How Advertising Affects Quality Perception of Public Service Television? A comparison of two surveys in Spain (2008 and 2012)

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Abstract: This paper aims at providing new insights about audiences' opinions concerning the role of advertising and its relation with the perceived quality of TV channels. It analyzes Spanish audience's perception of quality of public service broadcasters TVE1 and La 2 before and after the advertising withdrawal in 2010. The goal is identifying if the advertising removal is perceived as an improvement of the quality of TVE. The first conclusion is that a vast majority of the viewers find the channels more attractive now without any advertising than before having it. In addition, gender and age are not significant variables in order to affect this opinion. But the audience educational level does impact their perception: those less educated have a significant better opinion about the advertising withdrawal than others more educated. Both national public service channels (TVE1 and La 2) have improved significantly their quality perception when comparing 2008 and 2012 surveys. They are the only two channels within the Spanish market to obtain a better quality assessment. In fact, all channels tend to maintain or reduce their quality perception in the 2008-2012-time period.

Keywords: advertising; quality perception; television quality; public service television; Spain

Introduction

Television and advertising are two of the most prominent sectors within the current creative industries landscape. Broadcasting is being shaped by internationalization (De Burgh et al. 2012; Shahaf 2014) and can be considered to be in transition (Petruska 2014). Generally speaking, public service television has been funded with license fee or direct public subsidies in most European countries. Some of the few public service broadcasters that have been funded with advertising are Spanish TVE and British Channel 4 (Kitson 2011).

Television channels broadcast two types of contents: programming and advertising. The amount of advertising minutes per day depends on the business model of each channel, market conditions and regulation. In turn, these factors are determined by the view of the audience on advertising. On the one hand, if the channels broadcast a number of excessive ads, it reduces the public's satisfaction and increases the risk that the audience migrates to other channels. Second, regulators define limits on advertising time on public service and private channels in order to protect the viewers' implicit or explicit demands. Both actions of TV companies' managers and decisions of policy-makers are conceived on the premise that there is a limit of advertising time that, if exceeded, generates rejection on citizens.

However, some of the bias against advertising is not supported by solid empirical evidences. Most research findings can only be applied to a given market situation. In addition, citizens' opinions may be induced by the negative reputation of advertising (Pollay 1986; Darke and Ritchie 2007). In other words, the viewers may say that they do not like ads because that is 'politically correct': they think that the 'right answer' is to consider that more advertising means less quality of TV programming.

This paper aims at providing new insights about audiences' opinions concerning the role of advertising and its relation with the perceived quality of TV channels. Research has been conducted on an unusual case: the Spanish public service broadcasters TVE1 and La 2, which stop airing advertising in 2010. TVE1 has been almost always the most viewed channel in Spain since the advent of television in the country in the 1950s. TVE1 and La 2 broadcasted 12 minutes of advertising per hour till 2009. Earlier that year the Spanish Government decided to limit the advertising time to 9 minutes per hour. Finally, on January 1, 2010 TVE1 and La 2 quitted airing advertising and became fully financed through various direct and indirect taxes.

This paper analyzes Spanish audience's perception of quality of TVE1 and La 2 before and after the advertising withdrawal. The goal is identifying if the suppression of advertising –which accounted for almost 20% of broadcasting time before 2009- is perceived as an improvement of the quality of TVE. In addition, this piece of research tries to highlight if there are significant differences on quality perception in terms of gender, age and education. Finally, it wonders how the overall TV quality perception has changed between 2008 and 2012 and how it has affected to the main networks in the Spanish market.

Literature review

There are many public opinion studies on the advertising broadcasted by television stations, which tend to be always limited by the law in different countries. Steininger and Woelke (2008) even defend that appealing to the self-regulating forces of the market makes no sense in a sector where market failure is the rule and not the exception. As a first view, it should be pointed out that results of such analysis do not always coincide. For instance, Moriarty and Duncan (1991) found that only 7% of total TV viewers pay commercials total attention. But others discovered that interest on advertising depends on its adaptation to audience profiles (Gal-Or et al. 2006; Esteban and Hernandez 2007).

Attitudes toward advertising also vary depending on the type of media outlet. Surgi, Speck and Elliott (1997) concluded that the percentage of citizens who shunned advertising was bigger in television and magazines than other media.

They explain that there are three possible ways to avoid advertising: a cognitive strategy (ignoring it), a behavioural strategy (leaving the room), or a mechanical strategy (switching channels). Adding up all three, the average attention decline for TV viewers is well over 30%. Other empirical studies (Abernethy 1991; Lee and Lumpkin 1992; Clancey 1994) show similar results. However, Danaher (1995) states that average drops of TV commercials during ratings are only 5%. And Wilburg (2008) estimates that when a highly rated network decreases its advertising time by 10% its audience will increase by 25% if there are no competitive reactions.

Herrero (2003) and Peitz and Valletti (2004), using internal data from TV companies, indicate that pay-TV channels provide a higher perception of quality than free-to-air competitors. They explain that such fact may be the consequence of two factors. First, pay-TV channels need to captivate potential subscribers, which also have access to many channels for free. Therefore, their programming strategies are aimed at reaching a high level of satisfaction of the targeted audience. Secondly, the absence –or, at least, the small amount of advertising in pay-TV channels- may be perceived as an element of higher quality by comparison with free-to-air channels. According to such perspective, channels financed by advertising may be considered 'inferior goods' (Gould 1981).

Some authors also demonstrate that, in some circumstances, advertising causes irritation among viewers. That negative effect depends on several factors: profile of audiences groups, the product announced, the spots' quality and creativity, the amount of advertising time per hour, and the commercial messages' adaptation to the audience. For instance, Rojas-Méndez and Davies (2005) showed that 'future-oriented people' consider advertising as a useful tool to plan purchases and, as a result, they are less likely to avoid TV commercials than 'past-oriented people'. On the other hand, Shavitt, Lowrey and Haefner (1998) found that in the USA 'males, younger consumers, persons with less education and income, and nonwhites generally report more favourable advertising attitudes than others do'. They conducted a survey that pointed out that more Americans say that they like rather than dislike advertising overall. However, most of Mittal's (1994) respondents said that less than a quarter of television commercials were honest and believable.

Producers of TV commercials may be able to avoid viewers' irritation using several techniques (Aaker and Buzzone 1985): good casting and story lines; a positive mood created by music and the scripts; the use of 'warm' words like 'love', 'care' or 'wonderful'; hiring the convenient characters and spokespersons; and creating the perception that the commercial is informative, honest and amusing. On top of that, programmers should decide what is the convenient amount of advertising time per hour and which contents fit better with each targeted audience (Rotfeld 2006).

New communication technologies have influenced both consumption patterns and opinions on quality of television contents. Digitization not only has increased choice but has also fostered interactivity and the chance to avoid some contents like advertising. Citizens seem more interested in participation and less oriented to a passive viewing and listening. In this context, some authors (Jaffe 2005; Wilbur 2008; Anderson and Gans 2011) predict the end of traditional commercial television –based on the 30-second spot- as a result of the development of new devices like TiVo, remote controls and pop-up ad blockers.

However, digital technologies may play an ambivalent role concerning television advertising. They are useful tools for advertising avoidance but, at the same time, they provide new ways of watching ads. For instance, the Interactive Advertising Bureau (2011) found that 70% of Internet users in Spain usually looked for advertisements on the Internet that they had previously seen on television.

These differences concerning the viewers' reaction to advertising broadcasting comes in part from the fact that television consumption situations are specific to each market. Consumer habits vary, as well as the limits of advertising minutes per hour, the creativity and appeal of the ads, the number of available channels, the competitors' programming, and so on. In addition the specific situation of commercial and public service media is not exactly the same (d'Haenens 2008; van der Wurff 2011).

But the differences are due also to the employed research methods. In this regard, there are two basic perspectives, as seen before: analysis of consumption data or empirical studies on viewers' opinions. Consumption data are objective, but do not measure audiences' points of view and their satisfaction level. On the other hand, opinion surveys allow knowing what citizens think about each television brand, but with a significant error margin. Views expressed may be mediated by a predisposition to answer in accordance with political correctness or prejudices that do not reflect the true opinions about advertising on public service or private channels.

The Spanish Television Market

This case study deals with a public service broadcaster that operates in the Spanish television market. TVE1 is the first TV network in the country: it was founded in 1956. It belongs to the public corporation RTVE, which also owns some other channels -La 2 (culture and education), 24 horas (news), Teledeporte (sports), Clan (children entertainment) and TVE Internacional (the international channel)- as well as five national radio networks. TVE1 has always been one of the most popular TV networks. It has had the highest audience share in the history of Spanish TV, except during the period 2004-2009, which was third, very close to the two biggest commercial channels: Telecinco and Antena 3 (Artero 2008). During the last years, the Spanish TV market has been fragmented as a result of the launching of new channels. Audiences of leading channels have decreased: in 2008 TVE1 had a 16,9% market share, Telecinco, 18,1% and Antena 3, 16 %. Four years later, TVE1 had a 12,2% market share, Telecinco, 13,9% and Antena 3, 12,5%. From October 2011 to May 2012, the average time of consumption per person was as follows: TVE1, 19,2 minutes per day; Tele 5, 15,7 minutes; and Antena 3, 14,3 minutes. Other channels were below six minutes per day (AIMC 2013).

The advertising crisis of 2008 has damaged the prospects of the Spanish audiovisual sector as a whole. In spite of that, television is still the preferred medium among advertisers in Spain: in 2011 it received €2,237 million in advertising (40,6% of total advertising expenditure across all media). However, in 2007 advertising expenditure in Spanish TV channels reached a record of €3.356

million, which represented 43,4% of total advertising in the Spanish media market (Infoadex 2012).

The Spaniards are now watching more television than they did a decade ago. The figure has risen from 210 minutes per person in 2000 to 228 minutes in 2008, and 246 in 2012 (TNS 2013). One of the reasons for such increase of consumption time may be the wider variety to choose from. Also, viewing television seems to by a counter-cyclical activity: in periods of economic downturn, people watch more TV programs because the substitutive options are more expensive. Obviously, spending more time in front of the TV set does not mean necessarily that the viewers' perception of quality has improved.

Methodology

Two surveys were conducted in April 2008 and April-May 2012. In the first one, it was asked about TVE1 and La 2 perceived quality when advertising accounted for roughly 20% of broadcasting time of the public channels. By contrast, in 2012 TVE1 did not transmit any advertising. Both surveys have the same target population: all the residents in Spain aged 14 or over. Sample selection was polytypic, stratified by region (Centre, South, North and East) and size of municipality (<5,000 inhabitants, 5,000–50,000, over 50,000 and provincial capitals). The sample size is one thousand interviews. A confidence level of 95% involves a margin of error of 3.2%. Interviews were conducted by telephone, assisted by computer (CATI). The selection of the interviewee in each home was made in accordance with gender and age quotas.

In this four year period (2008-2012) there were not relevant changes in TVE1 and La 2 programming: news programs were broadcasted at the same time and led by the same anchors; the corporation retained very similar sports rights; and the differences regarding national and American fiction series were very few. The same applies to documentaries, music and entertainment contents. Therefore, the only relevant change in TVE1 and La 2's supply during the period was the advertising removal (Jiménez et al. 2012).

The analysis of the obtained data allows identifying the evolution of TVE1 and La 2's perception of quality by the Spanish audience. On top of knowing people's explicit point of view about the advertising withdrawal, their opinion about TVE1 was asked before and after that fact. The aim was trying to eliminate the effect of a possible negative bias towards advertising. Therefore, the real effect of advertising in the perception of quality by TV viewers can be assessed. Such empirical findings may be helpful for managers of TV companies and for policy-makers when they regulate the financing of public service broadcasting corporations.

Results

The first question made to the sample was a direct one: their perception of the impact of the suppression of advertising on the channel's attractiveness. Results are shown below.

[TABLE 1]

The Spanish audience shows a clear preference for the new no-advertising model. In total, 83,9% of the people finds national public service channels more attractive now than before advertising was removed. Table 2 reflects the impact of gender on that perception.

[TABLE 2]

Table 2 indicates for each gender the percentage of people that chose each one of the five possible options regarding how advertising removal affected their attitude towards public service channels. The general conclusion is that gender is not relevant: in statistical terms, the association is not significant (Chi-2 = 4.686, p=.321). Table 3 looks at age as a variable.

[TABLE 3]

Table 3 reaches similar a conclusion: age is not related to opinion on advertising changes at public service channels (Chi-2 = 31.009, p=.317). Table 4 analyses the impact of educational levels.

[TABLE 4]

Regarding education, a significant association can be identified (Chi-2 = 43.168, p=.000). It can be observed that less educated audience have a better perception of advertising withdrawal than those with a higher educational level. Table 5 compares the quality perception of the channels in 2008 and 2012.

[TABLE 5]

It can be observed that perceived quality of TVE-1 and La 2 has improved a lot between 2008 and 2012. Antena 3, La Sexta and regional channels remain basically the same. Finally, Cuatro, local and pay channels and especially Telecinco have reduced their quality perception by the audience.

Conclusion and discussion

This piece of research has tried to look at the impact of the advertising suppression of Spanish national public service channels on their quality perception by the audience. The first conclusion is that a vast majority of the viewers find the channels more attractive now without any advertising than before having it. This fact connects with the extensive literature that views TV advertising as a disturbing factor for the audience. But this principle cannot be easily generalized to all types of content, audience groups and particular markets.

In addition, gender and age are not significant variables in order to affect this opinion. But the audience educational level does impact their perception: those less educated have a significant better opinion about the advertising removal than others more educated. This might be explained by the fact that those less educated tend to watch more television than the more educated. Consequently, the impact of the change could be more deeply perceived by heavy consumers.

Generally speaking, both national public service channels (TVE1 and La 2) have improved significantly their quality perception when comparing 2008 and 2012 surveys. They are the only two channels within the Spanish market to obtain a better quality assessment. In fact, all channels tend to maintain or reduce their quality perception in the 2008-2012-time period.

It can be discussed that the improvement of quality perception of national public service channels might be due to other factors such as programming. But the content profile of both channels is not significantly different between 2008 and 2012. So that the only differential factor that might explain such a change would be the mentioned advertising suppression.

Thus, advertising looks to be a matter of non-quality factor for the audience of public service channels. The mechanism looks to be that when comparing the same channel with and without advertising, quality perception raises dramatically. Other research insights should be done connecting that fact with other economic aspects, such as the impact of such measure on taxes and public spending. In the Spanish case, there is not direct license fee. Consequently, the correlation between cost and benefit is not directly established in the citizens' mind. But in most European countries, license fees apply. This might lead to a closer perception between public service television content and the direct cost of that towards the audience.

This paper examines TV audience reactions to a shift in media policy. The findings verify previous studies and provide insight for governments and broadcasters considering either reducing commercial advertising or introducing business models that are less reliant on this source of income. Implications of these findings for governments and broadcasters include the fact that advertising in the context of public service television is a negative factor for quality perception of citizens. Consequently, reduction or elimination of advertising has a positive impact on service satisfaction. That measure might be more effective than other alternatives, such as spending more taxpayers' money on content, personnel or technology investments.

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Table 1. Frequency distribution of responses to the question 'The two national public service TV channels – TVE1 and La2 – have removed advertising. Does this decision make these channels more attractive to you?'

	N	%
No, I like them less than before	13	1.3%
No, they are not more attractive to me	148	14.8%
I like them a little bit more	156	15.6%
I like them quite a lot more	319	31.9%
I like them very much more	364	36.4%
	1000	100

Table 2. Gender and attitude to advertising removal in public service TV channels.

	No, I like them less than before	No, they are not more attractive to me	I like them a little bit more	I like them quite a lot more	I like them very much more
Men	1%	13.8%	14.8%	35.1%	35.3%
Women	1.5%	15.7%	16.3%	29%	37.4%

Table 3. Age and attitude to advertising removal in public service TV channels.

	No, I like them less than before	No, they are not more attractive to me	I like them a little bit more	I like them quite a lot more	I like them very much more
14-20	4.2%	11.1%	9.7%	30.6%	44.4%
21-24	0%	12.9%	24.2%	27.4%	35.5%
25-34	1.2%	16%	16%	30.8%	36.1%
35-44	1%	17.3%	13.3%	34.7%	33.7%
45-54	0%	17%	15.8%	29.1%	38.2%
55-64	1.5%	8.8%	19.9%	33.8%	36%
65-74	3.5%	14.9%	11.4%	32.5%	37.7%
>74	0%	16.3%	17.4%	33.7%	32.6%

Table 4. Education and attitude to advertising removal in public service TV channels.

	No, I like them less than before	No, they are not more attractive to me	I like them a little bit more	I like them quite a lot more	I like them very much more

Less than primary	1.7%	10.2%	20.3%	20.3%	47.5%
Primary	2.3%	14.4%	11.3%	38.3%	33.8%
Secondary	1%	13.4%	16.9%	31.6%	37.1%
Lower tertiary	0.5%	20.3%	9.1%	31%	39.1%
Upper tertiary	0.9%	14.7%	29.3%	28.4%	26.7%

Table 5. Quality perception of TV channels (on a 1 to 5 scale) in 2008 and 2012.

	2008	2012	p (Mann-Whitney U)
TVE1	3.552	3.914	0.000
La 2	3.705	3.896	0.000
Antena 3	3.551	3.552	0.805
Cuatro	3.616	3.492	0.016
Telecinco	3.457	2.572	0.000
La Sexta	3.562	3.507	0.488
Regional channels	3.469	3.393	0.215
Local channels	3.094	2.809	0.000
Pay channels	3.871	3.659	0.000