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The Importance Of Audience Statistics In Pay Television Market

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Abstract: Pay digital televisions are private companies which offer a number of television channels in a single package against a price, by all means they do not offer only television service but high technology. The platform's objective is to maximize their profits by rising the earnings and sales of the offered subscriptions. For this reason it is necessary for them to know to whom they are offering the service and how it is used. They have to do what in media is known as audience measurement. This is what this paper is about. First, we give an answer to the question: why the audience measurement is important to pay television platforms? We are based on foreign literature and companies experience which operate in this field. Second, we analyze the path that the audience measurement has experienced through the years beginning with the diaries, interviews, people-meter, portable people-meter until nowadays used equipment, the set top box. At each stage we analyze the problems and the advantages of each device or method used for this process. Third, we take into study and analyze the audience measurement in our country by comparing the infrastructure with European countries. Furthermore, we analyze the process and results done by an Albanian company which operates in pay television field. This concrete case study gives us the possibility to come to some conclusions and modest recommendations. The author's work experience in statistics and in the pay television field is an advantage for our study and we hope we give our contribution in the subject. The interested parties are audio and visual operators, academics and the independent institutions that operate in this field.

Key words: audience measurement, financial strategies, marketing policies, technology investing, pay television market

1 Introduction

This paper is about the importance of audience measurement in pay television markets. Some efforts are done regarding this matter but most of them are oriented by the advertising policies that audio and visual operators adopt to increase their revenues and to organize the air-time. This paper goes further and gives some more reasons why these companies must do private studies to have information regarding the audience. As the customer of television market is unknown only professional studies can give information about their preferences and how the actual programs are rated. We go even further by giving some tools that help the process of audience measurement. For this we are based on the history of other countries. In Europe audience measurement is highly developed. Some comparisons are done to come to the conclusion that in Albania this process is far beyond. We are based on a case study of an Albanian company to compare our theory with the concrete actions that the platforms has undertaken once some results regarding the audience were on hand. At the end we come to some conclusions and modest recommendations, hoping that this paper gives it contribution on the future studies regarding this matter and issue.

2 Presenting pay television platforms

Pay television platforms are private companies that offer a number of television channels in a single package by payment. On these paper we will simply rely as platforms. These companies offer not only

television but high technology. The package contains high variety of productions, programming, interactive services, all made possible by digital transmission standards.

Nowadays, in our country there are only two companies that offer this service named Digitalb sha and Tring Tv.

Digitalb platform, for being more concurrent, has developed and offers in the package some added services like:

- PPV (Pay Per View)- the subscribers can pay only for the desired program when they are on transmission
- HD (High Definition)- a very high transmission quality. This service is offered only on (to) some channels a part of which is self-programmed and the others are national channels.
- VoD (Video on Demand)- the subscriber has a variety of programs or “a library” and can choose anytime the desired program.

Both companies have expanded their markets in the region too. Now they have activity in Kosovo, Macedonia, Montenegro, Greece and further Digitalb in Europe too.

To understand the importance of why we study this market we may take in consideration the results published by Digital Tv Research Ltd. The total annual revenues of the Eastern Europe platforms, excluding Albania, arrived the amount of 4,854 Usd or an increase of 8,3% in year 2011. Due to this specialised in researches company the active companies have not reached all the potential market and the revenues will tend to double by years 2017-2018.

3 The importance of audience measurement in pay television platforms

By measuring the audience, pay television platforms can program, realize and control several important features of their activities.

Further on, we will analyze the features that are highly important when it comes to strategic planning based on role of the audience measurement.

3.1 To measure the product spread

Audience measurement differs from sales financial results. A product that is sold in a city is not necessarily used in that area. Also, a sold product is not necessarily in usage. This because a client can buy a scratch card and can become a subscriber once the card is used and the service is activated. For this, by measuring the audience in a certain point the platform can value how expanded the offered service is in certain territorial markets and can compare data from time to time to see the trend. By dividing the market in sectors the platform can compile different investing plans, segment the market and implement various marketing strategies.

3.2 To determine marketing policies

Nowadays, television has a great role as an intermediary in advertisement policies for other companies. Referring to a study, author Andrew Green (2011) this happens for some reasons as:

- audio-visual images impact
- high range and a fast cover to the targeted group
- brands open competition
- interactivity

By measuring the audience platforms can compile different marketing policies in terms of advertising campaigns that other companies may want to implement. A high audience means a higher demand for other companies for advertising spots and as a result higher airtime prices by the platforms. The result is obvious : higher advertising revenues. Advertising revenues may not be the main form of financial performance, but referring from a study of Digital Research Ltd “2011”, “Results in years tells that

advertising market is increasing even in pay TVs”. By measuring the audience of every channel content of the platform, the company can have demographic, social and economic informations of its subscribers. For every channel the platform can have the percentage of audience composed by women or men, the clients ages or if the subscribers are parents or not. By knowing the subscribers the advertising campaigns are oriented to the target market. BSkyB is the leader in pay television market that operates in Great Britain. BSkyB begun to offer airtime, for advertising spots, to other companies in 2010. Audience measurement management and advertising campaigns are part of SkyMedia, a branch of mother company. Referring to the official site of SkyMedia, BSkyB has developed audience measurement in terms of defining its marketing policies. In collaboration with TNS, an audience measurement tool is highly developed named Skyview. BSkyB takes feedback from the subscribers in terms of sensitivity toward advertising and that have an immediate response that is buying the advertised goods. By recognizing the sensitive clients the advertising campaigns will be more effective and the airtime will be used in accordance with the right channels and the right time. This detailed study makes BSkyB platform highly demanded from all the other companies that wants to use television as an advertising way(tool).

3.3 To measure the commercial channels audience

Platforms can generate revenues by offering channels to commercial companies that sell their products through television. So, platforms offer their television frequency for a certain price by offering an opportunity to these companies to have a channel where they can promote and sell their products. Platforms may generate revenues by a profit-share for the sold products of the company that is using the frequency.

To generate higher revenues in one of the mentioned ways, platforms must measure the audience of these channels type. Higher the audience, higher the revenues. A high audience makes the platform attractive for the companies that has this strategy type.

3.4 To valuate the own-productions

Platforms can choose between several strategies regarding the programming content that is transmitted in their channels. They can invest in their own productions by expanding their programming variety. Audience measurement is important to define the own-production themes. A platform, can not invest in a production if the audience preferences are unknown. The platform must be oriented by these preferences to make the package as much attractive as possible. Audience measurement can rate the own-production success that has been transmitted. If a production is not having the planned success, the platform may take in consideration to stop its transmission in time and save the expanses that may occur.

3.5 To organise the television channels

Platforms can develop their products in several forms mentioning:

- a channel that shows only one kind of program (movies, serials, documetaries or kids movies)
- a channel that shows a variety of programs (a combination of movies, serials, documentaries, sports, productions, kid movies)
- packages that contain a number of channel combining the forms above

Audience measurement gives the opportunity to new platforms or actual ones to meet the audience preferences. Then, they can offer the best way to organise the programmes in their channels. In accordance to the results achived in 2011 by BskyB, this company offered a new channel, Sky Atlantic, that is dedicated to serials or television shows that were produced recently.

3.6 Improves the offered programmes

Nowadays, television audience has a high variety to choose. There are many free televisions, pay television platforms that offer different channels in their packages, all offering a high opportunity to the viewer to choose what to see. Their existance drives the competitions in high levels too. Content is a very important advantage for every company that offers television.

Referring to Mr. Jeremy Darroch, CEO at BSkyB, speech in 2011, “More customers are choosing Sky than ever and they are taking a greater variety of products from us. Importantly, we never forget that such success comes only when consumers choose to reward us with their business. Customers always have a choice and we must walk to their drumbeat. For us, that means serving them with a set of entertainment and communications products which meet their needs better than anyone else. The combination of great content and great innovation has been a driving force behind our growth over recent years: helping to build loyalty among existing customers; attracting new customers; and driving take-up of new products. These strengths have also proved durable in a tougher economic environment. At a time when customers are facing pressure on household budgets, we have found that many are staying in more and are looking for better entertainment in the home. So we're investing sensibly in areas that play to our advantage and create more reasons to choose Sky”

Measuring the audience, the platforms can fit programming according to the main topics that viewers prefer and organise the content due to the hours when visibility is higher.

3.7 To compile technology investing policies

Audience measurement offers to the platforms the opportunity to know the actual or potential customers. If the audience has high demands for the services, the platform must meet the requirements by following the technology developments.

Nowadays some of the investments in technology are: interactive services, internet connection, Video On Demand, High definition transmission, 3D, Pay Per View etc.

Such investments require a detailed study of the actual or potential customers. To understand this we take as an example Canal+ platform, which operates in France. Referred to Eurostat magazine (May 2012), in 2010 this platform enriched its programming with a 3D channel entitled Canal+3D. Audience measurement resulted that French viewers, which had 3D televisions, used this channel only 5 minutes a day, returning then to 2D transmission channels. This result was the reason why this platform decided to end in January 2012 the 3D transmission.

4 Audience measurement methods and devices

Referring to Graham Mytton, BC World Service, audience measurement is realized by statistical methods by which we can come to conclusions for the population if some small groups are studied, called samples. The answer to the demand about the number of the elements of this group, despite the requirements that are dictated by the statistical theories, is orientated by cost analyses and the time in disposal.

4.1 Audience measurement methods

Referring Webster, Phalen and Lichty (2006) audience measurement can be done in two ways:

First method is gross measurement meaning: measuring the audience in a specific moment. The final information is an average of all the gross measurements done during a period of time.

Second method is to measure the accumulated information. This way eliminates the doubled audience. So, the time that a viewer watched a certain program that is transmitted more than once during a week is counted only once.

4.2 First companies and equipments that measure the audience

Many studies describe how the audience can be measured. Below we summarize briefly the forms and equipments that are used in years to reach (rich) this goal.

The diary. It is a pre-drawn form, a table gridded in 15 minutes, that is filled by the interviewers. Everyday the viewers should fill the time when they watched television, which channel, program and how many minutes they watched. This form is used even nowadays when shortrun studies are done.

Phone interview, similar to the diary method. In this case the viewer should answer the same questions regarding the previous day activity. Interviews are differently called qualitative audience measurement because they give detailed information by making use of a pre-drawn form.

America is the country where audience measurement is born. The first **equipments** were presented by Nielsen, a private company, in '50s. This equipment can record if the television device is switched on and which channel is sintonised. The recorded information is then sent by making use of a phone line to the base where the study is taking place.

AGB (Audit of Great Britain) was born in the '50s and today is known as TNS. It was the first company that was operating in audience measurement field in England and the first to complete the former one, Nielsen. AGB presented **Peoplemeter**, the newest mos innovated equipment that could fullfill the requirements.

Statistical Research inc (S.R.I.) begun its activity in the '90s. This company presented the first equipment that may be used for pay television platforms. These platforms offer various numbers of channels and this made it difficult to reach the goal with the former equipments. The new device used the same technology that barcode readers do.

Portable Peoplemeter device was born as a neccessity to measure outdoor audience. This device every moment catches audio signals and encodes them, by this way it measures how much its user is exposed to television or radio.

Nowadays, with the new digital technology, it is possible to measure the audience directly by the Set Top Box. This device is necessary to be in use by the viewer one he has subscribed in a certain platform. It can catch the signals withdrawn by the platform and can transmit data too.

This is the way that BSkyB uses, which in collaboration with specialized in audience measurement companies achieves results on this matter. Nowadays, about 75 states in the world use the electronic ways to measure the audience.

5 Concerns about the forms of audience measurement

5.1 Audience measurement via phone or diary.

According to Kent (1994) Webster et al (2006), during the use of these funds should be considered a series of possible errors:

- Completion of diaries requires knowledge of viewers
- Viewers may forget to do their recordings on visual activity. Filling diaries results more accurate at the beginning of the period and less in its enclosure.
- Families not always pay attention if children are watching television programs and in which particular program, they often compile diaries on behalf of their children.
- Increasing complexity television has become very difficult recording journal visibility through the diary.
- Form via telephone interview on the visibility of the previous day is always room for human error.
- According to Friedman and Ayer (1989) "the preferences on a program or television channel affects the response at the time of data entry required"

First electronic devices-main problems arised by making use of these devices:

- Devices are expensive.
- Devices do not count the number of viewers in a room
- Devices do not give feedback regarding the audience characteristics

People-meter- referring to Gill (2000) several problems are listed:

- are expensive and have high production, maintenance and installation costs

- there might be several errors while using it especially from younger ones
- Normally, the audience offered to use these devices are volunteers, this puts in question if they really represent the population
- As people-meters are for indoor use, commonly by families, it doesn't give any information regarding the outdoor audience.

Portable people-meter may be the most sophisticated device but some problems follow its usage:

- high production costs
- due to small size they can be easily lost
- requires strong collaboration between the firm that is doing the study and the medias in order to encode the caught audios
- The device can catch other audio signals from other users whom are at the same place where the main user taken into study is

Because of these problems the companies are always in research for new technologies that may substitute the current ones. Technology development, as in every other field, will contribute by all means even in audience measurement process.

6 Institutions specialized in audience measurement

Audience measurement in Europe has already its own history. The interested companies can collaborate with specialized in audience measurement firms. Despite these firms, there are some independent institutions or entities which has as their activity to measure the audience. We mention Auditel that has its activity in Italy. Created in 1984 and since then the published results are core material to define the productions success. Auditel has capital from RAI (the public television), Mediaset (a group of private televisions), UPA (advertising companies) and media institutions.

Media Analyse (MA) has its activity in Germany. It is created as a syndicate compounded by advertising and media firms. Since year 2000 MA measures the audience by making use of the phone interviews.

7 Audience measurement in Albania

In Albania does not exist an independent entity which measures the audience either for the public, not paid, or paid televisions. Referring to a raport of Ilda Londo (2012) "some measurements are done by KKRT (National Radio Television Council) in year 2003 in order to have some information regarding the main television channels programs". INSTAT (Statistics Institution) publishes in the official website only some information regarding the overall number of television devices, the number of television, radio operators and the structure of the programming airtime grouped in terms of thematics for each operator. Referring to "Spare time study" published by INSTAT, in Albania television occupies 40% of the spare time, differently said 2 hours per day per person. These are not enough and weak informations for a television operator to make use of and make strategic planning. For these reason they are obligated to make individual audience measures.

8 Some audience measurement results-study of Digitalb platform

Part of Digitalb's platform are 57 satellite channels, 20 of them have programs organized by the platform and that are grouped by a certain thematic. Some foreign and successful channels are included as part of the platform. Channels are organized due to the themes and audience group-ages. There is a commercial channel entitled Shop TV. Since 2010 the platform has produced some own-productions, social themes, arts and entertainment oriented.

Referring to Digitalb some affords are done for the audience measurement since the beginning of the activity. Helpdesk was in charge of this process by making use of the phone interviews. First, the studies had as main goal to have information regarding the most preferred channel part of the platform. Each interviewer was asked "which channel are you looking at?" and after processing the data some minimal information was gained. By becoming stronger in the market, there was the need to have specialized measurements with a wider range of results. For this reason, the platform invested on audience measurement in year 2011 with the collaboration of a private specialized firm. First, a test form was done in collaboration of both companies for having the goal realized. The interview was made by phone, in some cities by choosing a random group of subscribers of the platform. The panel was made by 1100 interviewers of different ages, demographic profiles, different revenues, or work status.

Some of the audience measurement results are listed:

- Viewing time is high, 97% have an average of 3 hours per day to watch television on the spare time
- preferences for movies, news and sports differ second group-ages
- by age growing there is a decrease on movies preferences followed by an increasing the news preferences
- 59% of the panel watched television by night, 24% in afternoon, 6% in midday and the rest in the morning and midnight
- 60% prefer movies, 37% news, 27% sports, 23% documentaries, serials etc

By processing the gained data the platform now has the possibility to have a wider information of its channels audience. The information is presented to other companies that are interested to collaborate in advertising or any other field.

By making use of the audience measurement results the platform has decided to invest on its programming by buying the right to transmit some very successful movies that have high audience abroad.

More interest is shown toward the airtimes when the most viewed programs are showed and when the audience has the time to watch them.

9 Conclusions and recommendations

In this paper we studied the importance of audience measurement not oriented by advertising needs. Instead, some arguments are detailed which lead to the conclusion why it is important for a pay television platform to measure the audience. These platform's main goal is to maximize the profit by increasing the revenues from the products and subscriptions sales. For this, audience measurement comes to help in achieving this goal. We came to the conclusions that strategic planning must depend on specialised studies of the audience that reaches the television signals.

In Albania audience measurement is not developed. No specialized and independent entity exists as in other countries does. Some measures are done by independent statistical institutions, but the information range is very low and not enough. In particular there is no information regarding the audience of the pay television platforms in country. Audience measurements are done by the interested parties, but even these measurements do not compare with the levels reached in Europe.

We described a case study in a former pay television platform. Even though the standards are yet far it is a step forward in audience measurement.

First, we recommend that more studies are done regarding this field and the correlative relation between audience measurement and the success of an operator. Second, there must be some efforts to create an independent entity either by the state or the interested parties. The existence of this entity would make possible to have in time information regarding the audience measurements and would come to help to all audio and visual operators.

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