the website.

Table 2.1 Netflix Original Series viewer ratings from Metacritic and IMDB

Series	Metacritic rating	IMDB rating	IMDB # of votes
<i>Lilyhammer</i>	62%	7.6/10	6,833
<i>House of Cards</i>	76%	8.8/10	65,540
<i>Hemlock Grove</i>	44%	7.1/10	13,202
<i>Orange Is New Black</i>	79%	8.5/10	38,780

Netflix does not provide ratings for any of its content and Forbes considers it a brilliant marketing tactic. In a Forbes article written by Dorothy Pomerantz points out how ratings silence is a great tool for Netflix because it leaves room for people to wonder (Pomerantz, 2014). Because Netflix does not report ratings, there is never really a concrete number that states how many people did or did not watch a show. With House of Cards being their flagship show, it is best not to reveal how well it is doing compared to previous seasons or even other Netflix original series. It is better to assume many of Netflix's original series are hits than to have factual numbers that solidify whether this is or is not the case. Besides, once they announce viewership for one show, investors will expect them reveal much more information about how many people are watching in general.

For Netflix to be relatively new to the original series production regime, they are doing extremely well and winning awards. House of Cards and Orange is the New Black alone has won numerous awards. Orange is the New Black has won 31 awards and has 55 nominations and House of Cards has won 14 awards and has 87 nominations (Hernandez, 2014). Including Golden Globe, Emmy, and SAG award wins. Furthermore to show how successful Netflix is doing in the original series world, they currently have over 30 new series scheduled for future programming

The interesting thing about Netflix and its viewers is some things never change. A lot of traditional television shows that air during primetime started being viewed through third party sources online. According to a survey conducted by Ipsos (MediaCT, 2013), 3 in 4 primetime TV viewers between the ages of 13

and 64 have used an online service to stream or download TV (marketingcharts, 2014). This chart shows that 76% of primetime TV viewers between the ages of 18-34 stream majority of their TV shows via YouTube. It also shows that 53% of them stream them through Netflix and 35% watch through the television networks website. Though the persons ages 18-34 tend to use more of the online resources than the 13-64, the difference is still very close, suggesting that this trend is becoming more and more common than not. Below is a chart by Ipsos MediaCT that shows some of the sources used by primetime TV viewers:

Source: Ipsos MediaCT

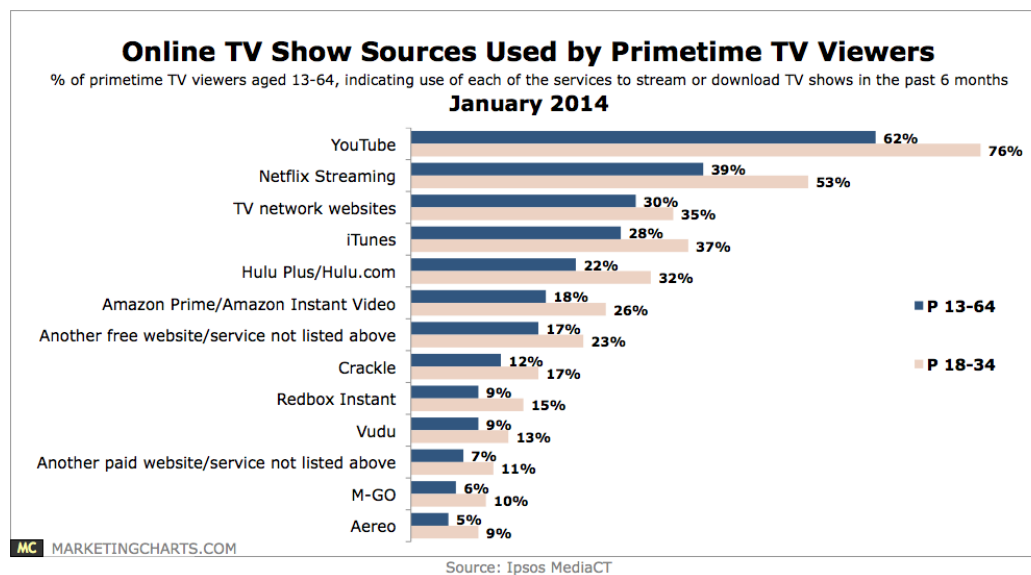


Figure
 2.1
 Online
 TV
 Show
 Sources
 Used
 by

Primetime TV Viewers

There are more sites like primewire, Zmovie and Watch32 which allow you to stream content online but are banned in places like the United Kingdom due to copyright infringement and considered illegal. Movie25 and Ovguide are also resources that allow users to watch TV shows and movies for free not requiring

membership at a cost and their taglines when entering the site is “watch free movies online.” Broadcast and pay TV providers then capitalized on this and started to offer their content online for their viewers. This gave customers and viewers that did not watch their shows via TV a way to view the shows online hassle free with few ads and mini commercials which are advertisements that run anywhere from five seconds to 30 seconds.

There were rumors of Netflix proposing a deal with Comcast in 2012 (Cheredar, 2013) “In 2012, Comcast initially rejected a proposal by Netflix to bundle service with its cable TV service, opting instead to pursue its own on-demand video service Streampix. But since Streampix — or any other offer from a cable provider — has failed to slow momentum or popularity for Netflix, the negotiations are apparently back on.” (Cheredar, 2013). Now there is talk again with Netflix and Comcast to join forces, allowing Netflix to stream their content via Comcast cable boxes (Molina, 2014).

Streampix is Xfinity’s online on-demand service. It launched February 23, 2012 and streams media content online. It was designed to compete with services like Netflix and Hulu. According to Wikipedia, they have shows from “ABC, NBC, Scripps, Cookie Jar and Lionsgate as well as movies from Sony Pictures, Universal, Snag, Lionsgate, Disney and Warner Bros” (Gorman, 2012). At the time of this writing Streampix costs \$4.99 per month, but if the customer has one of Xfinity’s premiere or plus packages, they have access to the service at no additional cost. Because of Comcast Xfinity’s Streampix service, they had chosen to fight Netflix instead of team up.

When comparing Netflix to pay TV, it seems as if Netflix is a competitor to Comcast especially in terms of pricing. Comcast bundles are pretty high when compared to Netflix low cost of \$7.99 per month with access to a plethora of on demand entertainment. Netflix is very eager to join forces with a major U.S. MVPD (multichannel video programming distributors) it is just a matter of determining whether or not Netflix is a complement to their service or a competitor. MVPD's are companies that operates multiple cable or direct broadcast satellite television systems. A cable system in the U.S. is any facility serving a single community with its own franchise agreement with a cable company. Today the term is used more to reference companies that own a large number of cable systems like Comcast, DirecTV, Dish Network, Time Warner, COX cable, Verizon Communications, AT&T and other major companies like these. MVPD's are service providers that deliver video content for a fee or pay television. Examples of companies like this include AT&T U-verse and Verizon Fios.

Netflix is not a replacement for linear television. It does not offer service like live TV, sports, news, all things that are preferred live. Netflix is more similar to HBO, different from pay TV. It is not competing with pay TV or replacing it, but simply an extra entity. There are benefits for both Comcast and Netflix. Comcast may decide that the cost of licensing its library of content may be too much that it almost makes perfect sense to go into business with Netflix. Joining forces can boost leverage for cable operators when it comes to bargaining with programmers. If a distributor were to threaten to pull a signal, the cable operator

could hold subscribers over by utilizing its Netflix inventory until a deal is worked out. Cable TV with Netflix would also give leverage over satellite and Telco because satellite TV is more limited than cable and this can be a way for cable to up sell their packages by upgrading customer's broadband speed to a more expensive package.

The partnership would grant Netflix another outlet to stream their services, which is good for both current and future subscribers. Comcast will be able to offer another attractive service using the same distribution channel as their live TV viewing (cable box). This may make many customers happy and could be something that can prevent them from cutting the cord. Ultimately, many pay TV customers would have Netflix subscriptions. Those who want both can have both and those who only want one over the other can keep that as well.

Open Connect, Netflix's content delivery system, may be the only thing standing in the way of Netflix partnering with major pay TV distributors. Flint (2013) reported in the LA Times that Netflix wants their Open Connect systems to be installed within the broadband provider's networks. This service is offered by Netflix free of charge but there are costs to the broadband provider. That alone is one concern and the cable providers have reservations because allowing Open Connect into their network may be the start of a lot more demands from Netflix. Netflix's stance is there is no hidden agenda, Open Connect just allows for better and smoother transmission of Netflix content to subscribers (Flint, 2013).

Netflix reached an agreement with Virgin Media in the U.K. Virgin Media is the first service provider to offer all four broadband, mobile phone, home phone

and TV in the U.K. They serve over half of U.K. homes. Initially they did a trial testing the service with only 40,000 subscribers. Now they are offering it to all 1.8 million subscribers who have a TiVo box. This service also launched in Sweden with Com Hem, the largest cable operator there. Suddenlink has provided TiVo DVR's since 2010. Suddenlink had been interested in offering Netflix on TiVo sets for a while but licensing deals with studios prevented that. Recently Netflix eliminated those restrictions in new deals, which allowed for Netflix and Virgin Media to partner and distribute Netflix through TiVo boxes.

Virgin Media (2013) announced “New and existing Virgin Media customers can enjoy an unprecedented six month gift subscription to Netflix if they sign-up to Virgin Media’s Premiere or VIP Collections². Virgin Media TiVo customers on other packages will be able to make the most of the one-month free trial offered to all new Netflix members,” which can further grow both Virgin Media and Netflix members. People seem to enjoy watching Netflix on their TiVo, Virgin Media (2013) says:

“Following a successful pilot, Netflix is available in the Apps & Games section of Virgin Media TiVo and coincides with the latest updates to Virgin Media TiVo for all customers. From greater energy efficiency for each set-top box, to improved WishLists™ and recommendations, Virgin Media continues to develop the service, making Virgin Media TiVo the best way to watch TV, ever.”

Netflix is looking to set the tone for the U.S. with its success in the U.K. Since Netflix’s success in the U.K., they have reached agreements with three small cable providers in the U.S., which collectively consist of 820,000 subscribers across nine states and Washington, D.C. These three companies consist of Atlantic Broadband, RCN Telecom Services and Grande Communications. By

May, 2014 all companies will have Netflix services offered as another channel, except it relies on high-speed internet to deliver its content.

Over the Top Viewing should be something embraced in the Television industry specifically sales and marketing. It is an added incentive for all parties involved, consumers, networks and broadband providers. Television providers could use the additional viewership information that can be obtained through OTT providers and capitalize by selling those views in new ways like product placement, advertisement integrated within television shows. The time has come when people demand things instantly and all at one time. Binge viewing is at an all time high, Netflix conducted a survey that examined how people watch TV. The results were exciting for Netflix as they supported everything they stand for, which is, people like having the entire season of a show up front, so they can decide how they want to watch the show. Projectcast (2013) reported that Netflix's survey indicated majority (73%) of the people surveyed defined binge viewing as "watching 2 to 6 episodes of the same TV show in one sitting" (A., 2013). There were 3,078 adults 18 and older surveyed and 61% of them said they binge view regularly and 73% of the people surveyed reported having positive feelings about binge-watching streaming TV content. The survey also said that 79% of the people surveyed feels that binge viewing makes watching the actual show a better experience. Marketingcharts posted this chart of a poll conducted by Harris Interactive:

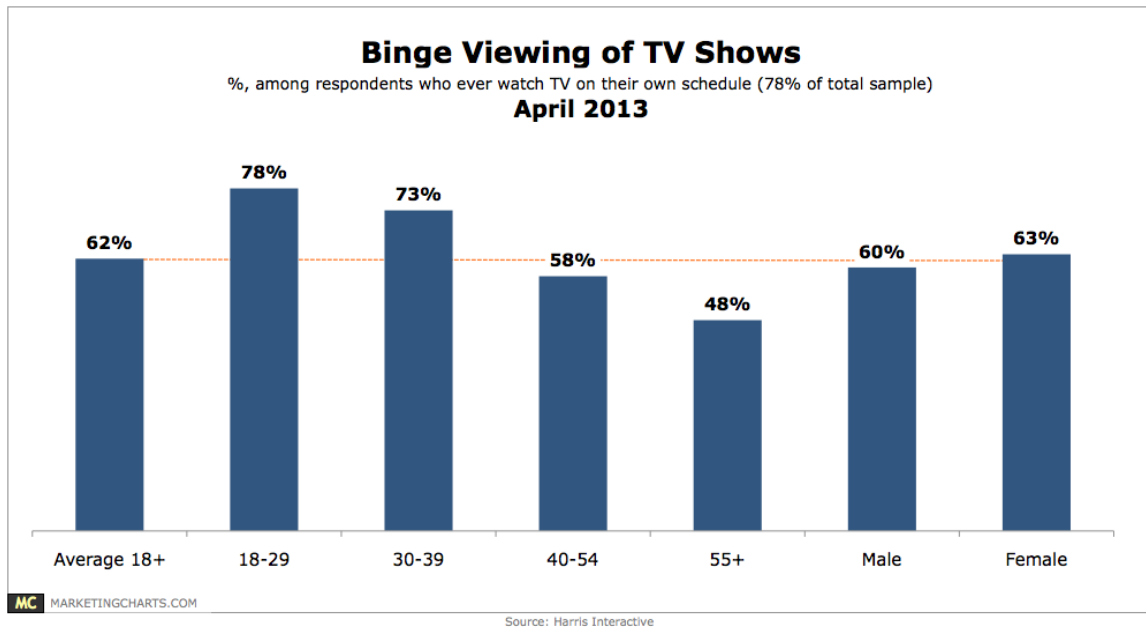


Figure 2.2 Binge Viewing of TV Shows

<http://www.marketingcharts.com/online/where-do-primetime-tv-viewers-find-tv-shows-online-39562/>

The above chart illustrates the amount of people that have ever watched TV on their own schedule. One of the interesting things this chart points out is that the younger adults that were surveyed watched TV on their own the most when compared to adults over 29 years old. However, there is only an 18% gap between people who are 54 years old and below and people who are 55 years old and up, thus indicating that the trend for the future of television viewing habits will be that most people will watch television on their own schedule. The chart also illustrates that there is only a 3% difference between how many men and how many women watch TV on their own time.

Netflix, Hulu, Hulu Plus and Amazon Prime Instant Video all have seen an increase in just one year. Television managers have to embrace the changes that are happening and join in. It would be a great idea for pay TV distributors like Comcast and Time Warner to collaborate with companies like Netflix and Hulu and even Google TV once all of the kinks are worked out, it will all be for the better and future of television. Netflix's Open Connect may be one of the only issues standing in the way.

OTT, The Future of TV

If a company like Verizon or DISH sold TV service the same way Netflix streams its service, just by signing up online and downloading an app, it would give many users flexibility and options. They would then have television everywhere because every device is now a television: cell phones, computers, laptops, iPads, tablets, iPods. In January, Verizon spent around \$500 million to acquire Intel's internet TV project OnCue, which is a business division dedicated to the development of Cloud TV products and services and the possibility of wireless over-the-top play (Stelter, 2014). Sony and Viacom announced their distribution deal and virtual pay-TV service which will stream at least 22 Viacom cable channels at its launch (Baumgartner, 2014) as well as access to Viacom's full on-demand package. These stations include BET, CMT, Comedy Central, Gospel, Centric, Logo, CMT Pure Country, MTV Hits, MTV Jams, MTVU, MTV, MTV2, Nickelodeon, Nick Jr., Nicktoons, Spike, TV Land, VH1, BET Palladia, TeenNick, and VH1 Classic.

Walt Disney, owner of ABC and ESPN joined DISH Network in a deal that will allow Dish to stream Disney programming all via internet connected devices. DirecTV, Dish's main satellite TV rival, said they are also in talks with Disney. When these services start to launch, major cable incumbents like Time Warner and Comcast will soon follow with their own services.

HBO's CEO Richard Plepler announced that they will launch standalone over the top services in 2015. They plan to work with current partners and explore new partners. This decision was inspired by HBO Go success and the company is ready to remove barriers and allow access to all that want HBO. HBO currently has 30 million subscribers compared to Netflix's 37 million. Going Over the top will open up more options allowing them to make hundreds of millions of dollars and Plepler feels the international revenue can be just as large if not larger with OTT (Littleton, 2014). Plepler also noted that HBO seen a 40% growth in 2014 compared to 2013. HBO's decision to go OTT reinforces Jeff Bewkes, chairman-CEO of Time Warner, statement that Time Warner's earnings will more than double in the next few years by focusing on three of its core businesses HBO, Turner Broadcasting and Warner Bros. This break through will allow consumers to pick what they want and have content sold directly to them (Littleton, 2014).

Time Shifted Viewing

Time shifted viewing is the act of recording a program onto a device and viewing it at a later time more suitable to the consumer. Usually this refers to

television, but it can refer to audio or radio via podcast. This is a way to download audio shows after they have aired.

Today, time shifted viewing comes from a digital video recorder (DVR) which now come integrated with cable or satellite subscriptions (Buck, 2013). Dual tuners can exist within one receiver, allowing users to record multiple programs at once on a regular and reoccurring basis, or watch a program while recording another. Some even output to multiple televisions on one cable subscription (Buck, 2013). This made time shifted viewing more popular, especially because it allows the user to stop, pause, rewind and fast-forward. It also allows one to watch a program from the beginning while it is being recorded. Prior to the DVR, time shifted recording took place with a video cassette recorder (VCR) via a timer function.

According to a study conducted by Kantar Media Futureproof, just over half the people they surveyed still prefer to watch television at the time of their broadcast. Audience measurement suggests that 84% of all television watching occurs at the time of broadcast. Kantar Media surveyed 2,000 people via telephone and found that “among those with a digital video recorder or access to on-demand services, the research suggests that there is a hierarchy of viewing choices for people, with live television remaining the preferred viewing option for just 51%, followed by recording to watch later by 34% and viewing on demand at 10% ” (Kantar, 2013).

Age is another factor that affects viewing habits and the research being conducted. Kantar’s study compared results of those who did not own a DVR or

watch on demand and it pointed out that 51% of those who were not actively using DVR or on-demand were of the age 55 or over. Their study also pointed out those who were under the age 35, were less likely to choose live television. The break down of the stats for under 35 years old was 40% live TV, 37% DVR and 17% on demand. Age is an important factor in all of this because as the younger adults and teens get older, their norm will be time shifted viewing and on-demand. Those who still hold on to live viewing habits are those who may still hold on to traditional viewing habits, which ties into the above chart from Harris Interactive that also revealed that younger adults are more prone to watching TV when they want to verses older adults that were less likely.

Most people who watch on-demand use it for when they want to catch up on a program in bulk, watching 3 or more episodes of a show. Generally, those who own a DVR are already less likely to watch a program when it airs live. Futureproof revealed that DVR's are viewed as more reliable than on demand. Of those surveyed "64% of DVR users say they feel more at ease setting their DVR to record a TV program than relying on on-demand services. 58% use the DVR rather than on-demand so they can keep access to programs for longer" (Kantar 2013). Though DVR's and on-demand both play a role in time shifting, they are used and viewed differently by its users. Consumers utilize them each differently.

To summarize Kantar Media Futureproof qualitative research, Trevor Vagg, Director, comments that the research indicates "live television is seen as a convenient way to transition from work to relaxation and the best way to experience "unmissable" moments. However, the ease of use and convenience of

DVRs is leading viewers towards a preference for being in control of when they watch their favorite programs.” Vagg’s sums up the role of DVR and on-demand. Overall, consumers will always look to live TV for sports, news, entertainment and award shows (Kantar, 2013).

The new shift in television viewing habits has also caused network and cable executives to compete with themselves (Littleton, 2014). DVR playback during primetime hours has reached the point where DVR ranks as the number one network. The ratings generated by viewers opting to watch time-shifted programs, from across the television dial, are equivalent to the averages of the Big Four networks combined. (Littleton, 2014). In comparison to the 2008-09 season, “the year after Nielsen introduced DVR ratings measuring the seven-day period following a program’s premiere, 83% of program viewing was done live, while 8% was done on the same day and 7% within the first three days. Five years later, live viewing has dropped 27% and live same day viewing spiked 75%. Viewing within three days has increased 20% Littleton, 2014).

Beyond 7

One thing that is always up for debate is when viewers are actually watching time-shifted programming and if it matters “Beyond 7,” meaning beyond live plus 7 days after a program airs. Nielsen conducted a pilot study and for the first time they measured the 8-29 days (Beyond 7). The data reported that the vast majority of people watch shows within the first 7 days. The results also showed that “Respectively, among the top 10 shows in broadcast and cable to report Beyond 7 figures, just over 5 percent of viewing happens within this time

period, affecting ratings” (Nielsen, 2013). Thus implying ratings beyond 7 days are not really important to measure regularly because they do not affect ratings enough where it would matter financially by bringing in such growth that it allows sellers to charge more for advertisements.

Programmers strategically plan and schedule their shows according to how popular the show is or how well the show did in its time slot the season before. They also focused heavily on lead in and lead outs, which is used to retain viewers from the previous show onto the next show and vice versa. With DVR’s now in the mix, people are left to wonder, how important time slots are and if they matter? Merrill Barr, a Forbes contributor who writes about the television business suggested the answer to that question is yes. Time slots are no longer important because they are competing against other networks and shows. They are about competing against viewing habits. Knowing that the 10p.m. time slot will accumulate and make up much of its audience in time shifted viewing is important.

Nielsen’s numbers have been questioned for years because they did not always include the numbers after live viewing and because the divide between live and time shifted viewers were massive. It was necessary for these numbers to become traceable. Barr (2013) sums up his idea on time slots and why they are important by saying yes they matter but you have to understand why “It’s not a yes because DVR doesn’t matter; it’s a yes because it does. Perhaps now, more than ever.” It is the job of television managers to try and monetize and get credit for this audience.

Nielsen Social

Nielsen Social provides these measurements to over 90 agencies and advertisers. Now measuring 250+ U.S channels within a three-hour window +/- capturing 25,000 different TV shows (Nielsen, 2014). Nielsen reports that they measured over 990 million tweets in 2013. They also found that 84% of smart phone and tablet owners use their devices as a second screen while watching TV at the same time and 40% of U.S tablet and smart phone users visit a social network while watching. This acquisition was definitely a good one in terms of looking into the future of television and its online presence (as Twitter acquired Bluefin Labs.) Nielsen Social compiles charts that give information like the average audience a show had and the average number of tweets a show had. This information is gathered over a certain period, usually September to May and then released with a ranking and its average performance. Nielsen measures this information starting three hours before the show airs, during and three hours after. Nielsen Social also compiles a chart that highlights TV's biggest moments (Nielsen, 2014). For example, if there was a sporting event or award show that caused a lot of commotion on social media with an outstanding number of tweets, that will be highlighted as one of TV's biggest moments for that particular week or month (Nielsen, 2014). Here are some examples of how Nielsen social compiles its data:


TOP TEN SERIES ON TWITTER

 Ranked by Average Unique Audience
 Sept. 1, 2013-May 25, 2014

RANK	NETWORK	PROGRAM	AVERAGE AUDIENCE (000)	AVERAGE TWEETS (000)
1	AMC	BREAKING BAD	6,026	521
2	AMC	THE WALKING DEAD	5,168	576
3	ABC FAMILY	PRETTY LITTLE LIARS	4,778	675
4	ABC	THE BACHELOR	3,620	196
5	HBO	GAME OF THRONES	3,507	153
6	MTV	TEEN WOLF	3,342	499
7	FX	AMERICAN HORROR STORY: COVEN	2,837	192
8	ABC	SCANDAL	2,430	405
9	NBC	THE VOICE	2,294	271
10	ABC	DANCING WITH THE STARS	2,060	96

Read as: An average of 6.0 million distinct Twitter accounts viewed one or more of the 521,000 Tweets sent on average about each new/live episode of Breaking Bad on AMC.

Source: Nielsen. Data from 9/1/2013 - 05/25/2014. Nielsen Social measures Tweets in the U.S. from three hours before, during and three hours after airing, local time. Unique Audience of Tweets ascribed to an airing is measured from when the Tweets are sent until the end of the broadcast day at 5am. Prior to 1/1/14, Nielsen Twitter TV Ratings were only available for English-language networks. Data includes new/live airings on Broadcast and National Cable Networks only. Series exclude programs with less than 5 telecasts.



Figure 2.3 Top Ten Series on Twitter

THIS TV SEASON'S BIGGEST MOMENTS ON TWITTER

Sept. 1, 2013 – May 25, 2014

HIGHLIGHTS

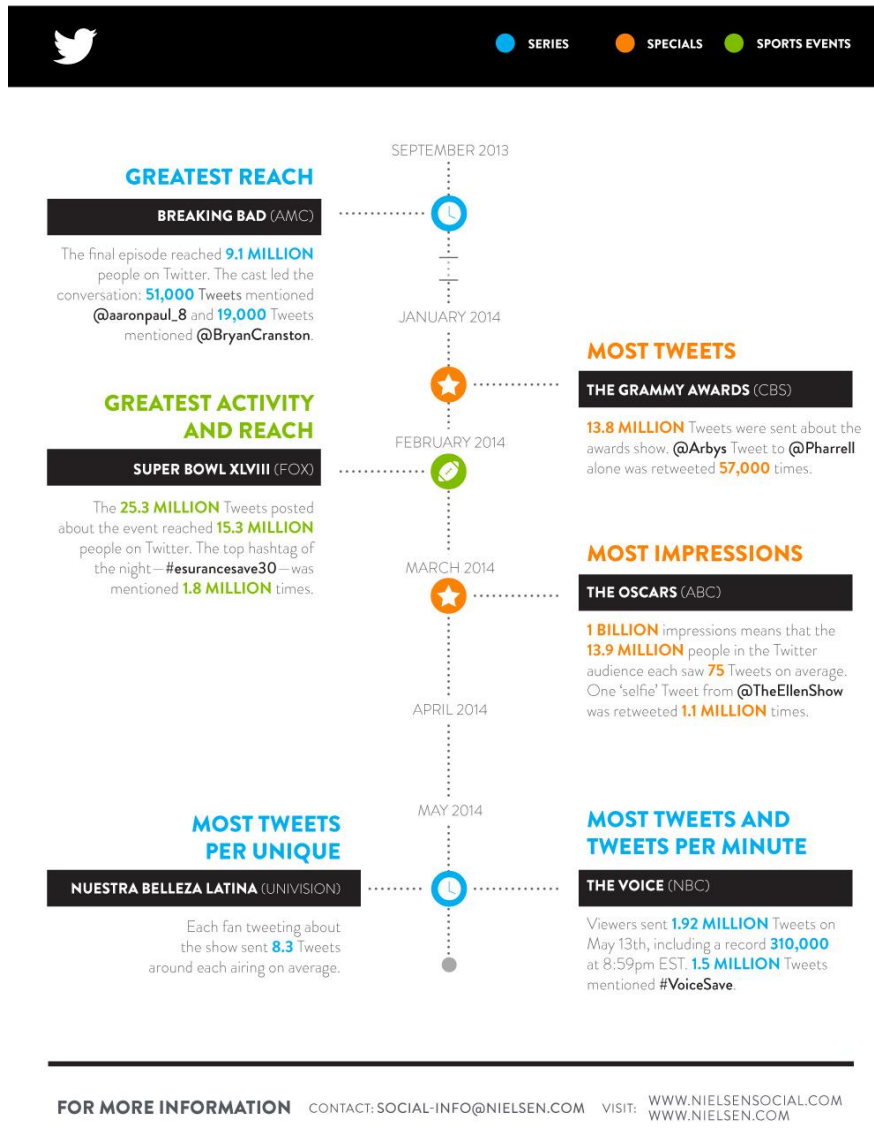


Figure 2.4 This Season's Biggest Moments on Twitter (Nielsen, 2014).

Many people turn to social media to write and chat about their favorite shows. Majority of this happens while shows are live. This information does not

always come with specific demographic information, but it is real, it is free, and it comes straight from the consumers. Measuring a shows online presence the day it airs is a great way to measure a programs audience. Nielsen Social offers the opportunity to gain an idea of how shows that are not measured by Nielsen (pay TV shows, premium channels, and subscription based channels) are doing.

Above, Nielsen Social put out a chart that listed the top ten shows on Twitter from September 1, 2013 to May 25, 2014 and Game of Thrones which airs on HBO came in at number five. Because of this, there is now a way to measure shows that did not participate in Nielsen ratings process before.

Online viewership has been viewed as not as important because they do not show ads that are shown during the television broadcast. Until this changes, online viewers will continue to be seen as a separate, less important entity than the main shows ratings. Commercial ratings play a major role in the ratings system. “The numbers that networks and advertisers actually *use* — to sell ads, to set prices, and to decide on the fate of a show — are commercial ratings,” says John Herrman (2011), Splitsider contributor, “In other words, advertisers do not care how many people are watching a show nearly as much as they care how many people are watching their ads” (Herrman, 2011). Many people watch live and social media is a great indicator that supports that. During live television, viewers are unable to fast forward through commercials which also mean they almost have to be watching the ads. However, channel surfing still has an affect during live TV and C3 ratings, which are ratings for average commercial minutes in live programming plus 3 days. There is a lot of fuss in the industry between

programmers/networks who now want to shift to C7 (commercial ratings for 7 days) and agencies who do not want credit and pay for that much delayed viewing. Each side has their differences, though it's been said that there is little increase in the four extra days, research analyst say that live plus 7 days accounts for 90% of all viewing. Commercial ratings became available May 31st, 2007.

Nielsen, advertisers and networks all acknowledge that Nielsen ratings reported do not reflect a show's full audience. Viewers are really not invested in the process of television ratings. They may be aware of them but the majority of viewers are not aware of how the system works or of the impact. They only become aware of ratings when a show they "love" is cancelled due to low ratings. But on an on-going basis, ratings are not a high concern of the viewing audience.

Nielsen Data

It is widely acknowledged in the industry by buyers and sellers alike that Nielsen ratings are not 100% accurate. They have allocated a 10% margin of error and it is the standard used in advertising negotiations. As a matter of statics, there is at least a 10% margin of error in the numbers. When a seller sells an advertising schedule, he or she will usually agree and guarantee delivery of a certain number of ratings points. If the seller does not deliver that number, the buyer will usually expect to receive make good points to get up to that number. However, if the seller under delivers by about 10%, they would usually maintain that the deliver was "close enough". Most buyers will accept the post coming in within 10% - but some will still insist on the full guarantee. Of course if the seller over delivers by

10%, the buyer does not have to increase their purchase price. It all comes down to what is guaranteed –and what the buyer and seller negotiate in terms of ratings point delivery.

Diaries tend to be the most problematic form of measurement because participants are asked to write down everything they watch everyday and the times they watch. Then the diaries are mailed in to Nielsen each year during “sweeps” which are the months of February, May, July and November. Nielsen receives over two million paper diaries from audiences across the country. Who is to say that information is 100% accurate? There are also long wait times for the data. But there are new ways of measurement that could affect the future of television ratings. Ratings are the metrics by which television watching is measured primarily as it relates to advertising dollars being negotiated. Social media allows media buyers a chance to forecast momentum surrounding current and upcoming shows and it also allows buyers to gauge how more much or less they should be investing into certain networks and shows. With social media happening in real time, it allows buyers the option to get data instantly without having to wait long periods of time and the data can provide deeper insights. Buyers can even capitalize on this because they now have the opportunity to have more insight regarding future television shows, which in the end can potentially help them when negotiating future deals.

Nielsen uses diary measurement in 154 markets. Council for Research Excellence (CRE), a group of media measurement researchers identified the biggest problem to date affecting diary data. Local TV diaries, on a household

basis measures about 30% of all viewing in the U.S. but non-response bias still is an issue (Li, 2014). There has been improvement in sampling now that they have switched more people from phone-based sampling to address based sampling. However, non-response bias still is a major challenge because the issue has not been completely resolved. Due to more and more households only having mobile phones and no longer having landlines, Nielsen had to change to address base sampling.

The Council for Research Excellence (CRE) conducted a two-year study to answer the question of “among those selected to write in diaries, what are the differences between people who participate and those who don’t?” The research conducted by CRE revealed this information below (Li, 2014):

Diary responders tend to:

- Include more whites than non-responders
- Be over 50 years old
- Be better educated
- Have no children at home
- Own their homes for more than 10 years
- Have a landline and one cell phone
- Watch networks like NBC, FOX, ABC and CBS
- Have cable TV at home

Non-responders are inclined to:

- Have larger household sizes with children at home
- Be renters
- Be younger
- Include higher numbers of Blacks and Hispanics
- Lack a landline phone but have at least one cell phone at home
- Have several electronic devices like computers, MP3 players and gaming consoles
- Watch networks like Univision, BET, MTV, Cartoon Network and HBO and less CBS and NBC than responders
- Have high-speed Internet at home and watch TV shows on the Internet
- Watch TV in groups, often at a friend’s house, or in restaurants and bars

According to CRE's research "all of these factors increase the likelihood of ratings errors and raise the suspicion that the diaries are resulting in inaccurate ratings," which is something that has been suspected all the while. "Concerns about the diaries' reliability do not bode well for TV stations dependent on ratings-based advertising while challenged by Internet competition and aging audiences," (Li, 2014) all ongoing issues surrounding television and audience measurement.

Measuring the television audience on every platform along with ratings remains the current dilemma and until people can predict the future of television, this dilemma will always exist. Fortunately, this prediction might be easier to make than most think. The industry has a crisp idea of the direction television is headed towards. Now there needs to be a universal consensus between agencies and networks to decide how each party can successfully utilize cross-platform television audience measurement.

CHAPTER 3: METHODOLOGY

The interesting thing about television is there can be many issues and sides to everything. Now that there are many new factors that affect the way television is being consumed, executives and advertisers now have to adapt to these changes. Executives in the industry all have strong opinions on the way things should be but depending on who you are speaking to, the opinions tend to change. Based on the information previously researched and mentioned throughout this work, three industry executives, each from different functions, were interviewed. Their job functions are as follows: Program Director for CBS, SVP of Research and Electronic Measurement for ABC and Research Analyst/Buyer for Harmelin Media. Each of them answered a set of interview questions and gave their point of view based upon personal experience and industry knowledge, surrounding issues within television, specifically regarding audience measurement and things related such as cross platform viewing, Nielsen, social media, Netflix etc.

The following research questions were addressed in this study:

1. How can the television industry accurately measure the television audience when there are so many more factors involved that now dictate how people watch TV?
2. Can current ratings systems be a solid and accurate enough form to move forward?
3. Will there need to be new tactics and technology in place to grow and keep up with this evolving television market?
4. Does Netflix's business model affect the current television model and is it foolproof?

Setting

Each interview took place separately using a set of questions to be answered by each executive. All interviews were done via telephone during a convenient time that each participant chose themselves. Two participants interviewed from their office which were located in Philadelphia, Pennsylvania. The third participant was interviewed from their office located in New York City, New York. Each interview was recorded using a voice recorder for transcribing. As each person answered the questions, the researcher took notes and elaborated on responses where needed. This research followed the qualitative method to gather in depth information and perceptions from key parties involved. Race, gender, economic status, or age did not play a role in choosing participants. None of those characteristics were a determining factor of how the participant answered the question. The only requirement was that the participant had to be an executive involved in the television industry and willing to offer their personal insights and opinions.

Interview Questions for Executives

1. What issues surround audience measurement?
2. What issues surround Nielsen? (buyers/sellers point of view)
3. Do you know of ways Nielsen is looking to improve their systems?
4. Are audiences measured fairly? If yes, why do you say that? If no, why not?
5. Are the measurements accurate? (This question can be answered in your own opinion.)
6. How important is social media when it comes to measuring audiences? Do you find it very important? As important as television audience measurement?
7. How is social media currently being used to measure audiences?
8. Will it ever be as important as live television viewing?
9. How important is live + same day, live +3 and live +7?
10. How can we make the online viewing/cross platform audience relevant in audience measurement?
11. Do you know of any other apps or social websites that have an audience that also includes their demographics?
12. Should people be allowed to sign up on their own to be a Nielsen family?
13. What role does Netflix/Hulu play in audience measurement? (If any)
14. Do you think Netflix or Hulu should have an impact on audience measurement data?
15. How will Comcast and Netflix joining forces affect the future of television? How will it affect the future of audience measurement?
16. Are there any other suggestions you would make that could improve audience measurement? Or anything else you would like to add in general?

Prior to each interview, the participants engaged in a 5-10 minute phone call that described the research being conducted, answered all questions and set up times and dates to conduct each interview. After the phone call, each participant was emailed the interview questions for their review.

In order to further answer research question number four (Does Netflix's business model affect the current television model and is it foolproof?), the researcher conducted a survey on Facebook. The following question was posted on the researcher's Facebook status RQ1 "If you've ever watched Orange Is the New Black, House of Cards, Lilyhammer, or Hemlock Grove, please like my status." Every person that "liked" or replied to the status was then asked this question RQ2 "Which show(s) did you watch and did you watch it on Netflix or through another website or download etc?" The respondents that answered saying they watched one of the shows on Netflix were asked RQ3 "Do you have your own Netflix account or is it shared?"

Every participant's response was at freewill and not solicited beyond that status post. Race, gender, economic status, or age did not play a role in choosing participants. The only requirement was that they had watched one of the four aforementioned Netflix shows and had to be "friends" on Facebook with the researcher.

Data Analysis

The data collected from the interviews with the executives was first transcribed verbatim to make it easier for the researcher to visually track and organize information. Then each response was categorized to match the order of the interview questions. Quotations were selected from the interviews and then matched with research questions.

The data collected via Facebook survey was added up and calculated and put into charts to help the researcher analyze and interpret the results of the study.

CHAPTER 4: RESULTS

This section is a narrative compiled by the researcher of all the information interpreted and inferred from the interviews conducted with industry executives. A 16 question interview took place with three executives over the phone and the responses were later transcribed and compiled to reflect the participants' true meaning.

When it comes to Nielsen, the issues involved are endless. The issues from a seller's point of view are sample size being high on the list, precision, diversity and the rapidly changing way that people consume media. However, there are also problems within fixing these issues. There is no universal metric that can be applied to all platforms (which would be ideal). The issue here is there is a different criterion that constitutes a view for each. In television you have to view for five minutes. Online, it is only one second, and out of home or outdoor is not actually being measured yet, but for example a number is assumed based on how many people cross the street at a certain intersection on a given day. Therefore it can be assumed that that many people viewed a certain ad.

The quality of measurement is another problem area. There is a misperception that the internet is the most measured, though that may be true, it is not the best measured. ABC executive pointed out the fact that web metrics were designed by what engineers saw being done, meaning, it is based off of consumer habits, knowing that a person scrolled past an ad, does not indicate that the person saw it or they related to it. ABC executive also referenced the ease of internet surveys and how they have helped the web gain so much credibility. Web measurement is not as controlled as television and radio so it allows for a lot of manipulation. Online, there is a code embedded on a page,

you can embed the code anywhere on the page, top, middle or bottom. Sometimes an image is not completely loaded (depending on the speed of the person's internet) and the view can be counted even if the person did not see it in full. The publishers place the codes themselves. So they have the freedom to do anything. The Media Ratings Council has recently given the okay that now allows for viewable impression currency. A standard for a viewable display impression is a minimum of 50% pixels in view of 1 second. In browser video viewability counts when a minimum of 50% of pixels are loaded and it has been viewed a minimum of 2 seconds. After the MRC conducted an audit examining the variances across viewability measurement, they concluded that the variances can be narrowed down to a plus or minus 5-10% across vendors (MRC, 2014).

Some of the issues surrounding Nielsen from a buyer/seller point of view consist of a few things. Currently Nielsen is trying to keep pace with studying product placement so they can try to implement that. Some people might say the samples are too small (about 30,000) people. The web says that ratings are not just limited to 30,000 people, there are millions of people. As web measurement evolved and web samples became bigger online, it started to focus more attention on Nielsen's sample size. Also, Nielsen always has the inclination that they are off by a certain degree and the seller thinks the ratings are off and really a little higher and the buyer thinks they are a little lower. The two usually meet in the middle to post a commercial schedule. It now seems like that variance has grown. Sellers try to sell at a much higher number and the buyer is a lot farther from that number, which ultimately means that a lot more negotiation has to happen between the two.

In a phone interview conducted with Terry Maher (T. Maher, personal communication, June 17, 2014), a research analyst/buyer at Harmelin suggests that sellers want anything that helps them sell, whether it is legitimate or not. He then states “buyers want to know how much of the target audience actually watched the advertiser’s commercial. That’s all that matters. The TV networks and stations provide the bulk of Nielsen’s TV audience revenue so buyers are skeptical that we’ll ever get what we really need. We won’t get it if the information hurts the stations” (Maher, 2014). Maher openly admits that as a buyer he is “rather biased as to what sellers want, because majority of Nielsen’s revenue come from television networks, buyers will never get what they feel is necessary, which is to have the information included in ratings that tells what commercials are actually being watched” (Maher, 2014). With the DVR and On-Demand viewing, advertisers do not know if commercials are being skipped or viewed. Maher says there needs to be research that will help determine that and to the detriment of TV vendors, advertisers assume that no one with the option to fast forward will ever watch a commercial.

One thing that seems to be universal when it comes to executives and Nielsen is that they all feel that Nielsen measures audiences accurately. No one feels that Nielsen has a bias or that they are purposely not including people. The reality is, that it is almost impossible to have an accurate representation, however Nielsen national sample is perceived in the industry as the best sample available because it is seen to be the best sample, and Nielsen’s sample is supposed to reflect the demographic and they come very close. The hope is for Nielsen to be closer to accurate than they currently are.

Social Media and Ratings

Social media is viewed differently by each of the executives that were interviewed. During a phone interview with Program Director Perry Casciato (P. Casciato, personal communication, May 9, 2014), he feels that social media can be really interesting in the sense that it can be a sign post of how engaged the audience is. Social media can tell you what's buzz worthy and what's trendy. It is a pop culture item. For example the ABC series Scandal, it had a lot of buzz then it ultimately became a hit. Social media brought it a lot of attention and that turned into a bigger audience down the road. When it was building its audience it did not have as much buzz and its fan base was not as big. Two years later everyone is now able to see that all the fans via social media did actually end up watching and now ABC and the advertising community can negotiate off of the actual number. An advertiser would not have been comfortable negotiating off the currency of social media buzz because an advertiser would not know that the persons talking about a show via social media is actually going to watch the show.

An SVP of Research and Electronic Measurement for ABC does not find social media to be valuable because a person for example, tweeting about a show does not indicate they actually watched a show. SVP of Research and Electronic Measurement for ABC say in their words "does having a bazillion likes mean anything?" Maher says it is a waste of time, saying "why would one use tweets, likes, followers, etc. when you have ratings to gauge audience measurement?" None of them think that social media is credible enough to solely buy and sell advertising.

Facebook Survey Results

The survey conducted via Facebook examining the behaviors of Netflix users found that 8 of the 20 people that responded to the survey watched an original Netflix series somewhere other than Netflix.

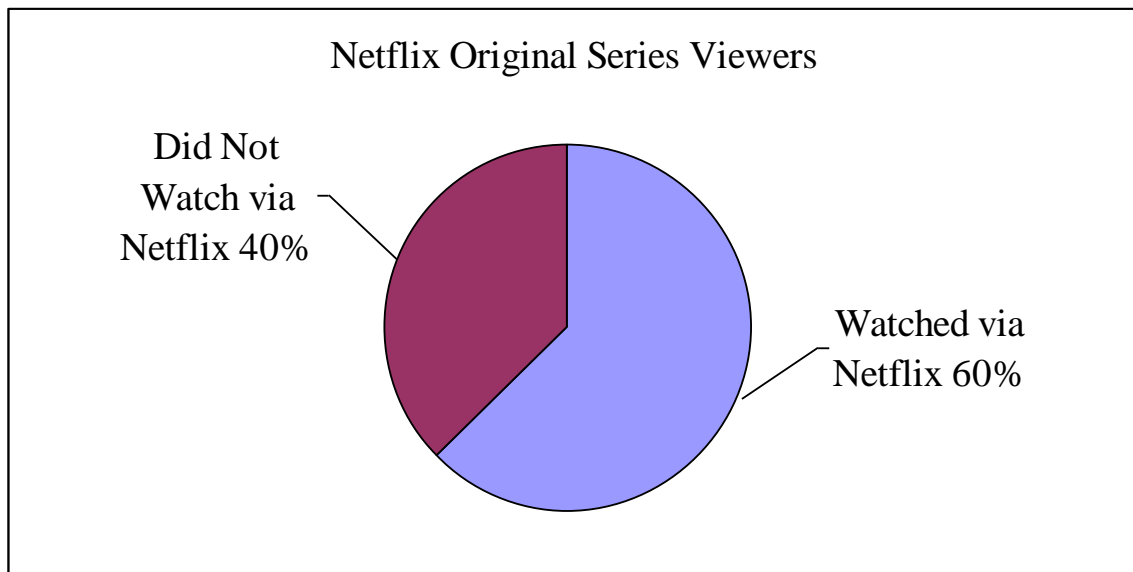


Figure 4.1 Netflix Original Series Viewers Results

The 12 respondents that watched a show via Netflix were asked “Do you have your own Netflix account or is it shared?” Eight of the 12 people said they used someone else’s Netflix account to watch the content.

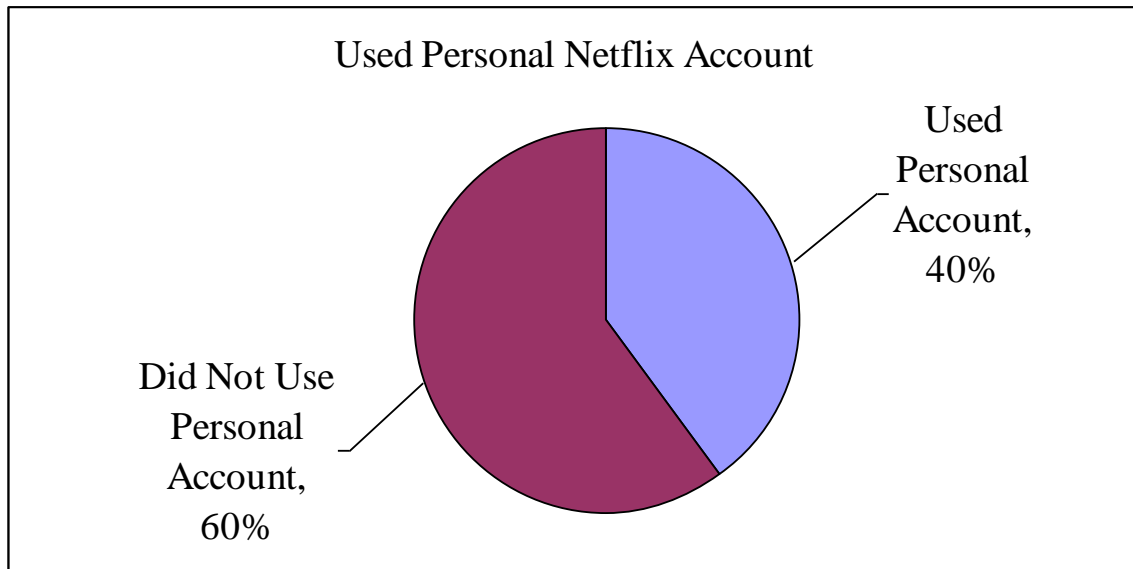


Figure 4.2 Netflix Personal Account Usage Results

This survey was conducted to find out if consumers who watch internet based television series via Netflix actually pay to watch them or did they find ways around paying in general. The result was that 40% of them found ways around paying in general (Smith, 2013).

		Percentage
# of Respondents	20	100%
# Watched on Netflix	12	60%
# Not Watched on Netflix	8	40%
# Watched on their Personal Account	4	40%
# Not Watched on their Personal Account	8	60%

Table 4.1 Summary of Facebook Survey Results

One user said that she once used to share other peoples Netflix accounts, but as she started to use it more and more she created her own account. This may be a trend for a lot of customers. This also shows that some people just do not want to spend money, and it is not all about cutting the cord but simply getting as many things free as possible. Though Netflix is much cheaper than the average cable bill which is \$64.41 USD as of January 2013 (Brodkin, 2014), users still found ways around not paying for this service. Whether it was by using someone else's Netflix account or watching Netflix original series on another website or download, consumers found ways to not spend money and still watch what they like.

CHAPTER 5: DISCUSSION

Online television viewership has altered the way audiences consume content. Thus forcing the industry to adapt to this trend and monetize it. Television no longer means sitting on the couch with a remote in your hand watching a show when it airs live on TV. One can watch TV anytime, any place and anywhere and industry executives will have to account for these cross platform audiences. In a perfect world, the best type of audience measurement would be completely passive. It has to require very little or nothing at all and be representative of each market place. Nielsen can attempt to make the data collection process more passive by adopting the PPM (Portable People Meter) and all stations and networks would have to 'encode' their signal – the way radio stations do now. It would make it much easier for the respondents – because the PPM requires very little of them.

Set-top box data is the wave of the future. Online ad networks exist because they can deliver online impressions on any size website. TV should be the same way. Set-top measurement can do this. But the problem with the set-tops is identifying the individual viewer rather than just the household. Industry executives have been discussing impressions, which are defined as the number of people who may have seen an article, watched something on television, heard something on the radio or read a blog or web page. They will tell how many people watch live, live plus same day, live plus 3, how many people bought it on iTunes etc... Then one will add all the numbers and forget the ratings and start talking about how many impressions a show has. Radio does this already because there are so many ways to get radio now. Television will have to follow this. The impressions will provide the total audience that has exposure to the show.

Ultimately, the goal would be to get media ratings to a precise passive place, where one does not have to do anything, or remember to carry something. Maybe respondents can wear a patch or a microchip with a radio frequency device that picks up when the respondent comes into the room and picks up audio code similar to PPM's. Or the concept of wearing some type of arm/wrist band could be used just as people wear them to monitor their health habits, the amount of calories burned and the amount of steps taken each day. The sample size has to get a lot bigger. It will never be 100% but the closer the size is to 100% the better, because it will provide a lot more solid information and this can be a combination of what Comcast has, Rentrak and Nielsen has to offer.

Limitations

One of the hardest limitations with conducting this research was getting in touch with television industry executives and getting them to commit to being available and willing to speak and be interviewed. Most of them support the research being conducted and have great interest in the topic, however their schedules tend to be very busy and demanding which made things difficult. Another challenge was that all of the executives that were ultimately interviewed all lived in a different state than the researcher. Having been in the same city or state and being able to do an in person interview could have helped spark more information and answers pertaining to the research questions. A problem that the researcher did not initially take into consideration was the prospective interviewee not feeling qualified enough to participate. At the beginning of the research, there was approximately 10-15 executives set up to be interviewed, but majority of them

declined as they felt there were other, more knowledgeable executives that could better answer the questions. In terms of gaining more responses, the researcher would have reduced to interview questions to less than 10 questions and distribute it via email to executives, allowing them the freedom and option to type their responses at a time that was convenient for them. The assumption is that, that way, more people would be inclined to respond based off the theory of availability being an issue. Though the number of executives available and willing to be interviewed was lower than the researcher initially intended to have, it did not affect the validity or substance that was gathered from those that did participate. In terms of the Netflix survey conducted via Facebook, the researcher could have also asked each respondent if they were current cable TV customers, in order to further analyze the correlation between Netflix subscribers and cable TV subscribers.

Conclusion

This research found that the industry does think there needs to be new ways to measure television audiences. Impressions seem to be a good start to implementing a system that gathers consumer information from multiple platforms and combined, come up with an “impression” that represents the cross platform audience. Nielsen’s ratings are perceived to be accurate but they can also expand the amount of consumers being measured as well as create systems that allow measuring to be more passive. Television and device manufacturers can start putting technology in devices that will facilitate measurement. If every device had a way to communicate with something, research companies could get info from 300 million people. Someone would have had to manage

the data, and Nielsen has the best experience with managing this type of info. If considering set-top box data, the industry may shift to a Rentrak-type of measurement, i.e. the audiences of 'households with M18-34' rather than definitely saying that M18-34 is watching a specific program. There will be new tactics and technologies to keep up with the constantly growing and changing media industry, but Nielsen seems to understand that and is working towards achieving the solution. Netflix is not a replacement for traditional television but an alternative. This way of consuming content supports the behavior of wanting everything instantly and all at once.

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