

2011

**COMMODITY AUDIENCE, COMMODITY EVERYTHING:  
INTERROGATING T-COMMERCE IN THE UNITED STATES CABLE  
INDUSTRY**

Lee McGuigan

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THE UNIVERSITY OF WESTERN ONTARIO  
SCHOOL OF GRADUATE AND POSTDOCTORAL STUDIES

CERTIFICATE OF EXAMINATION

COMMODITY AUDIENCE, COMMODITY EVERYTHING: INTERROGATING  
T-COMMERCE IN THE UNITED STATES CABLE INDUSTRY

(Spine title: Commodity Audience, Commodity Everything)

(Thesis format: Monograph)

by

Lee McGuigan

Graduate Program in Media Studies

2  
A thesis submitted in partial fulfillment  
of the requirements for the degree of  
Master of Arts

The School of Graduate and Postdoctoral Studies  
The University of Western Ontario  
London, Ontario, Canada

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THE UNIVERSITY OF WESTERN ONTARIO  
SCHOOL OF GRADUATE AND POSTDOCTORAL STUDIES

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**Commodity Audience, Commodity Everything: Interrogating  
T-Commerce in the United States Cable Industry**

is accepted in partial fulfillment of the  
requirements for the degree of  
Master of Arts

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## **Abstract and Keywords**

This thesis is a theoretical and historical investigation of interactive television commerce (t-commerce). T-commerce lets viewers buy the commodities appearing in advertisements and program content. Additionally, t-commerce utilizes advanced advertising formats that target consumers precisely with customized advertisements. This thesis is grounded in theories of the audience commodity. It is argued that t-commerce is consistent with the historical trajectory of advertiser-supported television in which profits are generated by producing audiences of consumers. The business of commercial television has always been structured to produce consumers as economic and social products. The linchpin of their value as commodities is their capacity to consume. T-commerce increases the value of audiences of consumers by situating viewers in a marketplace that exhorts impulse buying and monitors consumption-related behaviour.

**Keywords:** audience commodity; t-commerce; advertising; commercial television; interactive television; consumption; political economy of technology; Dallas Smythe

## Acknowledgements

I would like to recognize those people who contributed meaningfully to this project and to my academic “career.” Thanks to Edward Comor for showing me what it means to be a social scientist. Throughout our struggles, it has always been clear that you are tough on me because you care. Your dedication will continue to inspire me. Thanks to Daniel Robinson for thoughtful instruction in matters both academic and administrative. Thanks, also, for trusting me as an employee and allowing me opportunities to develop as an educator. Thanks to Keir Keightley for providing a counterweight of encouragement during difficult times. And, finally, many thanks to Robert Babe for teaching me so much which I still do not fully understand. It is no stretch to say that I would not be where I am without Professor Babe’s guidance. I can scarcely begin to express my gratitude for the mentorship and charity shown by all of these professors.

I would like to thank Vince Manzerolle and Atle Mikkola Kjösen for their tutelage and for their patience in enduring my preliminary explanations of the concepts explored herein. It would have been easy to dismiss my quackery instead of responding with such measured and insightful feedback. Thanks, also, to the Social Science and Humanities Research Council of Canada for their generous funding.

Most importantly, I thank my family, to whom I owe everything. Special thanks go to my mother and father for their unwavering support, for always putting me and my brother first, and for tolerating my impertinence during those years when I knew everything. A psalm twice the length of this thesis could not praise you adequately. You are the world to me.

Thanks, in sum, to the many family, friends and colleagues who have touched my life. You are all responsible for this thesis—especially the errors and omissions!

The following is dedicated to my aunt, Maureen Lee—librarian, thinker, radical.

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4A's: American Association of Advertising Agencies	172
AEF: Advertising Educational Foundation	173
ARF: Advertising Research Foundation	174
API: Application programming interface	174
CEO: Chief Executive Officer	177
CPA: Cost per action	179
CPM: Cost per mile/cost per thousand	181
CRE: Council for Research Excellence	186
CTA: Children's Television Act	
DBS: Direct broadcast satellite	
DRTV: Direct-response television	
DVR: Digital video recorder	181
EBIF: Enhanced-TV binary interchange format	181
EPG: Electronic program guide	182
FCC: Federal Communications Commission	182
FTC: Federal Trade Commission	183
HSN: Home Shopping Network	188
IPTV: Internet-protocol television	
ITV: Interactive television	
MSO: Multiple systems operator	
QVC: Quality, Value, Convenience	
RFI: Request for information	
ROI: Return on investment	
STB: Set-top box	
TVOT: Television of Tomorrow Show	
URL: Uniform Resource Locator	
VOD: Video-on-demand	



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## Chapter One: Introducing T-Commerce

Talk about impulse buying. You're watching your favourite cable channel and admire a product on the show. With a few clicks on your TV remote, it's yours.

- Lorrie Grant, "Networks Hope Remote-Shopping Clicks: 'T-Commerce' Poised to Offer New Alternative to the Mall," *USA Today* (2005)

Throughout its commercial history in the United States, television has been sustained financially by advertising and marketing firms working at the behest of corporations motivated to sell goods and services ever more efficiently. The relationship between commercial television and these corporations seems predicated on the belief that advertising exposure correlates positively with sales and brand equity. As one marketing scholar and former advertising executive writes, "Somehow 30 seconds of entertaining nonsense leads to a situation where people not only choose this brand but will pay 35% more for it" (Feldwick 2009). Historically, this correlation could only be inferred, since traditional TV advertisements have not presented opportunities to purchase goods immediately. More recently, however, developments in digital technologies have precipitated exponential advances in the transmission, storage and collection of data. Interactive television (ITV) appears now to be technologically and economically viable. Consequently, vested interests involved in commercial television are fast approaching a long-standing ambition: "turning TV sets into cash registers" (Skelly 2000).

This thesis explores the television's transition *from a salesperson to a store*. It is a critical analysis of interactive television commerce (t-commerce) in the United States. Though t-commerce encapsulates a broad range of emerging applications—such as audience voting and polling, bill payment, and other account management activities—the scope herein is limited primarily to interactive advertising and "click-to-purchase"

applications. For the purview of this study, t-commerce is defined as a digital television platform that enables users to interact, in real-time, with advertisements and program content, to inquire about products, and to make purchases through a cable or satellite account, all using a remote control. Such products range from items featured in explicit advertisements, to DVDs or CD soundtracks of a program, to the clothes worn by the characters in a show. T-commerce also involves aspects of “advanced advertising,” such as customized (or “addressable”) messages and “dynamic ad-insertion” systems that manage advertising inventory according to contextual elements such as program genre, audience demographics and customer profiles (Neff 2004a). These functions let advertisers target and monitor households or even individual consumers (Spangler, Gal-Or, and May 2003:72; Andrejevic 2004:396; Turow 2005:118; Lotz 2007a:177; Wood 2009:186; Clifford 2009; Reister 2009; Spangler 2010h; Steinberg 2010a).<sup>1</sup>

More generally in what follows, t-commerce, as a keystone of the emergent interactive television economy, will serve as a heuristic anchor for interrogating how technologies are being leveraged to “monetize relationships with viewers” (Robuck 2009). Increasingly, television advertising combines the mass reach of broadcasting, the precision of direct marketing, and the direct-response capabilities of interactive TV (Spangler 2010b; Worden 2010). This shift is, in part, a reaction to a commercial media environment in which audiences can avoid advertisements, access content freely, and evade incumbent audience measurement systems. Marketers demand accountability for advertising expenditures; interactive and direct-response formats, they hope, will allow them to verify “return on investment” (ROI) with more certainty (Andrejevic 2009; McAllister 2010). T-commerce and the direct marketing trends both driving and

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<sup>1</sup> For an overview of how various t-commerce transactions can take place, see Appendix One.

influenced by these technological developments illuminate fundamental aspects of the commercial logic behind television.

Contrary to some opinions (e.g., Ivey et al. 1986; Grant 2005; Park and Lennon 2006; Levy and Nebenzahl 2006; Haire 2011), we should resist the temptation to label t-commerce a “revolution” in TV or retailing. The economics of t-commerce are consistent with many elements of legacy models of advertiser support—that is, long-standing norms for financing TV programs and monetizing audience attention (Kim 2001). Revenue sharing arrangements, such as commissions on sales, have precedent in older forms of direct-response TV (i.e., infomercials and home shopping channels) and in various types of product placement (Lotz 2007a). Even before television broadcasting, advertising agencies and direct marketing firms pioneered methods for harvesting personal information from consumers (Beniger 1986; Robinson 2011). These data remain vital resources for executing advertising campaigns and for managing customer relations (Peppers and Rogers 1993; Robert 1997; Turow 1997; 2006; Elmer 2004; Andrejevic 2004; Zwick and Knott 2009; Manzerolle 2011; Manzerolle and Smeltzer 2011).<sup>2</sup>

Interactive television appropriates many of these techniques, but installs an increasingly sophisticated commercial regime. The speed of transactions accelerates, audience/consumer surveillance becomes more precise and pervasive, and the various interests of television, advertising and marketing firms become further entangled. In many ways, however, t-commerce extends established institutions of commercial

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<sup>2</sup> This information is packaged into saleable commodities by database marketing firms. Daniel Robinson (2011) refers to this as “marketing capitalism.” Manzerolle and Smeltzer (2011) use the medium theory of Harold Innis to probe database marketing and consumer profiling. They argue that these consumer research and information management industries are tantamount to what Innis described as “monopolies of knowledge”—meaning that personal information is consolidated and controlled by proprietary interests. Technological, political and economic conditions determine “*what types of knowledge are produced and who has access and use of them*” (2011:330; original emphasis). Throughout this thesis, we shall see that t-commerce and other interactive television applications are structured to produce and commodify knowledge about consumers.

television and electronic retailing. Contrary to arguments that ITV is revolutionary, Serra Tinic writes, “we are in fact seeing television—as a consumerist medium—fulfilling its industry logic as a marketing platform” (2006:310).

Despite uncertainty about the future of television, the purchase of the following arguments does not hinge on the widespread commercial success of t-commerce. The entrenched power of corporate stakeholders, the fixed capital bound to an advertiser-supported model of TV broadcasting, and the recent investments in digital and interactive TV infrastructures (see Press 1993; Richtel 2003; Berman, Duffy, and Shipnuck 2006), all point to the probability that t-commerce applications will become standard components of cable and satellite services in the near future. Conversely, we should not expect t-commerce to be instituted without friction. T-commerce may constitute an attempt to rescue a declining model of advertiser-supported television—a model now struggling to compete with less discrete media, such as smartphones and tablets, for the attention of “platform-agnostic” consumers.<sup>3</sup> T-commerce has been chosen as the focus of this thesis because its development and deployment, including how it is conceptualized by various participants in the political economy of television, enable researchers to gain insights into the dynamics that animate commercial TV.

T-commerce, as a research object, has been isolated from the whole of electronic commerce for two reasons. First, advertiser-supported television, though ever more difficult to disentangle from other media and marketing formations, has developed historically as a relatively discrete industry. As such, it is dominated by firms and

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<sup>3</sup> “Platform-agnostic” is a term used in marketing and business literature to describe people who consume media content on multiple devices without preference (Berman et al. 2006; Yakob 2011). It is typically deployed as an argument for consumer sovereignty—i.e., that people are not bound or loyal to specific devices and instead exert their will to access content using devices of their choosing. It also must be seen, however, as a disposition cultivated by the digital media ecosystem and its biases.

institutions with distinct political-economic interests. Television as a discrete medium may be receding; but based on the capital invested in its survival, as well as the substantial viewing public socialized to the habits of traditional TV (Lee and Stewart 2011:20), we can be sure that its decline will be grinding and protracted. Secondly, it is thought that television has a unique ability to marry entertainment and home shopping. Many analysts and executives believe that t-commerce will outperform Internet-based forms of e-commerce at exploiting the emotional and persuasive powers of program content (Skelly 2000; Hogan 2000; Diana 2003; Howe 2009; SeaChange 2010). While the realities may be more complex, this conceptualization of t-commerce elaborates the marketing logic that has supported commercial television throughout its history in the United States.

With traditional non-interactive (or “linear”) television, viewing habits, product-purchasing behaviours and the empirical effectiveness of advertisements (i.e., causality between exposure and sales) have been difficult to evaluate. Practitioners have relied on best-guesses or incomplete indices of behaviour, such as audience ratings and demographics. With t-commerce, the often obscured dynamics of the television business become more discernable. Irrespective of its success, t-commerce illuminates the rationale of commercial television: advertisers buy audiences of consumers whose value is directly based on their purchasing behaviours.

### **Theoretical Framework**

This thesis is grounded in theories of the audience-as-commodity (Smythe 1977; 1981; Jhally and Livant 1986; Meehan 1984; Jhally 1990). Dallas W. Smythe theorized that the principle commodity of advertiser-supported mass media is an audience that

performs the “work” of learning to buy (or “self-market”) particular branded consumer products, vote for preferred political candidates, and reproduce capitalist social relations. During almost all non-sleeping time, Smythe argued, people labour for capital. Leisure, ostensibly to reproduce labour-power, becomes productive, alienated work. It is argued herein that Smythe’s thesis bears more relevance to the political economy of interactive media than to the period in which he wrote. For Smythe, the purchasing behaviour of audiences was of immediate economic and social importance. Today, new forms of interactivity, surveillance and product-purchasing contribute to an expansion of the long-standing essence of commercial television: *producing consumers as commodities*.

Sut Jhally and Bill Livant (1986) collaborated on the most thorough discussion of the work of the audience. Whereas Smythe believed that audiences work for advertisers by learning to become consumers, Jhally and Livant located the productivity of audiences *within* media industries, not capitalism *tout court*. They endeavoured to refine Smythe’s argument and translate it into terms that would reveal how surplus value is generated by the “work of watching.” They argued that TV networks acquire watching-power (i.e., the audience’s capacity to watch) and, in turn, sell the audience’s watching-time to advertisers. The television industry is animated by efforts to minimize the watching-time necessary to cover the costs of assembling an audience (such as programming, equipment, licensing, etc.) and to maximize surplus watching-time. Ultimately, they argued, commercial media generate surplus value by impelling audiences to watch paid advertisements in excess of programming costs—much in the same way that industrial capital exploits workers in accordance with the Marxist labour theory of value.

Eileen Meehan (1984) articulated a “third answer to the commodity question.” She argued that critical media scholars needed to examine the closed market for television

ratings. According to what she called the “institutional approach,” the audience is a construct, not a naturally occurring phenomenon captured by objective research. The commodity audience does not exist in front of a television screen; it exists in the business relationships among networks, advertisers and ratings firms. Contrary to most participants in what became known as the “blindspot debate,” Meehan critiqued Smythe for being *insufficiently* “vulgar” or economistic (Meehan 1993).<sup>4</sup> For Smythe, audience measurement justifies market prices for audiences. For Meehan, commercial audience measurement itself is commodity production, determined by economic imperatives, corporate strategies, and an unequal political economy. Audience ratings, she argued, are the primary commodities of commercial media.

These theories provide a framework for understanding the economic function of commercial television. The Marxist approach, used by Smythe, Jhally and Livant, acknowledges the value-producing labour of television viewers. Meehan and subsequent “institutional” studies (e.g., Mosco and Kaye 2000; Napoli 2001; 2003; 2010; 2011a) recognize that the “audience” is a product, not to be confused with a concrete assembly of actual viewers.<sup>5</sup> By integrating these two perspectives, we see how media corporations extract surplus value, yet we avoid mistaking actual audiences of viewers for what they help to produce—an audience commodity.

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<sup>4</sup> The “blindspot debate” describes the initial exchanges sparked by Smythe’s (1977) allegation that Western Marxism harboured a blindspot to the economic function of mass media (cf. Murdock 1978; Smythe 1978; Livant 1979; 1982; Jhally 1982; Meehan 1984; Jhally and Livant 1986; Lebowitz 1986). For reflections on the debate, see Meehan (1993), Artz (2008), Mosco (2009:136-138), Napoli (2010), Lee (2011) and Caraway (2011).

<sup>5</sup> Ien Ang (1991) arrives at a similar conclusion using a critical cultural studies perspective. The day-to-day, culturally diverse experiences of television viewers, she argues, are congealed through “ratings discourse” into a seemingly objective piece of information used as the authoritative currency for exchanging audiences. Diverse viewing practices of real people are reduced, or “streamlined,” into “ratings.”



A number of authors address these theories in relation to interactive or digital media (Meehan 1988; Babe 2000:138; Andrejevic 2002; 2004; 2009; Napoli 2003; 2010; 2011a; Bermejo 2007; 2009; Coté and Pybus 2007; Spurgeon 2008; Cohen 2008; Fuchs 2010; Lee 2011; Manzerolle 2011; Hesmondhalgh 2011; Caraway 2011; McStay 2011). Considerations of commercial television and consumption of commodity goods and services figure prominently in some of this literature. T-commerce, however, has not attracted sustained critical inquiry. This is, perhaps, because it is still in a nascent stage of development as a viable business enterprise (Turow 2006:104). Nevertheless, this thesis is not resigned to provisional forecasting. It offers insights into how the dynamics of commercial television are amplified by the development of an interactive television storefront—one where advertising, entertainment and shopping converge. T-commerce represents the most advanced iteration of a commercial model based on the production and sale of audiences of probable consumers.

### **Primary Arguments**

Two primary arguments are advanced in the course of this thesis. *First, t-commerce technologies and applications are being developed to produce purchasing-audiences, which are sold to advertisers.* As the value of traditional television audiences declines due to factors such as ad-avoidance (Napoli 2001; 2003), media organizations are using t-commerce applications to *increase the surplus-value extracted in the production of the commodity audience.* This increase in value correlates positively with audience members' *capacity to consume.* Capacity to consume describes a viewer's ability and propensity to buy products shown on television.

By leveraging the capacity to consume, t-commerce transforms audiences of viewers, who produce value by watching, into *purchasing-audiences of viewing-consumers*. Viewing-consumers still produce value by watching advertisements, but they also realize the value in commodities through exchange. Complemented by new (or increasingly viable) technologies and techniques for monitoring, targeting and soliciting responses from viewers, developments in direct marketing are propelling advertisers to go beyond buying audiences as aggregate data—i.e., ratings or demographics. Increasingly, advertisers want to buy access to actual consumers and pay only for converted customers. Previously, the commodity product was thought to be the audience's watching-power (Jhally and Livant 1986); today, with interactive t-commerce, this commodity is more appropriately located in the viewer's buying-power. The productive capacity of commercial television, as a capitalist industry, is becoming increasingly dependent on its capacity to exhort consumption.

The second argument presented herein pertains to how the economic structure of the television business—the imperative to produce audiences-as-consumers—mediates the development of t-commerce and its relationship to advertising. According to economic orthodoxy, the ostensible purpose of advertising is to provide the information that enables sovereign consumers to act rationally in their own interests (Leiss, Kline, and Jhally 1990:34-36; Jhally 1990:24-25). T-commerce embodies two contradictory potentials in this regard.

On one hand, t-commerce and interactive advertising are free from the scheduling and transmission constraints of linear, one-way television. They can be used to offer consumers detailed information and encourage educated purchasing decisions. Nothing in the technology prohibits communication about how products are produced and under

what conditions, or about the environmental costs of resource exploitation, transportation and packaging. Interactive ads could, for example, let viewers calculate the approximate carbon footprint of a product or access comprehensive nutrition and food safety information. On the other hand, capitalizing on the direct-response capability of ITV, advertisers can more efficiently exploit emotional responses to television content and turn product promotions into immediate sales. Contrary to the status quo doctrine that advertisements provide necessary marketplace information, advertising is a form of social communication that adds symbolic texture to products by tapping into consumers' real, but often intangible needs (Williams 1980; Leiss et al. 1990; Jhally 1990; Slater 1997; Slater and Tonkiss 2001). T-commerce allows advertisers to attach more elaborate and personalized meanings to commodities by using long-form narrative advertisements, integrating brands into program content, and letting audiences experience (and contribute to) the cultural meanings of brands and products through interactive applications.<sup>6</sup>

Marketing literature is predictably duplicitous. While firms extol to viewers the value of customized product offers, they boast to corporate partners about the bounty of impulse purchases and consumer data (Baron 2009; SeaChange 2010; Neff 2011b; Friedman 2011b; Swedlow 2011). Marketers argue that interactivity creates a two-way conversation with consumers (Forkan 2000a; Spurgeon 2008; Martin and Todorov 2010; Yakob 2011; see Andrejevic 2008; Tinic 2006). Harvesting information from audiences, they claim, serves consumers and corporations equally: products and marketplace structures (e.g., available payment methods) are tailored and responsive to consumer

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<sup>6</sup> It is significant that viewers are able to contribute to branding campaigns that shape the cultural meanings of products. As astute observers have recognized, the discourse through and about goods is negotiated by *both* advertisers and audiences: audiences "breathe life into" commodities (Leiss et al. 1990:310; Compton 2003: 39).

demands. Another reality, however, is that the feedback channels intrinsic to interactive television generate unprecedented opportunities to forge profitable relationships with consumers whose behaviours are subject to continuous surveillance (Andrejevic 2004; 2009; Turow 2006).<sup>7</sup>

Considering these contradictory capabilities in the broader economic context of commercial television, the *second* core argument made in this thesis is that *the potential of interactive advertising to demystify commodities is betrayed by the commercial structure of the TV industry—an industry that seeks to produce audiences of consumers as economic and social products*. A “sensibly materialist” (Williams 1980:185) system of interactive television commerce—sensitive to resource scarcity, environmental degradation and human dignity—would make it easier for consumers to inquire about conditions of production, to find products made ethically and sustainably, to learn how to dispose of hazardous materials, and so forth. Instead, ITV users in the U.S. can expect branded entertainment and the even greater integration of programming and advertising. The potential for these media to educate consumers is belied by the imperatives to monetize ever-larger or targeted audiences and to sell more products in less time.<sup>8</sup>

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<sup>7</sup> As Turow puts it, advertising and media executives regard interactive media “as a test bed for gathering and analyzing information about the audience in the interest of better persuading them” (2009a:407). Similarly, Manzerolle and Smeltzer write, “the explosion of consumer data has created a market value—indeed, an entire industry—for any type of personal information that might be useful for trying to anticipate, steer, or exploit consumer behaviour. In so doing, this intensifying feedback loop of consumer information circumvents the supposed neutrality of market exchanges by creating and exacerbating informational asymmetries between sellers and buyers, with the former owning detailed models of the latter’s past and potential future behaviour and vulnerabilities” (2011:324).

<sup>8</sup> This will not apply in all cases. Some t-commerce applications will offer detailed product information or enable forms of interactivity that serve public interests, such as donating to charities (Screen Plays 2011). These are exceptions, however, in the context of dominant trends. The business literature shows, in no uncertain terms, that triggering impulse shopping is essential to the prevailing commercial models.

## Research Methods and Approach

This thesis is primarily analytical. Empirical support is derived from a review of literature in trade publications, marketing and corporate communications, business journals, and other outlets for administrative research. This study presents findings from sources such as *Advertising Age*, *Multichannel News*, *InteractiveTV Today*, *Adweek*, *Response Magazine*, *Broadcasting & Cable*, *Variety*, *Media Daily News* and popular press sources like *The New York Times* and *The Wall Street Journal*. Press releases and proprietary research are consulted to delineate more specific developments involving relevant business interests and technologies. This includes information issued by (mostly U.S.-based) industry associations, such as the Interactive Advertising Bureau, the Advertising Research Foundation, and the American Association of Advertising Agencies, as well as data from commercial measurement and forecasting firms like Nielsen, Forrester Research, Deloitte, and IBM Business Research.<sup>9</sup>

Findings from this literature are supported by observation of industry events; most particularly, a convention affiliated with the annual “Television of Tomorrow” conference (or “TVOT”) called “The Rise of the ITV Economy: Commercials, Content, Commerce, and Clicks,” held in New York City (henceforth referred to as TVOT 2010). These events are valuable sources as they provide otherwise unavailable information and, occasionally, the candid insights of industry executives. While many speakers are vague or evasive to protect proprietary data, some are explicit about their business intentions.

The historical evidence presented in this thesis is analyzed using the tools of critical political economy. *Institutions*, as a primary focus of this study, are assessed in

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<sup>9</sup> We should not assume that this administrative research is valid and reliable. These sources are included primarily to capture the popular wisdom among vested interests at particular historical junctures.

terms of two analytical axes: concrete/abstract and formal/informal. Institutions may be concrete governing bodies that enforce formal policies. They also may be orthodox but formally unregulated ways of thinking and acting. An institutional approach recognizes that “the organizational structure” of an economy, rather than market forces, determines processes of production, distribution and exchange (Mosco 2009:52-54; Meehan 2005). Conversely, institutions may be defined more broadly as habituated ways of acting and thinking—what Thorstein Veblen described as “widespread social habits” or “habits of thought” (Babe 1993:33). While they seem taken-for-granted (Berger and Luckmann 1966; Mosco 2009:144), these sociological institutions are “historically constructed” and “power-laden” (Comor 2008:24).

Specific attention herein is given to economic institutions in media industries. These generally describe rationalized processes that tend to be formalized and reproduced in business routines. Chapter Three discusses “institutionalized audiences,” which are established ways of defining and constructing audiences according to the needs of media organizations and advertisers (Napoli 2011a:2-3). While institutionalized audiences are abstracted from the nuanced characteristics of actual audiences, they are central to the business of commercial television.

The development of t-commerce should be analyzed in the broader historical and economic contexts of commercial television. To understand how and for whom t-commerce will function, we will also address how the U.S. television business is structured, how power is exerted by key stakeholders, and how established institutions may constrain or enable innovation.

## Chapter Layout

Chapter Two presents relevant debates about the audience commodity. This sets the theoretical framework for the historical evidence exhibited in subsequent chapters. Chapter Three describes the “audience marketplace” (Napoli 2003) and the increasing use of direct marketing to augment the value of audiences. It focuses on the dialectical relationship between particular business models and particular ways of constructing the audience. Chapter Four documents some specific developments in t-commerce, including past successes and failures, current enterprises, and some remaining challenges facing the establishment of a national “click-to-purchase” business model. It focuses on Canoe Ventures, a consortium of the largest U.S. cable operators. The chapter also expresses the views of leading practitioners to illustrate that developments in t-commerce are emerging from purposeful, if uncertain, actions (Williams 2003)—actions often framed by narratives of technological progress and consumer sovereignty (Kim 2001; see also Gerbner 1993). This chapter also exposes the predatory dimension of t-commerce: firms expect to profit by exploiting the relationships people form with the personalities, programs and routines associated with television viewing. Having addressed these historical trends, Chapter Five revisits theories of the audience commodity and applies them to contemporary t-commerce. It is argued that some of Smythe’s arguments are more germane than ever. This chapter also explains that the *capacity to consume* is, and has been, the linchpin of the audience commodity. Chapter Six reviews the primary arguments made throughout this thesis and poses questions for further research. Such issues include how regulatory regimes vary internationally and how the ubiquity of social media and mobile TV may impact the work of the audience.

## Chapter Two: The Audience Commodity and the Work of Producing It

The business of marketing and the business of entertainment are fundamentally the same thing: Turning audience attention into commerce.

- Joseph Frydl, *Advertising Age* (2010)

In 1977, Dallas Smythe proposed a purportedly radical departure from the “idealist” paradigm dominant in critical media studies. An historical materialist theory, Smythe argued, must proceed from consideration of the economic function of advertiser-supported mass media. Western Marxists’ preoccupation with the media’s output of messages, images and ideology, Smythe said, cast a “blindspot” over institutions of the “Consciousness Industry” that manage consumer demand and reproduce capitalist relations. Smythe identified *audiences*, not messages, as the primary commodity produced by advertiser-supported media.

Smythe’s theory provoked immediate responses (Murdock 1978; Smythe 1978; Livant 1979; Garnham 1979). Scholars debated these issues throughout the 1980s and the early-1990s (Smythe 1981; Jhally 1982; Livant 1982; Meehan 1984; 1986; Jhally and Livant 1986; Hackett 1986; Lebowitz 1986; Allor 1988; Magder 1989; Maxwell 1991; Ang 1991). Writers continued to recognize the import of Smythe’s theory throughout the late-1990s (Mosco 1996; McQuail 1997; Babe 2000), but the initial fervour was tempered. In recent years, perhaps stoked by social, cultural and technological shifts, these themes have re-emerged in critical media studies (Napoli 2003; 2010; 2011a; Andrejevic 2002; 2004; 2009; Shimpach 2005; Coté and Pybus 2007; Artz 2008; Cohen 2008; Bolin 2009; Lee 2011; Manzerolle 2011; Hesmondhalgh 2011; Caraway 2011).

Herein we argue that theories of the audience commodity remain relevant for understanding the current political economy of media. Indeed, the audience commodity is



a useful heuristic tool for understanding social developments in television, such as t-commerce and advanced advertising. These theories alone cannot explain changes in commercial technology, but they provide a materialist entry point for exposing the structural dynamics of media industries. Television is a business first (Meehan 1986:449). Messages and their effects are important, but they cannot be understood in isolation from the logic of exchange-value and the rationalized economic processes that organize commercial television (Jhally 1990:65-70).

### **Foundational Theory**

Smythe begins by asking, “What economic function for capital do [mass communications systems] serve?” (1977:1). In posing this question, Smythe seeks to understand how commercial media reproduce capitalist relations of production. Mass media and “related institutions” involved in advertising, market research, public relations and product design “are intimately connected with consumer consciousness, needs, leisure time use, commodity fetishism, work and alienation” (1977:1). From this general position, he then asks, “What is the commodity form of mass-produced, advertiser-supported communications?” (1977:2). The answer for Smythe is an audience.

Advertisers buy the audience and put viewers to work in two ways: performing “essential marketing functions for the producers of consumers’ goods,” and working at “the production and reproduction of labour-power” (1977:3).

Smythe describes the audience in “economic terms” as a “non-durable producers’ good,” which is bought and used in the marketing of the advertiser’s product (1977:6; 1981:39). He argues that almost all non-sleeping time in “monopoly capitalism” becomes

labour-time.<sup>10</sup> “The primary purpose of the mass media complex,” writes Smythe, “is to produce people in audiences who work at learning the theory and practice of consumership” (1977:20).

Smythe revises this thesis in his book *Dependency Road* (1981). He identifies the principal commodity as *audience power*—“the concrete product which is used to accomplish the economic and political tasks which are the reason for the existence of the commercial mass media” (1981:26). Audience power is a commodity because it commands a price, is produced and sold, and involves “work” (1981:26). Advertisers buy the services of audiences with predictable qualities—audiences who pay attention in predictable numbers to the means of communications in particular markets (1981:27).

Smythe describes programming as a “free lunch” that compensates audiences for their work, like a wage. The “free lunch” is designed to “whet the appetite” in two ways: to compel people to assemble themselves into audiences, and to induce a disposition favourable to advertisers’ products (1981:37-38). The quality of programming is significant only to the extent that it does not offend viewers. Advertisements, by contrast, must be more arousing and aesthetically pleasing than the shows (1981:39).<sup>11</sup>

<sup>10</sup> “Monopoly capitalism” is the term Smythe uses to describe the political economy at the time of his writing. It is characterized by an uncompetitive market dominated by powerful trans-national corporations.

<sup>11</sup> Lee Artz agrees: “Programming cannot disrupt the intended purpose for broadcast: priming audiences to buy. Audiences must be stimulated, but not reflective or thoughtful. Programming must flow with commercial spots to socialize viewers to self-interest, celebrity worship, and instant gratification—ingredients valuable to advertisers and marketers” (2008:65).

It is worth noting that Smythe considered advertising and programming to be interrelated parts of the overall commercial enterprise (1954). Thus, he warned against distinguishing between them (1981:37). Smythe is right to recognize the commercial context as a unifying element in television broadcasting. His suggestion that advertising must be of superior quality to program content, however, is untenable. Today, ads and shows are often indistinguishable (Jhally 1990)—not just aesthetically but also economically, as advertisers often finance programming directly. Furthermore, this claim is at odds with his argument about the “free lunch” that induces viewers to watch. In the context of audience “production,” having low quality content seems to be like using low quality factory machinery. It stands to reason, however, that lower input costs enable higher profit margins for networks if they succeed in assembling an audience using inexpensive programming (see Jhally 1990:103-106).

Exposure to the implicit and explicit messages of advertisers cultivates viewers as consumers in a three-stage process: viewers determine if they have the “problem” identified in advertisements; they recognize the existence of a product category that can solve the problem; and they decide to put brand x on their “mental shopping list” (Smythe 1977:13; 1981:40).

In sum, Smythe argues that commercial media produce audiences whose attentive capacity is sold to advertisers. Advertisers put audiences to work learning to buy particular branded products and to reproduce themselves in accordance with the social relations of production in capitalism. Smythe conveys the broader significance of his thesis most concisely, perhaps, in the first chapter of *Dependency Road*. “Audience power work for [the] Consciousness Industry,” Smythe writes, “produces a particular kind of human nature or consciousness, focusing its energies on the consumption of commodities, which Erich Fromm called *homo consumens*—people who live and work to perpetuate the capitalist system built on the commoditization of life” (1981:9). Smythe describes the audience as an “intermediate product,” consumed in selling the end products, which are the goods and services of trans-national corporations. Audiences, in this sense, are only “part of the means to the sale of that end product” (1981:13). He goes on, however, to make a more provocative assertion:

But at the larger, systemic level, people, working via audiences to market goods and services to themselves, and their consciousness ultimately are the *systemic* end products: *they* are produced by the system ready to buy consumer goods and to pay taxes and to work in their alienating jobs in order to continue buying tomorrow. (1981:13; original emphasis)

In essence, Smythe argues that commercial media produce *consumers* as commodities. Consumers are both economic and social products, manufactured and socialized within commercial institutions.<sup>12</sup>

Smythe's theory could not be verified empirically at the time he was writing because it depends, in part, on pin-pointing the influence of media messages in generating sales and socializing consumers (Jhally 1990). Despite Smythe's insistence to the contrary (1977; 1978), his theory hinges on the ideological influence of media (Livant and Jhally 1986; Mosco 1996:148; Babe 2000:133). Smythe also misunderstands the economic process of producing audiences. He mistakes the audience commodity for the actual viewers who produce it.

Today, however, as t-commerce begins to transform the TV environment into a digitally-mediated marketplace, the production of consumers becomes quite real. Consumers are manufactured as profiles of data about purchasing behaviours (Elmer 2004; Spangler, Hartzel, and Gal-Or 2006; Manzerolle and Smeltzer 2011) in the same way that audience commodities are produced as information about media consumption. T-commerce socializes consumers by situating them in a marketplace where they are confronted with instant purchasing opportunities, thus superseding Smythe's "mental shopping list." The processes converge as consumption is rationalized in the same ways as labour. Like workers in factories and offices, consumers are subject to surveillance and scientific management (Andrejevic 2004:15-18, 35-47). Smythe's thesis—that

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<sup>12</sup> Robert Babe also describes the "production" of audiences as a two-fold process. First, media sell audiences to advertisers. Secondly, as these viewers attend to commercial messages, "their consciousness is altered" (Babe 2000:124).

commercial media produce consumers as commodities—now may be more salient than ever.<sup>13</sup>

### **The Work of Watching and Its Value**

Jhally and Livant proceed from Smythe's theory, but find fault with many of its particular tenets. Jhally (1982) argues that Smythe fails to ask relevant questions about the audience commodity, such as: Does it have use-value and exchange-value? Is it produced by value-adding labour? Is it owned by specific capitalists? This line of interrogation, Jhally suggests, sets the parameters of a commodity as defined by Marx. Most importantly for Jhally, Smythe's theory lacks a specific analysis of surplus value (1982:207). Jhally objects to how both Smythe (1977) and Livant (1978) deploy "productivity" imprecisely. He writes,

The only formulation of audience labour that might remain consistent and fruitful is one which sees that labour as not being performed for advertisers but *for the mass media*. Audience labour is part of the production process of the audience commodity. Their 'wages' are the programmes, without which they would not watch TV. The networks get more from advertisers than it costs to produce the audience commodity, so value (or at least surplus) is being created. (1982:208; original emphasis)

In response to Jhally, Livant argues that the "media-relevant commodity" is the audience's *watching-time*; specifically, the time in excess of necessary watching-time—the *surplus watching-time* (1982:213). This formulation, he suggests, analyzes the work of the audience in a thoroughly Marxist theory of value. Jhally and Livant's subsequent work on the audience commodity proceeds from this theory of surplus watching-time, or

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<sup>13</sup> Interactive media also create more opportunities for increasingly comprehensive forms of "self-marketing." Martin and Torodov encourage marketers to "convert consumers into brand ambassadors" (2010:63). They argue that social networks "allow users to flaunt their customized products and influence their peers" (ibid:64). The epitome of self-marketing is realized when corporations provide "social ecosystems that enable consumers to truly live the brand" (ibid).

“watching extra” (1986:126). Before probing their argument, we should consider its relationship to Marxist theory.

Marx’s analysis of capital begins, of course, with a labour theory of value. Commodities are commensurable because they are products of human labour. Marx departs from classical political economy in distinguishing between abstract and concrete labour (1976:131-37; D. Harvey 2006:14-16). Abstract labour creates and “forms the value of commodities” (Marx 1976:137). It is treated as a social average: the “socially necessary labour-time” required to produce a particular item under standard conditions of machinery and skill. Concrete labour, on the other hand, is “human labour exercised with a definite aim, to produce use-values” (Marx 1976:283).

Labour-power is a worker’s capacity to work. Capitalists buy it as a commodity. It has an exchange-value and a use-value. Its exchange-value is the cost of reproducing labour-power at a conventional standard of living. Workers are paid enough to make themselves capable of working again. Labour-power trades “at its value,” which, “like that of all commodities is determined by the labour-time necessary to produce it” (Marx 1976:340)—i.e., the labour-time necessary for producing the goods and services needed to survive (Fuchs 2010:183). Its use-value (“labour”) is the concrete application of this human capacity to work and to produce other commodities that satisfy social needs. In selling labour-power for a wage, the worker surrenders ownership of its use-value.

Capital depends on asymmetrical class relations. A capitalist class controls the means of production, the process of production and the final product of production. A labouring or working class, without title to capital or the means of production, is compelled to sell labour-power for a wage that can be exchanged for subsistence and other needs. Though workers are compelled to sell their labour as a commodity, the wage

labour contract that constitutes the legal framework for this transaction depends on workers entering “freely” into it as sovereign owners of their labour-power. Capitalists, however, appropriate what is produced, which garners a price that (hopefully) exceeds the costs incurred in the production process.

In sum, the difference between necessary labour-time and surplus labour-time is the source of surplus value.

Jhally and Livant endeavour to explain commercial media in these terms. They begin by asking how commercial media make a profit. Media capital receives a portion of the surplus value of industrial capital for decreasing circulation and storage costs: “the media speed up the selling of commodities, their circulation from production to consumption. Hence they speed the realization of value (the conversion of value into a money form embodied in commodities produced everywhere in the economy)” (1986:125). They liken this to a form of rent paid for access to audiences (1986:125). What industrial capital rents, they argue, is *time*—more specifically, “watching-time.” They maintain that watching is a “human capacity,” not a thing in which value is “congealed” (1986:126). This capacity (watching-power) in its concrete application (watching) generates surplus value.

Contrary to Smythe, Jhally and Livant argue that audiences work for television networks, rather than advertisers or industrial capital. They suggest that a Marxist analysis of the audience commodity needs to remain focused *within* media industries, whereas Smythe’s “stress on audience labour for the manufactures of branded commodities has tended to deflect the specificity of the analysis away from

communications to the ensuing consumption behaviour of the audience” (1986:129).<sup>14</sup> Smythe’s theory, they argue, focuses on the use-value of messages—“meanings and their relationship to consumption” (1986:130)—not exchange-value. Assuming that the “audience receives *consumerist ideology*,” Smythe ironically falls victim to his own idealist blindspot (Jhally 1990:73; original emphasis). While advertisers are interested in consumers, networks have different interests (Jhally and Livant 1986:130). Jhally and Livant propose that “watching-time” (not time spent “self-marketing and consuming advertisers’ commodities”) is the central commodity. It is produced by *both* networks and audience labour (1986:130-131). Since networks own the means of communication, they own the product of audience labour—they own surplus watching-time.

Networks buy program content to “entice the audience to watch” (1986:132). As a result, program content is a producers’ good. Like factory machinery, it is a means of production. Having purchased the watching-power of the audience as the “raw material” of this production, networks “process it and sell it to advertisers for more than they paid for it” (1986:132). Networks, therefore, purchase certain amounts of program content and then fill whatever excess time is available to them with advertisements. “Necessary watching-time” is the amount of advertisements that must be sold to recoup costs of programming—i.e., the necessary cost of making an audience. The remaining time, over and above the cost of programming, is *surplus time* (1986:132). Just as industrial capitalists try to control production processes to maximize surplus value, “Networks wish to make necessary watching-time as short as possible and surplus watching-time as long

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<sup>14</sup> We will return to this idea throughout. For now, note that the “the ensuing consumption behaviour of the audience” is directly relevant to a system of advertiser-support in which audiences are valued according to actual consumption behaviour.



as possible. *The struggle to increase surplus time and decrease necessary time animates the mass media*" (1986:132; emphasis added).

Surplus value can be increased in two forms: relative and absolute. Absolute surplus value is created by increasing the overall advertising time, which is tantamount to extending the working day. Because few viewers would tune in to watch only advertisements (Jhally 1990:77), broadcasters devise other ways to reorganize the work of watching. Once the absolute amount of commercial time is exhausted, networks divide advertising units to increase surplus value. For example, by dividing 30-second spots in half, networks can sell two 15-second units at a higher combined price (1990:81). Advertisers pay a higher per-second fee on the basis that frequency of exposure is generally assumed to be more important than duration of exposure.

Another technique is to adjust the intensity of the work of watching. By narrowcasting (i.e., catering content to specific groups), networks can target the consumer segments coveted by advertisers. Because advertisers will pay more to reach their target market, narrowcasting to specific demographic and psychographic segments increases the audience's productivity. Jhally and Livant call this "watching harder" (1986:133-134). It is interesting to note how industry professionals perceive this method of increasing relative surplus value. As a journalist writing in *USA Today* puts it, "Making *TV spots work harder* is one of the ad industry's most discussed—and elusive—goals" (Petrecca 2008; emphasis added; see also Verklin 2011a). This perception—that ads "work"—is an inverted understanding of the theory proposed by Jhally and Livant.

T-commerce and advanced advertising augment the process of generating surplus value. As mentioned, "dynamic ad-insertion" uses automated systems that detect contextual elements such as program genre or a viewer's geographic location. Different

ads, or different versions of ads for the same business, are shown to the most relevant audience segments. Various firms have used this technique throughout most of the 2000s (Neff 2004a; Turow 2006). For example, in 2006, Wendy's restaurants ran commercials contingent on local temperatures: they advertised ice cream if it was hot and chili if it was cold (Lotz 2007a:177). Dynamic insertion increases surplus value because networks can manage ad inventory (i.e., commercial time) more strategically. Instead of selling an advertising unit to one sponsor, networks can sell the same spot multiple times in different markets, limiting exposure only to probable consumers. Although the total commercial minutes do not change through dynamic insertion, networks can get more use out of those minutes by avoiding wasted exposures (i.e., showing irrelevant messages to incapable consumers).<sup>15</sup>

When watching programs ("consumption watching-time"), audiences watch for themselves; when they watch ads ("labour watching-time"), they watch for capital (Jhally and Livant 1986:142). This illustrates the significance of product placement. By effectively integrating advertisements into all broadcasting time, networks can put audiences to work throughout the entirety of their watching-time. The strategy of integrating advertising and program content is foregrounded by marketing pundits (e.g., Donaton 2004; Jaffe 2005). Some venerate the impending "marriage of placement and

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<sup>15</sup> As David Verklin, former Chief Executive Officer of Canoe Ventures, has put it repeatedly, they want to show dog food ads only to dog owners (Hampp 2008; Myers 2008; Petrecca 2008; Verklin 2011b; Steinberg 2011a; Lotz 2007a:176). This illustrates the importance of viewers' consumption behaviour. As advertisers gain more information about the actual audience, they will realize that many viewers are not working for them. They may become increasingly reluctant to pay for these viewers who lack the capacity to consume their products. David Verklin left Canoe in July of 2011 (Steinberg 2011a). He is cited throughout this thesis, however, because his statements represent the formal positions taken by Canoe during his three-year tenure. His vision for advanced advertising and t-commerce was also Canoe's vision during the consortium's formative period. How Canoe will proceed is unknown, although executives say that their goals remain unchanged (Spangler 2011c).

interactivity” (Cappo 2003) whereby TV shows effectively become sales showrooms (Gates 1996; Lewis 2000; Skelly 2000; Grebb 2005).

It will be argued in Chapter Five that the linchpin of the audience commodity is the viewers’ *capacity to consume*. By equipping viewers with the means of consumption, networks produce an audience of greater exchange-value without the need to increase necessary labour-time. Jhally and Livant establish a useful theory for understanding these processes; however, their analysis now should be revised to account for the purchasing behaviours of the audience.

### **The Commodity “Audience” vs. the Actual Audience**

Like Smythe, Jhally and Livant mistake audiences-as-commodities for assemblies of real viewers. Eileen Meehan (1984; 1986; 1993; 2000) contributes to this theoretical tradition by focusing on the “audience” as it exists in institutionalized business relations—relations between broadcasters, advertisers and ratings firms. The “audience” is both the product of those relationships (as a statistical abstraction, constructed by business routines) and the basis for those relationships (as a currency of exchange, mediating business routines). Meehan examines the market for audience ratings and its “interpenetration” with the advertising and broadcasting industries. Ratings, she argues, are the principle commodities of commercial television. They are the tangible proof that the “intangible commodity—the audience—exists” (1986:450). She reminds us that the “audience” sold by networks to advertisers is manufactured in an industrial process. It must be distinguished from *actual* audiences or “publics” (1993; 1986). The “audience” is not a natural phenomenon apprehended by objective, unmotivated research; it is a

commodity produced in accordance with corporate interests. The commodity audience is a “toothpick” whittled from the actual audience, which is a “tree” (1993:384-389).<sup>16</sup>

### **Debating in the Blindspots: Illuminating or Casting Shadows?**

Although most commentators commend Smythe for provoking a vital debate, he has been criticized by supporters as well as detractors. Graham Murdock (1978) accuses him of misrepresenting Western Marxism. Murdock argues that Smythe’s theory applies only to the United States and fails to account for media that are not supported by advertising, such as the film or book industries (see also Magder 1989). Nicholas Garnham (1979) echoes Murdock’s criticism that Smythe’s theory neglects the role of the state. He adds that Smythe misunderstands class struggle and the commodity form (Garnham 1979:132; see also Caraway 2011). Garnham credits Smythe, however, for “rightly” redirecting attention away from “the mass-media as ideological apparatuses and back to their economic function within capitalism” (1979:132). Similarly, Vincent Mosco admits that it is “contentious and doubtfully productive” to argue that audiences constitute labour (2009:137), but he suggests that Smythe provides a useful metaphor for understanding the “triad” of relationships among media companies, audiences and advertisers.

Armand Mattelart (1991) and Ted Magder (1989) object to Smythe’s privileging of economics over culture. Mattelart supports Smythe’s ideas overall. He describes Smythe’s theory as “one of the first analyses of the organic link between advertising and the way the media function” (1991:195). Conversely, Magder claims that Smythe

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<sup>16</sup> Shawn Shimpach (2005) contributes to this perspective. He argues that, “The audience does not exist but is instead constructed through particular discourses and the maintenance of institutionalized relations” (2005:344). The idea that audiences exist in “institutionalized relations” will be elaborated in Chapter Three.

establishes an “impoverished theory of cultural production” (1986:286). Magder argues that the principal commodity of mass media is not the audience because “in no sense do the mass media own audiences in the same way that capital owns labour” (1986:286). “From a materialist perspective,” he continues, “what the mass media produce is their content or programs” (1986:286). Interestingly, in an essay published twenty years later, Magder accepts the sale of audience attention to advertisers as a fundamental part of commercial television (2009:145-146).

Martin Allor (1988:219-221) argues that Smythe restricts the scope of media studies by reducing social practices to the economic functioning of audiences as labour-power. The “political liability” of this reductive view, he says, is taken further by Jhally and Livant. Their argument, according to Allor, “fails to consider that *meanings for oneself* and *meanings for capital* could be constructed by viewers in both programs and advertisements” (1988:221; original emphasis). This is an important point in two respects. First, programs and advertisements have become increasingly indistinguishable (see Chapter Three). Second, Smythe understood consumers to be both economic *and* social products that are integral to the ongoing reproduction of capitalism. Allor, in this sense, underestimates the social and cultural inflections that complement Smythe’s political-economic perspective.<sup>17</sup>

Michael Lebowitz (1986) dismisses the “blindspot paradigm” as a “twilight zone” of “Marxist verbiage.” Theories of the audience commodity, he argues, mistake the apparent motion of media industries for the essence of capital (1986:170). Lebowitz suggests that, on the surface, media capitalists appear to contend for the expenditures of industrial capitalists by attempting to demonstrate that they can increase commodity sales

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<sup>17</sup> For examples of this synthesis in Smythe’s work, see *Dependency Road* (1981:xii-xvi; 1-21; 223-248).

most rapidly (1986:169). By proceeding from the “self-conception” of the media capitalist in competition, it appears as if media “*sell consumers to industrial capital,*” when in fact they contribute to the process of selling commodities to consumers (1986:169; original emphasis). What appears to Jhally and Livant as production, Lebowitz argues, is actually in the sphere of circulation (Lebowitz 1986:170).

Richard Maxwell (1991) suggests that Smythe mistakes price for value, while Jhally and Livant mistake the commodity form for a commodity (1991:39). Maxwell argues that the audience does not possess value; instead, its price stands in for value produced elsewhere (1991:40). Maxwell makes a keen observation in identifying the value-producing work in ratings firms, advertising agencies and other parts of what he calls “information and image industries” (1991:40). But he exposes only part of what produces a commodity audience. He neglects the contributions of viewers.

Maxwell asserts that viewers watching television are not exploited wage labourers. Individual viewers, he argues, do not experience commodification or have any use for the audience commodity. Viewers do not participate in its production; rather, “the actual site of audience commodity production cannot be found outside the exchange relations among ratings firms, broadcast and cable companies, and the advertising industry” (1991:29). He goes on to suggest that the “imaginative claim” that program content constitutes a wage allows these authors to theorize watching as exploited labour (1991:39). The argument that watching is work has been contested elsewhere (Bolin 2009; Hesmondhalgh 2011; Lee 2011).<sup>18</sup>

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<sup>18</sup> Maxwell is partially correct. As mentioned, the “exchange relations” among these vested interests are significant in constituting part of the audience commodity (Meehan 1984; Napoli 2003; Shimpach 2005). What is unclear, however, is why work in the so-called “information and image industries” precludes the work of audiences. Bolin (2009) makes the same mistake by arguing that statisticians, not viewers, produce the audience commodity. Hesmondhalgh (2011) follows Bolin to the same reductive conclusion.

Contrary to these arguments, there is substantial evidence supporting the position that watching television is tantamount to work—beyond the fact that Americans watch more than 35 hours of TV each week on average (Nielsen 2010f). One indication stems from the persistent efforts of many viewers to avoid advertisements (Speck and Elliot 1997; Dix and Phau 2010; Carmichael 2011). According to a report in 2005, 69 percent of Americans want to avoid being exposed to ads (Turow 2006:44). Another study suggests that 56 percent of people in the U.S. would like advertising to be eliminated entirely (Stuart 2008).

According to the argument that advertisements provide necessary marketplace information, viewers who deliberately avoid ads undermine their ability to act rationally as buyers. Advertising avoidance also would seem to serve the competitive advantage of blue-chip marketers, such as Procter & Gamble or Unilever, whose brands hold large market share and are already well-known to consumers. Yet these companies persist as the country's, and the world's, foremost advertisers (Ad Age Staff 2011; Neff 2011d).<sup>19</sup> Furthermore, some consumer electronics feature unavoidable advertisements and are sold at discounted prices (Metz 2011). In essence, users are compensated for working as captive audiences. Likewise, television networks that do not air advertisements charge subscription fees. Viewers either watch ads in exchange for programming, or they buy programming with wages earned elsewhere. As we will see in the next chapter, the “free lunch” is offered on the implied condition that viewers attend to commercial messages. Executives regard any violation of this informal contract as a type of theft. Lastly, Andrejevic writes, “whatever the debates going on in the world of orthodox materialism,

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<sup>19</sup> Procter & Gamble set a record for annual advertising expenditures in the fiscal year ended June 30, 2011—they spent more than \$9.3 billion globally (Neff 2011d).

the business world understands this as work that generates demographic commodities to be bought and sold” (2004:114).

Given Smythe’s commitment to political activism (Wasko 1993:1; Artz 2008:70; Melody 1994; Guback 1994), debates concerning Marxist orthodoxy seem to miss the point. Smythe wanted to dismantle commercial media and institute a “more humane” system that would not be based on commodification (Babe 2000:124). Much of the blame for this confusion falls on Smythe for foregrounding his alleged discovery of a blindspot. In emphasizing this purportedly materialist shift, ironically he misrepresented his own argument (Mosco 1996:148; Babe 2000:132-134). Academic fencing notwithstanding, Smythe’s provocative work should be credited for inspiring ever more precise empirical and theoretical analyses of the political economy of commercial media.

### **The Audience Commodity in a Digital Era**

Some scholars have contributed to theories of the audience commodity in the context of digital media. Christian Fuchs (2010) acknowledges Smythe’s theory as a pioneering effort to account for labour in communication industries (2010:191). Fernando Bermejo (2007; 2009) reviews theories of the audience commodity in the context of the Internet. Like Meehan, he argues that the business of audience measurement mediates the development of communication technologies. Vince Manzerolle (2011) applies Smythe’s theory to the emergent smartphone market. As these devices approach ubiquity, they are used to erode distinctions between labour-time and leisure-time, and to introduce opportunities for targeted advertising and surveillance.

For the purposes of this thesis, the works of Philip Napoli (2003; 2010; 2011a) and Mark Andrejevic (2002; 2004; 2009) represent the most germane theoretical



elaborations of the audience commodity. Napoli regards the market for audiences—and its guiding imperative to construct audiences as economic goods—as the engine of commercial media industries. The process of producing audiences shapes not only the types of content available, but also the development and deployment of communication technologies (Napoli 2003:8). He finds that the potential uses of new media technologies challenge business norms and undermine the integrity of the “audience product” (2001; 2003).<sup>20</sup> He also argues that, as they are used to upset established business models, these devices can be appropriated to exploit new revenue streams (2011a). Elsewhere, Napoli (2010) supports the argument that Smythe’s theory is increasingly relevant today. He writes, “The notion of the work of the audience, which may have been a bit more tenuous when the work being monetized was isolated to media consumption, becomes more concrete in an environment in which the creative work of the audience is an increasingly important source of economic value for media organizations” (2010:511). He goes on to conclude that “the early division between those who perceived the audience as working for advertisers (Smythe, 1977) and those who perceived the audience as working for media organizations (Jhally and Livant, 1986) seems to have been bridged in the new media environment, in which audiences seem to be working for both” (2010:512).

Mark Andrejevic analyzes the “work of being watched,” which goes “hand-in-hand” with the work of watching (2004:99). He uses reality TV as an entry point to probe inter-relations among surveillance, production and consumption in various historical contexts. Andrejevic explores the ways in which interactive media enhance production

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<sup>20</sup> The concept of the “audience product” is explicated in Chapter Three. When Napoli argues that its “integrity” is undermined in the new media environment, he means to say that audience fragmentation (i.e., the dispersal of viewers across more media content options and distribution platforms) and audience autonomy (i.e., the ability of viewers to decide what, where and when to watch) are compromising long-standing processes for predicting, measuring and exchanging media audiences.

processes by drawing ever more forms of activity into what he calls “the digital enclosure.” Therein, “activities previously conducted beyond the scope of market-based monitoring can be subjected to techniques for the scientific management of (the labour of) consumption” (2004:18). Distinctions between work and leisure, production and consumption erode (2004:35-38). Consumption and leisure are subsumed by processes of rationalization (e.g., surveillance and control) that produce information commodities. Consumption becomes productive in itself (Andrejevic 2011)—beyond being the necessary complement to production, whereby each creates the other by completing itself (Marx 1973:90-94; Andrejevic 2004:114; D. Harvey 2006:80-81; Smythe 1977:15). Andrejevic’s work demonstrates that interactive television and t-commerce enhance processes that valorize the consumption-related activities of audiences.

In addition to critical scholarship that addresses ITV through the lens of the audience commodity, some other influential studies are consistent with Smythe’s work. This provides concurrent validation of the audience commodity as a heuristic tool, since these scholars reach similar conclusions using a range of non-Marxist approaches. One example is the scholarship of Joseph Turow (1997; 2005; 2006; 2009a; 2009b). Turow’s work is often cited in literature on new media and audiences (Croteau and Hoynes 2003; Napoli 2003; 2011a; Carlson 2006; Lotz 2007a; Bermejo 2007; 2009; Spurgeon 2008; Cohen 2008; Manzerolle and Smeltzer 2011). Affinities to Smythe are evident in how Turow characterizes the “business discourse” of advertising and commercial media. “The aim,” he writes, “is to package individuals, or groups of people, in ways that make them useful targets for the advertisers of certain products through certain types of media” (1997:1). Turow describes media convergence as a process designed “to maximize the entire system’s potential for selling” (1997:2). He argues that advertising “portrays a

world of the intended audience, a problem in that world, and actions that show how the product can solve the problem” (1997:15). This is nearly verbatim Smythe’s analysis of how advertising inculcates the proper habits of “consumership” in “the worker’s consciousness” (1977:13; 1981:40). Like Napoli (2010), Turow observes that audiences work for both television networks and advertisers. He reports that television executives increasingly recognize the need “to carry out the twin job of getting people’s attention and impelling them to buy” (Turow 2009a:403; see also 2006:32, 128). This “twin job” is manifest in t-commerce. Turow’s observation supports a theory of the *viewing-consumer*, in that the business of valorizing audience attention and the business of selling products are synthesized.

### **Conclusion**

This chapter has surveyed relevant debates about the audience-as-commodity. The next two chapters assemble evidence to test these theories in more detail. First, we look at the economic structure of commercial television. Paradoxically, many analysts and executives report that developments in technology are both undermining and enhancing existing business norms. Specifically, the next chapter discusses the ongoing integration of television advertising and direct marketing. The most significant theme to recognize is the (continued) movement toward a business model based on producing consumers. Indeed, consumers are becoming the central part of the “institutionalized audience” for interactive television—that is, the audience as it is understood, constituted and exchanged in the business of commercial television.

### Chapter Three –Technology and Commercial Form: Audience Economics, Advertising and Television’s Direct Marketing Turn

In many ways, the classic purchase of demographics has always been a proxy for an audience. I think the most exciting thing about interactive television is that you’re ultimately going to buy an audience that you want, that’s responsive and appropriate for you; and I think the world’s going to change when we get to that place.

- Larry Kimmel, Chief Executive Officer, Direct Marketing Association (TVOT 2010)

In the foreword to Joseph Jaffe’s *Life After the 30-Second Spot*, Don Schultz introduces a grave premise: “Media advertising, as we have known, practiced, and worshipped it for the past 60 or so years, is in trouble. Big trouble. And it’s not going to get well. Ever” (2005:xi). According to Jaffe, “The 30-second spot—at least as it exists today—is either dead, dying, or has outlived its usefulness” (2005:2). As Jaffe recognizes, advertising and marketing *are* changing. But to understand how they are changing, and what will emerge, we must understand that they are not just servants of consumer demand. These changes are part of broader social processes, marked by economic motivations and corporate strategies in particular historical conditions.

This chapter analyzes the business relationships involved in producing the audience commodity (Meehan 1984; 1993; Napoli 2003; 2010; 2011a; Mosco and Kaye 2000; Shimpach 2005; Lotz 2007a). Rather than focusing on the work of audiences, instead we examine the work of broadcasters, ratings firms, database marketers and advertising agencies in constructing audiences as information commodities. In this sense, the audience is a statistical abstraction (Smythe 1981:49; Napoli 2003:5). It serves as a proxy for actual viewers in order to make the process of exchanging the audience commodity simpler and more efficient. The diverse qualities of individual viewers are aggregated and refined into standardized units of measurement that represent the

economic value of audiences. This dimension of the audience commodity is both a product, and structural component, of business relationships in commercial television. At particular junctures, these relationships engender particular ways of defining and appraising audiences. These relationships, and the “institutionalized” versions of the audience they produce, mediate the development and deployment of new technologies and techniques for increasing the production of surplus value.

Historically, the business literature on U.S. television has recognized the industry to be organized, primarily, around an “exposure-based” system of advertiser support. Advertisers bought the opportunity to expose audiences to product promotions, and paid broadcasters in accordance with the size and demographic features of the anticipated audience (Lotz 2007b:552). In a report about the future of television, researchers at the University of Southern California argue that new technologies are disrupting this pursuit of audiences. “The primary problem facing television broadcasters,” they write, “is the inability to guarantee advertisers large audiences with desirable demographics” (Gluck and Sales 2008:6). Many analysts and executives contend that new technologies enable viewers to access program content using various viewing devices while avoiding the work of watching advertisements. Consequently, the business model of television is shifting toward one based on the performance of ads in eliciting responses from viewers. Television is transitioning toward the evaluative criteria (or “metrics”) of direct marketing and customer relations management (Turow 2005; 2006; Spangler 2010b; Cooperstein 2010a). Corporations increasingly want to account for the costs of acquiring customers through advertising, verify return on investment (ROI), and identify causality between advertising and sales (Mondello 1996; Berman et al. 2007; B. Wood 2009; Truong, McColl, and Kitchen 2010; McAllister 2010). Generalized demographic data that

have served as indices for the economic value of audiences are being replaced by profiles of individual consumers based on actual, monitored purchasing behaviours (Elmer 2004; Andrejevic 2004; 2009; B. Harvey 2009).

Despite the apparent challenges to the U.S. television market brought on by the Internet and mobile devices, “television is still where the money is” (Krashinsky 2010). While it is “fashionable” to say that TV advertising is dying (Schmitt 2009), marketers continue to invest in television as the focal point of advertising campaigns (Ad Age Staff 2011; Kline 2011; Lee and Stewart 2011; Winslow 2010; Binet and Field 2007). A survey of advertising practitioners finds that a majority perceive television to be the “most powerful advertising medium” (Truong et al. 2010:716; see also Donaton 2004:11). According to Ted Magder, “the U.S. TV market is awash with advertising revenue, which goes a long way to explaining how the system works” (2009:146).

Television advertising expenditures and viewership, as well as the number of channels and shows, continue to increase (Liesse 2010; Friedman 2011a; Stelter 2011b). Some research suggests that most adult viewers watch, on average, more than an hour of advertising daily and that they do not divert their attention to other media during commercial breaks (Chapin 2010). Contrary to concerns expressed in much of the business literature, commercial television remains profitable (Winslow 2010; Nielsen 2010b; 2010d; Ives 2011; Magna Global 2011; Lee and Stewart 2011; Jones 2011; Adegoke 2011). There is evidence to suggest that deployments of new technologies are primarily designed to increase profits by expanding the U.S. television environment into a marketplace itself.<sup>21</sup>

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<sup>21</sup> For more detailed statistics on television finances and viewership in the U.S., see Appendix Two.

Distinctions among digital media are increasingly fluid. Advertisers and marketers are trying to connect with customers across various devices and to present a cohesive brand message that can be integrated into more facets of customers' social lives (Calder and Malthouse 2005; Berman et al. 2007; Truong, et al. 2010; Enoch and Johnson 2010; Martin and Todorov 2010). We know, however, that advertisers and networks have unique interests (Jhally and Livant 1986). While advertisers relish any opportunity to engage with customers, television networks and service providers increasingly compete with Internet and mobile businesses for audience attention and advertising revenue (Skelly 2000; Sharp, Beal, and Collins 2009; Lotz 2010; McAllister 2010). The real-time measurement and direct-response capabilities of interactive media require and allow for a different way of conceptualizing the audience than has been typical in the exposure-based advertising model. Commercial television is being reorganized around a conceptualization of audiences as *purchase-capable consumers* who are targeted and evaluated economically at an individual level. Importantly, television advertisers have always pursued this version of the audience-as-consumers; until recently, however, the conditions were not adequate to incorporate it fully into business routines.

### **Commercial TV as Rationalized Creative Industry**

Television embodies a tension between *art* and *science*. It is, on one hand, a site of creative cultural production, marked by uncertainty, idiosyncrasies, and intuition (Napoli 2003:39-40, 48-53; Davenport and Hassis 2009; Gitlin 1983). On the other hand, it is a rationalized business, typified by impersonal interactions, specialized knowledge, scientific management, and formal institutions (Andrejevic 2004; Napoli 2011a:11, 30-

31; Lotz 2007a:91; Beniger 1986).<sup>22</sup> Raymond Williams apprehends this tension in advertising, describing it as “an institutionalized system of information and persuasion” (1980:170). He calls advertising “the magic system” (1980). “Magic” refers to the symbolic significance attached to fetishized commodities. “System” describes the business structures supporting advertising and its related industries. This system includes a large “organized body of writers and artists” working as the “official art” of modern capitalist society (1980:184-85). Similarly, Meehan calls television “a complex combination of industry and artistry” (1986:448). This tension animates many aspects of commercial TV.

The historical trajectory in media industries, as in other areas of capitalist production, is toward increased rationalization. The degree of rationalization in commercial television—that is, the ability to control business processes and calculate ROI—has been mediated by many factors, such as the ability of available technologies to capture and manage data about audiences. Additionally, established business protocols sometimes require firms to ignore factors that could compromise efficiency. Audience ratings, for example, have been accepted irrespective of “common sense” doubts about their validity (Gitlin 1983:49; Jhally 1990:113) because accounting for all possible complexities and shortcomings in the measurement system would complicate the process of exchanging audiences-as-commodities (Napoli 2003; Bolin 2009).<sup>23</sup>

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<sup>22</sup>“Rationalization” is used herein in relation to Max Weber’s formulation. Napoli identifies four central components: “(a) the refinement of techniques of calculation; (b) the enhancement of specialized knowledge; (c) the extension of technically rational control over natural processes; and (d) the depersonalization of social relationships” (2011a:30). See Napoli (2011a:30-53) for more on “rationalization of audience understanding.”

<sup>23</sup> It is worth noting that Nielsen samples have tended to underrepresent minorities and geographic areas where affluent people are less likely to live (Gitlin 1983:49-52; Jhally 1990:113-114; Napoli 2003:111-114). Napoli finds empirical evidence that advertisers value white audiences more than African American and Hispanic audiences (2003:181). This bias influences the content produced for television, as more shows are positioned toward white audiences. This demonstrates that the business of television is structured to produce audiences of capable consumers. See also Meehan (2005:27-28).



Television businesses, advertisers and marketers are using interactive technologies to enhance rationalization, particularly in terms of conceptualizing audiences (Napoli 2011a:11, 30-53) and producing value by monitoring consumption-related activities (Andrejevic 2002; 2004:8, 35-38, 101). Over time, media industries have endeavoured to understand audiences using increasingly “scientific” and “data-driven” approaches, while discarding instinctive approaches (Napoli 2011a:11). This entails more precise and expansive methods for monitoring audiences and controlling information.

Audiences are produced by formal mechanisms and authoritative agencies. On this basis, Napoli (2011a) repudiates optimism about democratization of media production. One executive and consultant writes, “In a digital world of democratized creative tools and access, everyone who consumes can create and everyone who receives can broadcast” (Yakob 2011:3). Napoli concedes that ordinary citizens require relatively little financing and technical skill to produce and distribute video content; but access to the means of producing content is not the same as access to the means of producing audiences. Even if content produced by amateurs attracts *viewers*, these amateurs do not finance the ratings firms and advertising agencies that verify and valorize *audiences*.

Andrejevic suggests that within the “digital enclosure” free time increasingly becomes “time that can be monitored, recorded, repackaged, and sold” (2004:36). Consequently, the “labour of consumption” is rationalized to the same extent as factory labour (2004:36-37). New media technologies are integral to surveillance processes that

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Manzerolle and Smeltzer make similar observations with regard to database marketing. They attribute “geodemographic” segmentation to a broader space bias of the American market economy (2011:329). They outline three components of geodemographic customer management: reducing people to “types” of consumers; using profiles to predict consumer behaviours; and equating particular identities with particular geographic areas. Manzerolle and Smeltzer acknowledge that this process “stratifies and prioritizes certain segments of the population over others” (2011:330). We should add that, with t-commerce, the marketplace is managed according to time-sensitive information. Viewers receive certain advertisements, product offers and even program options according to geodemographic criteria.

augment the productivity of consumption and the commodification of leisure (2004:42). Andrejevic equates audience measurement systems with the scientific management regime associated with Fredrick Taylor (2002:233).

Contrary to arguments that interactive media depart from the rigid constraints of mass society by engendering customization and consumer empowerment (2004:28-29), t-commerce is consistent with the imperative to rationalize production and consumption. This is evident in the emphasis on instant purchases, increased surveillance, participatory marketing, and the commodification of information. Paradoxically, rationalization has impeded the development of t-commerce within the U.S. cable industry insofar as t-commerce is incompatible with existing processes of producing audiences (including norms of measurement, media buying, and economic evaluations or “metrics”). Television is a business with established management protocols. The specific nature of TV’s commercial structure has mediated the historical development of t-commerce.<sup>24</sup>

### **The Audience Product**

Many scholars have argued that the need to attract audiences determines, to a significant extent, the types of content offered on commercial television (Smythe 1977; 1981; Gitlin 1983; Jhally and Livant 1986; Ang 1991; Turow 1997; 2005; 2006; Napoli 2003; S. Harvey 2005; Magder 2009). Mosco and Kaye posit that the very concept of the audience “was hatched largely out of the marketing departments of companies with a stake in selling products through the media” (2000:32). As Napoli writes, “commercial media firms’ unavoidable imperative to approach audiences from an economic standpoint

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<sup>24</sup> Scott Donaton, former editor of *Advertising Age*, writes, “No matter what the technology is, you’re dealing with the entrenched dynamics of an industry that don’t move simply because someone builds a better mousetrap. The economics of the business models make such that change comes about slowly, begrudgingly” (2004:79).

affects the development of media industries and technology, the distribution of revenues, and the availability of different forms of media content” (2003:8).

Some scholars describe the audience as a *product*, rather than an objective index of actual viewers, to emphasize that it is constructed using research methods that are biased by economic motivations (Ang 1991; Meehan 1984; Mosco and Kaye 2000; Napoli 2003; Bermejo 2007; 2009). The audience product is comprised of three parts: the *predicted* audience, the *measured* audience, and the *actual* audience (Napoli 2001; 2003). The first two parts exist only in business relationships among media, advertising and ratings firms. The third part is essentially unknowable using traditional technologies and techniques for measuring audiences (Meehan 1993; Napoli 2001; 2003; Turow 2005). Some argue that the audience product becomes obsolete almost instantly because its value expires after a program airs and it cannot be resold (Napoli 2003:29-31). Bermejo agrees that the audience is an “intangible and elusive entity” (2007:3) yet elementary to all communication media. Media depend on an audience both ontologically, in that “there is no medium without an audience,” and economically, as “the audience is an essential commodity for the functioning of the media system” (2007:3).<sup>25</sup>

The audience as a “fleeting product” (Ang 1991:61) is at odds with other ways of understanding audiences. Branding executives, for example, understand audiences as consumers whose loyalty is to be cultivated and managed over time (Jaffe 2005:74). In the last chapter, we saw that some scholars view audiences as reproducible labour-power. The perishability of the audience product is based on a particular institutionalized conception of audiences. Audience labour and brand-loyal consumers derive from *actual*

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<sup>25</sup> Bermejo’s formulation of the ontological and economic existence of audiences illustrates the distinction and inter-relation between actual audiences and commodity audiences. This is discussed further in Chapter Five.

audiences. The business of commercial television is not structured to deal in these units, which are too varied and elusive to be monitored, interpreted and exchanged cost-effectively. Instead, actual audiences are streamlined into statistical representations that are standardized to facilitate business transactions. This “institutionalized audience,” which is one of many possible conceptions of audiences, is constructed and defined according to “economic and strategic imperatives” of participants in the audience marketplace (Napoli 2011a:2-3).<sup>26</sup>

### **The Audience Marketplace**

According to Napoli, the audience marketplace is comprised of four categories of participants: media organizations; audience measurement organizations; advertisers; and consumers (2003:15-29). *Media Organizations* are content providers that derive revenue from the sale of audiences. This includes broadcast and cable networks, cable and satellite systems, Internet service providers (ISPs) and multiple system operators (MSOs).<sup>27</sup> *Audience measurement organizations* provide (mostly quantitative) data on audiences, including size, demographic composition and, increasingly, degree of engagement. Media organizations and advertisers buy audience data, which form a “coin of exchange” or “currency” for mediating the sale of audiences (Napoli 2003:18; 2011b).

*Advertisers* are the buyers of the audience product. They include corporations, as well as the various advertising and media agencies who act on their behalf (2003:21). At this point we should distinguish between advertising and marketing. In Napoli’s analysis, these enterprises are treated as indistinct. This may be sufficient for describing the

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<sup>26</sup> See Appendix Three for an elaboration of the audience product and its components.

<sup>27</sup> MSOs are a class of TV and internet service providers that includes Comcast, Time Warner and others. MSOs are the leading proponents of t-commerce, in part because their ability to support internet functionality on TV using two-way digital cable lines gives them a competitive advantage over satellite providers, for example, who are limited to downloading content on set-top boxes (Turow 2006:107; Richtel 2003).

process of exchanging the audience product, but it will need to be clarified for our ongoing discussion of t-commerce. The main function of advertisers, as they are described herein, is to promote goods and services to audiences of commercial media. Marketers, by contrast, are involved in the more comprehensive process of managing commodities from production through sale. Marketers, in this regard, represent the interests of corporations more specifically than do advertisers. Marketers perform a broad range of tasks, including packaging, product design and customer relations management. They use increasingly “data-driven” approaches to customer management and it is these marketers who are most concerned with verifying returns on advertising investments. While advertisers do represent corporations, they have unique interests that sometimes conflict with those of marketers, as we shall see.

For the forgoing analysis, however, we will simplify these distinctions. The term advertisers will describe firms and executives that represent marketers and corporations *in the business of commercial television*. In this sense, then, advertisers do want to reach the most appropriate audiences, they do want to sell products, and they do want to account for return on investment. In the business of commercial television, advertisers are the embodiment of marketers and corporations. Increasingly, as is discussed throughout, advertising (as the promotion of products) and marketing (as the broader process of managing products and brands in the marketplace) are becoming integrated. This means that more elements of marketing, such as direct sales and customer management, are becoming part of television advertising. Likewise, as interactive television captures

feedback from viewers, TV advertising contributes to processes normally associated with marketing—such as consumer profiling.<sup>28</sup>

*Consumers* are the potential buyers of the goods and services offered by advertisers. Napoli admits that this definition neglects an appreciable portion of an individual's interaction with media (see also Ang 1991; Meehan 1993; Mosco and Kaye 2000; Allor 1988; Shimpach 2005). According to some scholars, television and advertising executives accept this definition as sufficient for understanding how audiences function in the economics of media industries. Individual viewers, they argue, do not exist in the business relationships (or "institutional relationships") of media industries (Ettema and Whitney 1994; Napoli 2003:22). This narrow definition, however, obscures the work of audiences and fails to account for the purchasing behaviours that determine variations in their economic value.

### **Audience Valuation**

Exposure-based metrics have formed the dominant "ratings currency" throughout the history of TV in the United States. Typically in this model, advertisements are appraised based on "CPMs" ("cost-per-mile" or "cost-per-thousand")—that is, the cost of exposing one thousand viewers to an ad (Lotz 2007a:159). Advertisers want exposure with "the most likely consumers of their product" (Napoli 2003:96). They want "bona

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<sup>28</sup> Many of the trends toward direct marketing can be attributed to changes in the corporate structure of advertising agencies. They have been increasingly consolidated into "huge marketing holding companies" (Turow and McAllister 2002:507). Among other benefits of large-scale business operations, advertisers have access to more comprehensive market information from a more expansive and diverse group of clients (Lotz 2007a:164; 2007b:559-560). Information resources, such as geodemographic data, are basic elements of direct marketing. Compared to smaller advertising agencies, these consolidated advertising/marketing firms have a greater capacity to manage information resources and to administer targeted advertising. Furthermore, operating as both advertisers and marketers, these firms have interests that are closely aligned with the corporation they represent. Advertising, as the promotion of products, and marketing, as the management of products from production to sale, are converging.

fide consumers...with the disposable income, access, and commitment necessary to purchase brand name items both habitually and impulsively” (Meehan 1993: 388). Since most measurement systems are incapable of linking media consumption with product-purchasing, audience segments are differentiated by demographic characteristics that are “presumed to correlate with [these] behavioural patterns” (Napoli 2003:104).

Demographics stand in “for the data that advertisers truly require—data on product-purchasing habits and product-purchasing intentions” (Napoli 2003:106-07). Napoli calls this consumer information “the true source of variation” in the exchange-value attributed to particular audiences (2003:104).

As mentioned previously, these considerations are brought to bear on programming decisions. Turow (1997), for example, attributes the proliferation of speciality channels to the desire among advertisers to target increasingly delineated market segments. Similarly, Jhally (1990:90) recognizes that by narrowcasting to target markets, networks can increase the productivity of their audiences. Studies suggest, however, that demographic information can be ineffective at predicting consumer patterns (Schroeder 1998; McClellan 2008). With regard to efficient media planning, even precisely delineated demographic information is an inadequate substitute for actual product-purchasing data (Assael and Poltrack 1991a; 1991b; 1994; Napoli 2003:107).

### **Single-Source Data**

Described as the “Holy Grail” of audience information (Mandese 2004; Gertner 2005; B. Harvey 2009), “single-source data” combines records of media consumption and product-purchasing (Assael and Poltrack 1991a; 1991b). It communicates the core information that interests media organizations and advertisers—i.e., a person’s

characteristics as *viewer* and *consumer*. In theory, single-source data is a “closed-loop” system that demonstrates causality from ad-exposure to product-purchase (Verklin in Gertner 2005). Historically, this “closed-loop” has been incomplete, since TV viewing and product-purchasing were dislocated in time and space. As new technologies are used to generate digital records of television consumption and purchasing behaviours, this closed-loop is becoming incorporated into contemporary business models. Finding evidence of causality between advertising and consumption is a top priority for Canoe Ventures, the consortium of U.S. cable operators aiming to develop interactive television at a national level (Canoe Ventures 2010). The pursuit of single-source data supports Smythe’s recognition that the value of the audience commodity hinges on the ensuing consumption behaviour of viewers.

Even today, single-source data remains difficult and expensive to gather; but the potential for verifying ROI has driven high profile research efforts. Most notably, Procter & Gamble—the biggest mass marketer and media buyer in the United States<sup>29</sup>—forged a joint venture with Nielsen and Arbitron (the authoritative ratings firm for radio audiences) called Project Apollo (Mandese 2004). The involvement of P&G is indicative of “the increasing desire for return on investment data among advertisers and their recognition that the media environment had changed substantially enough that advertisers needed to know more about actual consumption practices” (Lotz 2007a:202). The project was supported also by Johnson & Johnson, S.C. Johnson, Kraft, PepsiCo., Unilever and Wal-Mart Stores Inc. (Wood 2009:186).

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<sup>29</sup> Its brands include, CoverGirl, Crest/Oral B, Duracell, Gillette, Head & Shoulders, Olay, Pampers, Tide, Mister Clean and many more. P&G has produced numerous television shows throughout its history. It is credited with pioneering the “soap opera” genre as a way to “market its cleaning products to housewives” (Napoli 2003:24). It is worth noting that soap operas have been testing grounds for t-commerce (MIT News 1998). They also have a long history of product placement, including some blunt attempts at brand integration that have been maligned in popular culture (e.g., McGlynn 2010).



Project Apollo was scheduled to generate single-source data concerning 70,000 consumers by combining information gleaned from portable people meters and Nielsen's Homescan service (McClellan 2008).<sup>30</sup> Sponsors of the project aspired to move beyond quantifying the exposure of an advertisement and, instead, measure how many of those people actually bought the product. Although the sample was smaller than expected, the project yielded information about how advertisements influence product loyalty, as well as "evidence of significant inefficiencies and inaccuracies" in the use of demographic information (Napoli 2011a:110). The cost of compiling and managing this data made the service prohibitively expensive to clients. Despite the promise of moving audience measurement toward behavioural response, Project Apollo was terminated in 2008 (McClellan 2008; Napoli 2011a:110).

Many firms continue to pursue single-source data. TRA Inc. matches records of advertising viewing with records of purchasing behaviours (B. Harvey 2009; Napoli 2011a:110).<sup>31</sup> Nielsen has re-entered this field, partnering with consumer database firm Catalina Marketing (Friedman 2009; Reuters 2011b). Catalina is now also working with Canoe Ventures (Spangler 2010d). The intended outcome of this latter partnership, in which consumers are monitored "from the living room to the checkout aisle," is proof of causality between engaging with an interactive ad and buying a product (TVOT 2010). According to many professionals in the television industry, single-source data inevitably

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<sup>30</sup> Portable people meters are devices that measure media consumption outside the home (Lotz 2007a; Napoli 2011a; 2011b). Nielsen Homescan, now called the National Consumer Panel, is a market research program in which participants scan the barcodes on products they purchase using a special device. They supplement that information by disclosing other details, such as where they bought the products. That Nielsen has a strong presence in both television markets and shopping information management raises questions about potential biases in TV's measurement system.

<sup>31</sup> TRA stands for "The Right Audience." It is an audience and consumer measurement firm. That "the right audience" is confirmed by consumption behaviour is consistent with the dynamic of producing audiences of capable consumers.

will become the principal advertising currency (Gertner 2005; Truong et al. 2010). The establishment of an evaluation system that appraises audiences as both viewers and consumers becomes increasingly likely as advertisers reject exposure-based metrics that require them to pay for audiences who may never pay attention to their ads or purchase their products—audiences who, in effect, do not work for them.

### **DVR and the Value Proposition of Ad-Supported Television**

Conventional wisdom in the television industry holds that the audience marketplace underwent a significant change in the early 2000s with the popular adoption of sophisticated and easy-to-use digital video recording systems (DVR). Despite lessons from the emergence of VCRs, which did not destroy commercial TV as some expected (Lotz 2007a:154), the initial reaction to DVRs was severe (Carlson 2006; Napoli 2003). Fast-forwarding and time-shifting undermined “fundamental dynamics of the exposure model upon which advertising-supported media have been built” (Napoli 2011a:16). DVR use threatened to “render obsolete the mass advertising paradigm” on which many businesses still depended (Andrejevic 2004:42).

Early analyses supported these predictions (Napoli 2003:149-51). Forrester Research projected that 50 million households would have DVRs by 2007 (Harmon 2002) and that \$18 billion from advertisers would be lost (Dickson 2000). Forrester also predicted that on-demand TV would cut ad-viewing by 19 percent, costing \$7 billion in ad revenues (Bernoff 2002). Indications were that almost 90 percent of DVR owners used the devices to avoid commercials (Lewis 2000). One report estimated that DVR users skip 92 percent of commercials, and that the devices reduce attention paid to ads by an additional 40 percent (Bernoff 2004). Another report suggests that 21 percent of the entire

U.S. population “usually or systematically fast-forward past TV commercials” (Card and Le Quoc 2009).<sup>32</sup>

DVR use violated what is referred to as television’s “value proposition”—an implied commitment by viewers to watch commercials in exchange for “free” programming (Lotz 2007a:248-49; Turow 2005:112; 2009a:403).<sup>33</sup> The erosion of this informal contract—concomitant with an ethos, cultivated with the rise of Internet downloading, that cultural products should be free and available anytime, without advertisements (Stewart and Pavlou 2002:378)—caused the CEO of Turner Broadcasting to declare that DVR users who skip commercials are stealing from networks (Kramer 2002; Tinic 2006:312; Napoli 2011a:125).

The “value proposition” is important for explaining why watching is work. Jhally and Livant note that the industry remains unaffected when viewers skip programs instead of ads, “[b]ut when the new technologies...threaten the viewing patterns of commercial time, then the very foundations of the broadcasting industry begin to shake in anticipation of the consequences” (1986:139).

On one hand, with the ascent of DVRs, media organizations conceded some control over the production of audiences insofar as this process has relied on scheduling norms and live viewing (Carlson 2006; Lotz 2009b; Napoli 2003; 2011a; Tinic 2006;

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<sup>32</sup> Recent data shows a mixed picture of DVR’s impact. According to Nielsen’s report on audiences and devices, 43.1 million U.S. homes have DVR (38 percent penetration). In those homes, 21 percent of all viewing is on playback. Significantly, 45 percent of recorded ads are viewed (Nielsen 2011). A report in 2010 hints that Americans may “watch more DVR’d commercial than you think” (Nielsen 2010b). The report acknowledges that DVR is “potentially undermining TV’s long-time ad-supported business model,” but also finds increases in ratings due to the devices. In some age categories, ratings improved by 44 percent after three days (Nielsen 2010c). Findings by the U.S.-based Council for Research Excellence (CRE) indicate that 85 percent of adults watch, on average, 64 minutes of advertisements every day (Chapin 2010). The CRE is funded by Nielsen. We should bear in mind that Nielsen has a vested interest in reporting that viewers watch commercials (Singel 2009).

<sup>33</sup> Television was never free (Artz 2008). Many critics have noted that consumers pay for advertising (without representation) in inflated commodity prices (see e.g., Smythe 1977; Gerbner 1993; McQuail 1997; Lotz 2007a; Leiss et al. 1990) and they subsidize communication industries by buying hardware (Smythe 1981).

Turow 2009a; Jaffe 2005). On the other hand, advertisers became optimistic about “the potential of using the technology for data collection and target marketing” (Carlson 2006:97-98). DVRs automatically record the viewing histories of viewers and establish statistical patterns (Andrejevic 2002; Elmer 2004; Turow 2006; Spurgeon 2008). This generates comprehensive consumer profiles that are used to administer personalized marketing communications (Spangler et al. 2003; Spangler et al. 2006). TiVo, a leading DVR brand, sold information about viewing behaviours to advertisers (Harmon 2003). While the firm insists that it did not match this data to individual subscribers, the ability to do so is “inherent” in DVR systems (Napoli 2003:168).<sup>34</sup>

The DVR has been less harmful to the television business than expected (Bronnenberg, Dub, and Mela 2010). David Verklin says, “Television is in pretty darn good shape, and rumours of DVRs destroying the power of television advertising now seem a bit overstated” (2011a). However, as mentioned above, the audience marketplace is mediated by “institutionalized” business processes that may hinge on perception as much as reality. Ways of understanding and measuring audiences endure only as long as buyers and sellers remain confident in their integrity (Ang 1991; Gitlin 1983; Webster, Phalen, and Lichty 2000; Napoli 2003; 2011a). Lotz concludes, “it was less the DVR box itself, but the fear of the DVR box and the empowered consumers who owned them that finally shifted Madison Avenue out of fifty years of complacency” (2007a:153). Television networks and advertisers responded to the perceived threat of DVR use by experimenting with new ways of promoting brands and products within program content (Lotz 2007a:165; Boddy 2004:120-124).

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<sup>34</sup> Many of these set-top box functions occupy a grey-area in existing policy (Napoli 2011a:191; Spangler et al. 2006). Like direct broadcast satellite and telecom services, TiVo escapes clear legislative boundaries (Napoli 2011a:191).

### Mitigating Avoidance of Advertisements: Blurring Art and Commerce

“Crises resulting from fragmenting audiences, rising production costs, and commercial skipping behaviours” led advertisers to pursue alternatives to 30-second ads (Lotz 2007a:160-161). Product placement, product integration and branded content are techniques for increasing audience exposure to advertisers’ products (2007a:166-173). In some cases, program producers use branded products as props to achieve realism, since brands are naturalized fixtures in modern societies (Murdock 2000). In other cases, shows are produced to be venues for showcasing a particular commodity. Inger Stole argues that, as early as the 1950s, daytime variety shows were “designed primarily as sales vehicles” to influence the consumption habits of middle-class women (2003:65-66). Jhally and Livant acknowledge this blurring of art and commerce: “part of the program is really an ad, and part of the ad is really a program” (1986:140). In this sense, viewers are working for capital as they watch programs, not just advertisements (Allor 1988). Corporations pay to have their products included in shows. This can be regarded as a subsidy for producing the content, meaning that the necessary cost of assembling an audience is lowered and thus surplus value is increased.<sup>35</sup>

Studies suggest that integration in programming can improve a corporation’s “brand image” (van Reijmersdal, Neijens, and Smit 2007; Russell 2002). Increasingly, advertisers are directly involved in producing programs (Spurgeon 2008:27). Major media agencies, including Omnicom, Interpublic, Publicis, WPP, and Aegis, have

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<sup>35</sup> As one media entrepreneur comments, “Productions aren’t doing this out of the goodness of their heart. They don’t have a Coca-Cola can on a counter in a background scene in order to make their film better. They’re doing it as a way to fund projects and generate revenue to offset some of their costs” (Cauley 2011). Independent films are thought to be potential venues for product placement because small film projects are struggling to find investors. Reality television also has a growing market for brand integration. A study by Nielsen finds that more than half of all product placements in 2011 were in reality shows (Cauley 2011).

devoted “product-placement divisions” (Consoli 2005). These agencies not only integrate brands into existing content, they leverage their power to finance and develop shows.<sup>36</sup>

Creative workers have expressed concerns about pressures to construct storylines around brands and products (TVOT 2010). Networks and advertisers insist that such considerations will become normalized in the early stages of program development (Turow 2006:108; TVOT 2010). They encourage producers to consider interactivity and to make content hospitable to purchasing opportunities—both in cultivating a buying disposition and in tailoring the tempo of narratives to allow shopping. In sum, they want to create “the right selling context around the content” (Frydl 2010).

Increasingly, product placements and integrations can be coupled with home shopping (Grebb 2005; Jaffe 2005; Cauley 2011). So far, most t-commerce applications have marketed assets related to but outside of the program, such as DVDs and CD soundtracks. The technological ability exists, however, to isolate specific articles appearing on screen and embed them with a unique signal that enables interactivity (MIT News 1998; Zazum 2011). Bill Gates (1996) anticipated this development more than fifteen years ago. He envisioned movies and television programs not only as venues for product placement, but also as interactive catalogues (Andrejevic 2004:43).<sup>37</sup>

According to some analysts, these advertising techniques may come to dominate the business models of commercial TV (Lewis 2000; Donaton 2004). Some predict that that as much as 75 percent of prime time scripted programming in the U.S. will include

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<sup>36</sup> Consoli (2005) reports on the establishment of a product placement division by Aegis Group’s Carat Americas. Executives from Carat describe plans to work directly with creative departments, talent agencies, programmers and distributors. One executive asserts that Carat is “not going to be a production company,” but it does plan to pitch programming ideas and to use income from clients to fund programming. At that time, David Verklin was the Chief Executive Officer at Carat.

<sup>37</sup> “If you’re watching a video of *Top Gun* and think that Tom Cruise’s aviator sunglasses look really cool, you’ll be able to pause the movie and learn more about the glasses or even buy them on the spot—if the film has been tagged with commercial information” (Gates 1996:188; quoted in Andrejevic 2004:43).

branded placement in the near future (Consoli 2004). Scott Donaton (2004) insists that “entertainment and advertising industries must converge to survive.” He believes that “empowered” consumers will use new technologies, such as DVR or the Internet, to avoid commercial messages that are not compelling or artfully integrated into the content they want to watch. Like many other executives and analysts, he encourages advertisers to make commercials so interesting that viewers will search for them independently of program content (cf. Turow 2006:40; Spurgeon 2008:27; Napoli 2003:153). Lotz, however, contends that the economics of television will need to shift more radically for branded entertainment to become more common (Lotz 2007a:172).

Some executives say that t-commerce will restructure the economics of television (TVOT 2010). Video-on-demand (VOD) and ITV already enable brands such as GM and Mattel to have their own television networks (Turow 2006:110; Spangler 2010a). Branded content may become ever more attractive from a business standpoint as it is offered on platforms that support home shopping (Grant 2005; Jaffe 2005; Frydl 2010).<sup>38</sup>

### **The Direct Marketing Turn**

Joseph Turow observes that advertisers and marketers are resorting to alternative methods “to ensure that consumers attend to their electronic solicitations” (2005:112). Beyond product placement, they are developing a model that “melds a non-traditional area of advertising—direct marketing—with a selling approach—customer relationship management” (2005:112). Turow points out that these techniques do not always call for direct sales; rather, they entail elements such as consumer screening, data mining, targeted tracking, and interactivity (2006:100). “Influential executives,” he writes, are

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<sup>38</sup> PQ Media reports that spending on all types of paid brand placement was \$2.9 billion in 2007, growing annually at a rate of 40.8 percent since 2002 (van Reijmersdal, Neijens and Smit 2009:429).

“bringing the mindset of direct marketing to TV as much as they have accepted it online” (2006:100). As an executive from Saatchi & Saatchi puts it, “the whole world’s moving to direct marketing” (Lunau 2011).

Television advertisers are gravitating toward “hard edge metrics,” asking, “How much did it cost to acquire this consumer, from lead through final sales conversion, and what return did that yield on investment?” (Quinton 2011:55). “Branding promotions today,” writes journalist Brian Quinton, “look much more like direct-marketing campaigns in their drive to measure, to segment the online audience and to target the highest converting consumers with the most relevant ad, content and campaigns” (2011:55). The President and Chief Executive Officer of the Association of National Advertisers insists that television advertising must be “held to the same scrutiny as marketing” (Bachman 2010). Some executives hope that advanced advertising will eliminate wasted advertising expenditures (Verklin 2011a). Others expect that within the next fifteen years all ads will exhort a direct-response from viewers (Haire 2011).

### **Changing Currencies: From Exposure to Performance**

According to an executive from online publisher Media Storm, while demographics are an appropriate starting point, advertisers will not spend money in the ITV economy unless you can *prove* that the ad changed behaviour toward making a purchase (TVOT 2010). According to many analysts, interactive television is both compelling businesses to shift away from measuring how many people view an advertisement, and also allowing them to shift toward measuring how audiences respond (Stewart and Pavlou 2002; Stewart 2008; Sharp and Wind 2009; TVOT 2010). By many accounts, “performance-based metrics” will become the dominant evaluative criteria for



commercial television (Skelly 2000; Gertner 2005; Tauder 2005; Berman et al. 2007; Truong et al. 2010; Zigmond and Stipp 2010; Quinton 2011). As one executive remarks, “Any metric we have is always, in some way, a proxy for a real gain: ‘Did we sell more Coca-Cola today?’” (BlackArrow 2011).

The exposure-based system of advertising retains inertia because it is central to entrenched business processes, conventional ways of thinking, and certain financial interests. Many executives, however, recognize the profit potentially gained by defining and valuing engagement with audiences in new ways. Interactive technologies support “the systematic gathering, aggregation, and analysis” of information about “previously concealed dimensions of audience behaviour” (Napoli 2011a:9). These technologies are being adopted by businesses as part of a transition from “audience measurement” to what Napoli calls “audience information systems.” By employing a variety of data gathering mechanisms, media organizations and advertisers “have the ability to measure not only what media options are consumed by audiences, but also, to some extent, the effects that such exposure has upon them” (2011a:108-109).<sup>39</sup>

Audience information systems increasingly rely on *passive* forms of measurement—meaning that information is harvested from viewers, rather than volunteered. A key component of interactive television is that more activities leave a measurable “digital footprint” (Napoli 2011a). Andrejevic calls DVR “an automated

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<sup>39</sup> To capture what is, perhaps, the most personal data of all, firms are using neuroscience research to learn how people respond to television advertising. Nielsen has acquired NeuroFocus, a business that measures advertising effectiveness using brainwave research (Mandese 2011). Elsewhere, Thinkbox, a market research and online publishing organization working “to help advertisers get the best out of today’s TV,” has done neuroscience studies to learn how TV advertising affects the brain. See <http://www.thinkbox.tv/server/show/nav.1367>. New measurements produce intimate pictures of audiences, but until most firms accept them as authoritative standards, they disrupt business routines. The complex dimensions of these data also hamper efficiencies. The audience marketplace has been structured to deal with relatively simple demographic units, such as age and income. An emotional or subconscious response to television stimulus is more difficult to incorporate into an institutionalized conception of audiences, which we know is designed to lubricate standardized business transactions by representing the nuanced characteristics of actual audiences in a streamlined measurement unit.

consumption confessional” (2002:240). Cable and satellite set-top boxes (STBs) automatically capture information about viewing. STB functions surpass simply “counting eyeballs” and enable fuller understanding of how viewers interact with content (Napoli 2011a:101). These surveillance capabilities are changing the business of television. According to John Mandel, chairman of MediaCom U.S., “The research has finally gotten to the point where we can do deals that are based on advertising actually working” (Lotz 2007a:197).

### **Art, Science, Magic and Power**

Executives expect ITV to assist in “proving advertising’s effect on sales” (Morrissey 2005). This precision, however, will not serve all parties equally. Corporations have interests that are similar to but divergent from those of the advertising agencies working at their behest. Both parties want to sell products; but, while corporations want to verify that ads increased sales, many advertising agencies also have an interest in preserving a degree of indeterminacy about advertising effects. Agencies generally derive power from this mystery, which enables them to claim special talents of cultural influence and awareness. Advertisers serve a distinguished function in consumer society as mediators of the discourse about objects (Leiss et al. 1990). Residing at the hub of the “quintessential communications form of the modern era” (1990:96), agencies occupy a privileged political-cultural position in the modern economy (1990:160-162).<sup>40</sup>

The tension between art and science is reflected in conflicting conceptions of advertising and marketing. On one hand, there is a scientific approach premised on enhancing accountability. This logic values immediate sales, reliable analytics and

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<sup>40</sup> For example, the “advertising men” in early-mid twentieth century America have been called “apostles of modernity” (Marchand 1986). They sold not just products, but a way of life (Ewen 1976; Slater 1997).

verifiable ROI. Marketers embracing this paradigm assign financial value to individual consumers (Peppers and Rogers 1993; Zyman 2003; Binet and Field 2007; B. Harvey 2009). For Sergio Zyman, former Chief Marketing Officer at Coca-Cola, “Advertising is not an art form. It’s about selling more stuff more often to more people for more money. Success is the result of a scientific, disciplined process, and absolutely *every single* expenditure must generate a return” (2003:1; original emphasis). On the other hand, an artistic ethos emphasizes creative and experiential dimensions of advertising and marketing (Calder and Malthouse 2005; Story 2007; Spurgeon 2008; Schmitt 2009; Feldwick 2009; Micu and Plummer 2010). Proponents of this approach may be less concerned with verifying sales than with engaging consumers in conversations across media platforms (Lopez 2009; Gambetti and Graffigna 2010; Martin and Todorov 2010). Faris Yakob—a technologist and marketing executive—expresses frustration that Rosser Reeves’ model of “advertising as message transmission” persists despite evidence that decision making is primarily emotional, and that information-based ads are ineffective (2011). Elsewhere, Yakob states the “truth” about advertising: “it’s not really what you say that matters at all, but how you make people feel” (2009).<sup>41</sup>

As mentioned, television advertising is increasingly characterized by “data-driven” approaches to execution and business management—that is, advertisers are organizing business processes around return on investment. An example involving the Internet illustrates a caveat of this rationalization. Stewart and Pavlou suggest that, by “being able to track consumer behaviour,” the Internet provides “a better picture of how

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<sup>41</sup> Rosser Reeves was an American advertising executive. He is best-known for inventing the “unique selling proposition” in advertising. The “unique selling proposition” communicates characteristics of a product that set apart brands from their competitors. M&Ms candies, for example, are said to “melt in your mouth, not in your hand.” The “unique selling proposition” approach tends to communicate basic information about products in a straightforward manner. It is designed to sell products, not to entertain.

consumers behave in response to advertising” (2002:383). Napoli notes, however, that “direct linking of media consumption data with behavioural response data” actually hindered the Web’s growth as an advertising medium because low click-through rates were interpreted as “evidence of the medium’s ineffectiveness” (2011a:110). It is possible that a similar situation could arise in relation to interactive television.

The U.S. TV advertising industry depends on the assumption that advertisements enhance sales. Limitations of single-source data have made evidence of this causality indeterminate. T-commerce and audience information systems may illuminate the mystery of advertising. A famous dictum says that half of advertising expenditures are wasted, but nobody knows which half.<sup>42</sup> What if t-commerce shows that both halves go to waste? While many observers celebrate the new bounty of information, most ignore the possibility that the transparency wrought by interactive t-commerce could unravel the advertising industry—both as an enterprise and as a cultural force. Performance-based metrics that directly link media consumption with commodity consumption might tug exposed threads from the Emperor’s fragile robes. This is not a prediction of advertising’s demise. T-commerce could, of course, prove that advertising has a significant and measurable impact on product-purchasing behaviour (Reichel and Wood 1994; Wood 2009; Rubinson 2009). According to one executive, it will become apparent which half of advertising works, and firms will charge double for it (Andrejevic 2009:32).

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<sup>42</sup> This saying is attributed to John Wanamaker, who was a pioneering merchant in the United States in the late nineteenth century and early twentieth century. He is best known for his success as a department store owner and for his controversial tenure as U.S. Postmaster General (Leach 1993).

## Conclusion

This chapter has illustrated how developments in technology paradoxically confound and enhance long-standing economic institutions in the television industry. Control technologies enable viewers to avoid the work of watching advertisements, while the behaviours of audiences become more unpredictable and difficult to measure using incumbent techniques and technologies. The result, allegedly, is an erosion of traditional models of advertiser-supported television. As changes in available technologies seem to threaten television's commercial viability, however, they also present new revenue opportunities (Napoli 2011a). Executives believe that interactivity and addressability will revitalize the 30-second advertisement (Steinberg 2008; Verklin 2011a; Kline 2011; Winslow 2010; Morrissey 2005; Forkan 2000a; see Lotz 2007a:176-179) as they hope that interactivity will be an "antidote to ad-skipping" (Turow 2006:116). Advertisers are adopting direct-response and database-marketing strategies that allow them to monitor viewers constantly, target them precisely, and elicit instant feedback. The pursuit of verifiable ROI is driving commercial television toward business models that measure not only exposure of and engagement with messages, but also how these messages directly influence sales.

Given the polarized depictions of economic conditions in U.S. television (see Appendix Two), it is difficult to determine the extent of the alleged crisis afflicting TV. According to mainstream accounts, the Internet and mobile media increase the competition for advertising expenditures, while fragmented audiences of platform-agnostic consumers exercise their autonomy to self-determine their viewing experiences. There is some truth in this. Competition, however, is not the underlying dynamic in these processes of change. Vested interests more likely are clamouring about a crisis because

commercial television, as a capitalist industry, is not operating at its full *productive capacity*—that is, it is not maximizing the potential to generate surplus value.

This chapter has shown that the “institutionalized” audience is a structural component of the relationships among various business interests associated with television. It is negotiated according to corporate needs and also a dialectical relationship between ways of conceptualizing audiences and the formal processes for verifying or producing audiences. Prior to the widespread deployment of digital technologies and interactive media, evaluating audiences directly as consumers was impractical. As television, advertising and marketing industries have invested in new technologies, however, this understanding of the audience now can be verified and produced—for example, in the forms of single-source data, performance-based metrics and other direct marketing criteria. To achieve the potential of its productive capacity, the business of commercial television is restructuring its institutional relations to accommodate this version of the audience, and to potentially extract unprecedented surplus value. The “institutionalized audience” of commercial television—the way the audience is defined in business relations—thus is being changed from aggregate *viewers* to individual *consumers*.

The next chapter will explore how the commercial television industry is exploring (and exploiting) new ways to monetize the attention, engagement and interactive behaviours of audiences and consumers by developing and deploying t-commerce applications on a national scale.

## Chapter Four—An Impulse to Exploit: The Rise of the Interactive Television Storefront

Traditional television imposes barriers to instant gratification... Ensequence iTV taps impulse buying behaviour by enabling purchases from dedicated shopping channels, TV shows and 30-second spots... T-commerce experiences capture viewers at their point of passion, enabling them to instantly make a purchase with their remote controls. T-commerce allows you to present offers when consumers are most likely to make purchases and without requiring them to interrupt, or even end, their viewing.

- Ensequence<sup>43</sup>

This chapter presents an overview of contemporary developments in interactive television and t-commerce in the United States. In so doing, it conveys the views of marketing and corporate executives, including their business strategies and their expectations of how new technologies can be harnessed commercially. By demonstrating how practitioners are conceptualizing t-commerce, herein we show that the business is being (consciously) modeled to prey on vulnerable consumers. Executives and market researchers celebrate the lucrative potential of impulse purchases triggered by the “affective power” of television—that is, its ability to stimulate immediate emotional responses and establish relationships between viewers and various television personalities, including celebrities and program hosts. Empirical research from consumer psychology and behavioural economics indicates that buying behaviour is not wholly rational and that consumers are susceptible to exploitation by certain techniques of television advertising and marketing. In some cases, this research is used to justify and better execute predatory t-commerce strategies.

Before proceeding, two clarifications are necessary. First, it is important to understand that interactive television (ITV), t-commerce and “advanced advertising” are

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<sup>43</sup> <http://www.ensemble.com/t-commerce>

interrelated but distinguishable. T-commerce, most specifically, describes technologies and applications that “facilitate the purchase of goods and services in the home using a remote control...instead of a telephone, PC, or PDA” (Yu et al. 2005:966). As mentioned, t-commerce could allow viewers to buy almost anything appearing on-screen. All t-commerce, as it is described herein, is interactive television. Not all interactive television, however, is t-commerce. Interactive television entails various applications that include video games and basic Internet functionality. ITV is a necessary precondition for the types of t-commerce discussed in this chapter. ITV is, effectively, the infrastructure that supports t-commerce and some advanced advertising functions, such as “request for information” (RFI).<sup>44</sup> According to analysts and some historical evidence, t-commerce is vital to the success of ITV as a commercial media platform. Most ITV ventures have featured some form of home shopping as a primary component of their business models. Therefore, as we discuss the history of ITV and t-commerce, it is important to recognize their differences as well as their interdependence. The history of t-commerce is necessarily a history of ITV. Operating together, t-commerce and advanced advertising comprise the interactive television storefront.

Secondly, this chapter focuses on ITV and t-commerce primarily in relation to *cable television*, as opposed to the U.S. satellite and telecommunications (telecom) sectors. Some examples from satellite television are presented to contextualize current t-commerce markets in the United States. Most of the discussion, however, addresses the interests and enterprises of cable firms. One reason for this focus is that it would not be

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<sup>44</sup> RFIs let viewers receive additional product information, usually delivered by e-mail or telephone. Other methods of “advanced advertising” include addressable advertising and dynamic ad-insertion. As mentioned, these allow advertisers to target specific audience segments according to variables such as geography, demographic characteristics and program content. Advanced advertising is typical of the trajectory toward direct marketing.



feasible, in the space provided, to capture a complete portrait of the complex ITV ecosystem. The scope is narrowed, therefore, for expediency. More substantively, this study concentrates on cable TV because, by most accounts, this sector is leading the development and deployment of t-commerce in the United States.<sup>45</sup>

### **Early Impediments to ITV and T-Commerce**

The technological capability to support some forms of interactive t-commerce has existed since the late-1970s (Strauss 1983; Meehan 1988; Carey 1997; Lotz 2009a; Kim 2001; 2009). Despite hype among executives, and some substantial investments by cable operators, t-commerce has not become fully integrated into the U.S. television business.<sup>46</sup> Many of the challenges halting its development endured into the 2000s (Forkan 2000a; Neff 2004b; Grant 2005; Tauder 2005) and some remain unresolved (Spangler 2011b; Steinberg 2011a). The turbulent history of interactive television in the U.S. has been documented in detail (Carey 1997; Turow 1997:179-83; 2006:105-23; Meehan 1988; Skelly 2000:11-12; Kim 2001; Boddy 2004; Kruse 2009; Lotz 2009a). The chief problems that have beset ITV and t-commerce are outlined immediately below.

With few regulatory mandates, cable television firms in the United States became concentrated (and isolated) in separate enclaves of the market, competing to differentiate themselves with unique products and services instead of working together using uniform technical standards. Proprietary approaches to research and information protection furthermore yielded uneven development of the country's cable architecture. This chaotic

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<sup>45</sup> For corporate profiles of some of the firms discussed in this chapter, as well as a partial typology of relevant business relationships, refer to Appendix Four.

<sup>46</sup> For example, financiers invested more than \$25 million into Warner Communications' Qube (Strauss 1983:36). Qube went on to accumulate \$875 million in debt (Lotz 2009a:107). Cox Cable invested upwards of \$10 million in Indax, an interactive platform that facilitated home banking, shopping and other applications (Strauss 1983:35). Time Warner Cable committed \$5 billion to develop its Full Service Network, which offered on-demand programming and interactive shopping (Turow 1997:179)

environment has impaired the technical standardization needed to implement and service t-commerce nationally.

Disparate commercial models also impeded business routines such as ad-buying and audience measurement. Advertisers were reticent to experiment with unproven formats, especially since the limited scale of the U.S. ITV market was inconsistent with mass marketing orthodoxy. The exposure-based model for evaluating advertising success on broadcast TV was not easily adapted to an engagement-based niche medium. According to traditional evaluative criteria, such as cost-per-thousand exposures, ITV seemed unreasonably expensive. Indeterminacy within the bureaucratic organization of media agencies compounded this confusion. Even today, it remains unclear how to delegate responsibilities effectively among creative and planning departments at advertising agencies (Tauder 2005; Rooney 2011; Neff 2011a; 2011c).

Historically, the administrative infrastructure was insufficient to manage billings and deliveries of t-commerce purchases. Only recently has this problem been redressed by firms that specialize in handling what they call “back-end fulfillment,” which includes various account management and logistical services. Firms like PayPal, which specializes in mediating secure transactions, and icueTV, which handles more comprehensive t-commerce services, have been important in overcoming these barriers.

Initially, due to the relatively small scale of the market, manufacturers and service providers could not amortize high costs associated with hardware production and software maintenance. This also made devices and services prohibitively expensive to consumers. Because production and maintenance costs absorbed most of the budgets of ITV firms, many interactive applications suffered from meagre production value. Some applications, for example, featured only static text. It was in this context that ITV

providers struggled to lure consumers away from free-to-air broadcasting. The aesthetic and functional qualities of interactive applications were further constrained by the relatively limited transmission and storage capabilities of existing set-top box hardware and software. Prior to the restructuring of television industries concomitant with the emergence of digital cable systems, the infrastructures—both the technical capacities and business management—were incapable of supporting interactive television ventures.

Additionally, consumers in the 1970s and 1980s experienced technologies differently than consumers today. According to John Carey, “technological innovations are also social innovations. They require changes in behaviour and often meet resistance by those with entrenched habits” (1997:208). Passive viewing behaviours, routine to television as a “lean-back” medium, were not amenable to interactive formats (Kim 2001; Turow 2006:107-108). Prior to popular use of the Internet and digital television—as well as their attendant features, such as Web browsers, search engines and electronic program guides (EPGs)—most American viewers lacked the dispositions and proficiencies needed to utilize interactive systems. Despite commercial failures, early proponents of ITV hoped that they could market their services more successfully to future viewers who would be socialized in a relatively more digitized American culture (Turow 2006:108).<sup>47</sup>

Perhaps most significant among the challenges facing ITV, vested interests continued to profit from existing business models (Skelly 2000; Napoli 2003; 2011a; Lotz 2007a). By the 1990s it remained “almost impossible to lose money if one own[ed] a

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<sup>47</sup> It has been recognized throughout the history of industrial capitalism in the United States that specific modes of production require complementary consumers and modes of consumption (Beniger 1986; D. Harvey 1990; Andrejevic 2004:27-28). This relationship works both ways: modes of consumption can also be drawn into production processes. This is evident in contemporary forms of ITV and t-commerce that extract value from certain ways of consuming commodities and media. The valorization of audiences essentially renders consumption as a form of production.

VHF station” (Jhally 1990:75).<sup>48</sup> As discussed above, commercial media are rationalized business enterprises. While media organizations and advertisers systemically try to expand and accelerate their productivity, they also commonly avoid risk. This means that profitable firms may be reluctant to invest in new business models, even if those models are consistent with the trajectory of ongoing developments. Conversely, firms may invest in changes that give them an edge over competitors. Vested interests such the U.S. cable industry can exert significant influence on the commercial structure of a medium. For example, the prospect of gaining an advantage over satellite providers motivated cable firms to invest in digital systems, video-on-demand and Internet services (Richtel 2003; Lotz 2007a:131). New technologies, therefore, do not replace their ancestors and the environment in which they are embedded solely based on superior performance (Castañeda 2007; Napoli 2003; 2011a). Stakeholders will try to stall or accelerate development to protect or enhance their competitive advantages (Comor 1998).

Evidence of this is found in a much cited speech delivered in 1994 to the American Association of Advertising Agencies. Edwin Artzt, then the Chief Executive Officer of Procter & Gamble, accused agencies of underestimating the importance of interactive television. He warned that further ignorance of the new interactive media environment would come at their peril (Turow 1997; Bermejo 2007; 2009). Without immediate action, he warned, ITV might develop without advertiser-support. Rallying his colleagues, Artzt said, “Let’s grab all this new technology in our teeth once again and turn it into a bonanza for advertising” (Turow 1997:162; Bermejo 2007:94; 2009:141). Contrary to narratives about consumer empowerment and increased competition, this

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<sup>48</sup> “VHF” stands for “very high frequency.” It denotes a portion of the spectrum for radio frequencies. It was commonly used for television broadcasting, among other types of transmission.

speech captures the doctrine for interactive television in the U.S.: enhance productivity by exploiting technologies to their fullest extent. The ongoing historical developments described in this chapter are not driven primarily by consumer demand for interactive television; they are driven by corporate demand for audiences and consumers.<sup>49</sup>

### **The Appeal of T-Commerce and Advanced Advertising**

The obvious application of t-commerce is to improve direct-response TV: to make it convenient and simple for consumers to buy things instantly (Neff 2011b; Friedman 2011b; Vega 2011). T-commerce also transforms traditional advertisements into direct-response vehicles. The apparent trajectory for t-commerce is to integrate purchase-opportunities into program content. The pinnacle of achievement is to isolate specific items on-screen and embed them with interactivity, such that almost any product appearing in a program can be for sale. This has been technologically feasible since the late-1990s (MIT 1998).

In addition to direct-response t-commerce (or “click-to-purchase”), many advanced advertising techniques augment the production of audiences without requiring viewers to purchase products immediately. Precise targeting, for example, allows media organizations to charge more from advertisers. Media organizations incur some costs for consumer data and targeting services, but they generate higher average revenue per viewer (Reister 2009). Forrester Research reports that marketing executives confessed a

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<sup>49</sup> Executives continue to propagate alarmist narratives that frame business opportunities against impending crises. At a 2011 TV industry convention hosted by *Broadcasting & Cable* magazine, one keynote speaker said, “We have to shape our future before it shapes us.” A reporter for *The Wall Street Journal* summarizes the main argument: “Adapt quickly, or go the way of other media whose business has been eaten by the Internet” (Vascellaro 2011). The speaker calls advanced advertising part of TV’s “Sputnik moment,” in which the industry can leverage new technologies to protect its market share amidst a “space race” (Vascellaro 2011). Artzt’s statements also resemble the formal position taken by U.S. policy makers on the transition to digital television: “[they] ordained the emerging digital entertainment/information sector as a critical component for expanding U.S. capital accumulation around the globe” (Castañeda 2007:93).

willingness to spend up to \$600 for one thousand viewers targeted with household accuracy at a time when typical TV advertising costs were closer to \$30 or \$40 per thousand (Turow 2006:116). Another study by Forrester supports this assessment, finding that “advertisers value a qualified lead 100 times more than a simple impression” (Skelly 2000:30).<sup>50</sup>

Research on advertising effects seems to validate this preference. Advertisements in close proximity to a purchasing opportunity are found to exert a powerful effect on sales (Reichel and Wood 1994). Wood (2009) lists this positive short-term effect of advertising as a “law-like empirical generalization.” Kilger and Romer find evidence of “a strong relationship between engagement in media and purchase intent” (2007:313). They conclude that firms can increase sales by embedding advertisements in engaging media content (2007:325). Reading et al. (2006) find that interactive “telescoping” ads—ads that allow viewers to access long-form advertisements or a menu of complementary content options—influence brand attitudes and purchase intentions more effectively than traditional advertisements and infomercials. In regard to the ability of viewers to recall an advertisement, Bellman (2004) suggests that one exposure to a 30-second TV ad with clickable content is equivalent to three exposures to a traditional commercial. Bellman, Schweda, and Varan (2009) find that interactive ads influence purchase intentions more than regular ads. They report an 8 percent increase in purchase intention, which translates, they calculate, into a 36 percent increase in sales averaged across the products categories

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<sup>50</sup> Thomas Rutledge, Chief Operating Officer of Cablevision, attests to this: “We are getting incremental customers [for our advanced advertising products] that we didn’t have previously because they want to buy the capability. And we’re getting existing customers to pay us more per spot, therefore getting a premium from existing customers and both of those categories are growing.” See <http://www.ensemble.com/interactive-tv-service-providers>.

they tested (2009:27). McLachlan (2009) also finds an increase in purchases after consumers interact with an advertisement.

Based on market tests, Comcast claims that t-commerce increases the likelihood of completing an electronic purchase four-fold compared to Internet-mediated shopping portals (Spangler 2010g; TVOT 2010). This is attributed to the simplicity of t-commerce. Consumers can bill purchases to their cable account instead of having to complete more complicated transaction processes that require them to input payment and delivery information (see also Grebb 2005; Neff 2011b; Vega 2011). The icueTV interface, for example, requires users merely to enter a four-digit pin to complete purchases.<sup>51</sup>

Canoe Ventures (2010) published a report in which they state that RFIs and interactive polls embedded in advertisements increased recall of a brand by 132 percent and 167 percent respectively. They find a positive correlation between interactivity and reported purchase intent. Separate market trials indicate that addressable advertisements decrease ad-skipping by 38 percent (Steinberg 2008; Reister 2009).

Peter Low, Chief Executive Officer of Ensequence, says everybody agrees advertisers will pay “premiums” for interactivity—possibly 10 percent or more as compared to traditional television (TVOT 2009). What advertisers value, of course, is not interactivity; it is the increased capacity of viewers to consume. They want to target consumers who are *likely* and *able* to buy their products. Interactivity is of interest to advertisers insofar as it is used to prolong engagement with television, deter ad-avoidance, monitor viewers, harvest personal information, put people to work self-marketing brands, and enable home shopping. The promise of increasing the productivity

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<sup>51</sup> These findings are based on tests of icueTV services on Buckeye Cablesystem in Ohio (TVOT 2010). They sold DVDs of Discovery Channel’s “Shark Week” programs. The predatory irony was lost on them.

of audiences has continued to pique corporate interest despite a history of false starts and failures.

### **Building a Business: Developments Toward an ITV Market**

By the early-1990s, ITV had become the subject of serious discussions in trade literature (e.g., Press 1993; Stern 1993) and the popular press (e.g., Yamada 1993; Keller and Robichaux 1993; Robichaux 1993). Some gave substantial treatment to considerations of interactive advertising and television commerce (Alba et al. 1997). Interactive television services emerged throughout the decade, mostly in regional markets (Carey 1997; Turow 1997:179-183). By 1994, ITV “seemed destined to become the new medium of reference” (Bermejo 2007:93). With leading national advertisers allocating larger budgets for interactive media (Fawcett 1994), ITV appeared to be “the horse to bet on” (Turow 1997:197). Enthusiasm waned in years following, however, as ITV firms struggled to compete for venture capital against emerging Internet interests.

The late-1990s and early-2000s marked a pivotal period for interactive TV and, with it, the beginning of more innovative forms of t-commerce. In 1997, MIT Media Labs developed a form of “hyperlinked TV” (MIT News 1998; CNN 1999). Called “HyperSoap,” it made virtually all clothing and furnishings appearing on-screen available for purchase (Turow 2006:106). Sponsored by JCPenny, this was the first sophisticated t-commerce application in the U.S. that could potentially allow viewers to buy any product placed in a show.

Expansion of the U.S. ITV industry accelerated around this time (Traudt 2004:99-102). Cisco invested \$100 million in Liberate Technologies to develop set-top box software to support ITV (Kerschbaumer 2000). EchoStar introduced the first combined



Internet and satellite TV receiver in 1999 (Skelly 2000:33). Wink Communications deployed advanced t-commerce services with Time Warner Cable and DirecTV satellite (ibid). Commerce.TV raised almost \$12 million in venture capital to fund t-commerce services (ibid:117). ACTV delivered targeted interactive advertisements. AT&T adopted RespondTV's infrastructure for interactivity on their advanced set-top boxes. RespondTV, in turn, acquired AccerlerateTV, which offered "turnkey solutions" for t-commerce, including delivering content and managing transactions (ibid:123).<sup>52</sup>

Industry analysts responded to the growth of interactive ventures (Hogan 2000; Dickson 2000; Forkan 2000a; Arlen 2002). Josh Bernoff of Forrester Research predicted that by 2003 most television services would use sophisticated set-top devices that allow viewers to buy the products they see on TV (Turow 2006:106). Bernoff introduced the prospect that viewers could acquire "Jennifer Aniston's sweater." This rhetorical effort to stimulate interest in the tangible opportunities of t-commerce struck a chord with executives, so much so that Aniston's sweater became a touchstone for the emerging industry (Leddy 2001). Bernoff expected t-commerce to generate \$11 billion in revenue by 2005 (Turow 2006:106). Jack Myers Group and Forrester Research predicted that, on the strength of t-commerce and advanced advertising, ITV would be a \$25 billion market by 2005 (Clark 2000; Skelly 2000). Others predicted that t-commerce alone would be worth \$45 billion by 2005 (Yu et al. 2005:966).

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<sup>52</sup> Future studies might explore how the boom and bust of Internet markets affected t-commerce. After the "dot-com" market crashed in 2000, was capital that might have been invested in online businesses reallocated into new television ventures instead? Because television has a much longer history of commercial success than does the Internet, TV technologies may have appealed to investors who sought a more stable market. Furthermore, the ensuing economic downturn may have influenced TV businesses to pursue new strategies to stimulate advertising (Lotz 2007a:154). Additionally, one could consider how investments in the Internet wrought technological developments that were necessary for t-commerce—such as the capability for hyperlinked TV.

None of these predictions were remotely close. Turow points out that even by 2005 these expectations seemed lofty to many analysts (2006:106). Indeed, by 2002 most executives had already turned their attention to VOD and DVR (Traudt 2004:100). In 2004, however, several significant developments contributed to the ascent of ITV as a commercial business (Turow 2006:106-107). News Corporation bought DirecTV and began marketing interactive services similar to those offered by the British satellite holdings of News Corp. The first service was the “NFL Sunday Ticket,” which remains a cornerstone of DirecTV’s interactive business. Comcast and Cox also proceeded into the interactive market by purchasing Liberate Technologies. Comcast boasted that its interactive platform would be superior to anything on satellite and that cable viewers would embrace interactivity quickly because they already had experience renting movies through their cable boxes. Product purchasing capabilities were foregrounded by Comcast in its rhetorical competition with DirecTV (2006:108). These two firms continue to lead the cable and satellite industries, respectively, in developing and deploying t-commerce.<sup>53</sup>

### **“Turning TV Sets into Cash Registers”**

Perhaps the best resource for comprehending the strategies of t-commerce businesses is a report commissioned by consultancy firm Gruntal & Co. (Skelly 2000). Skelly compiles a comprehensive historical and prospective study of the t-commerce market. This report contains considerable insight into how t-commerce businesses were

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<sup>53</sup> Going forward, sports industries are a probable testing ground for t-commerce. Comcast owns and operates numerous regional and national sports networks. Comcast Spectator, a division of Comcast Corporation, owns professional hockey and basketball franchises in Philadelphia, as well as Global Spectrum, a company that manages many sports facilities across North America. Sports have a history of working with various advertising and direct-response marketing interests (Haire 2007). For more than a decade, Princeton Video Image has inserted digital advertisements on stadiums and playing surfaces during TV broadcasts (Skelly 2000:39). Demonstrations of t-commerce applications often use sports memorabilia (TVOT 2010). This genre of programming is protected from time-shifted viewing because viewers tend to watch live. Kruse (2009) also argues that off-track betting on horse-racing has fuelled many developments in TV technology.

expected to operate. Skelly's emphasis on using t-commerce to generate instant sales continues to resonate with firms in this sub-sector of the interactive television industry.

Media executives allege that audience and media fragmentation exacerbates competition for advertising dollars. Consequently, content providers face growing pressure to "prove conversion of viewers to customers rather than to show mere ratings" (Skelly 2000:9). Observing that the sale of goods and services has become "a crucial component" of business models on the Internet, "television networks realize that to compete for advertising budgets they must also offer advertisers *the tools to close transactions*" (2000:27; emphasis added).

Immediacy is a vital element of t-commerce—both the immediate relevance of the product or advertisement to the consumer's interests, and the speed and convenience of translating that interest into sales (SeaChange 2010). Interactive functionality makes it "easier than ever" to "drive impulse purchases" (Skelly 2000:9). Skelly writes, "Contextual merchandise opens and interactive commercials immediately close the loop between introducing a product, creating a desire for the product, and enabling the consumer to buy the product immediately" (2000:38).<sup>54</sup> A representative from icueTV says that t-commerce "lends itself to impulse purchasing" (Baron 2009). He describes the process: "you are watching a particular program, viewing an ad, or watching an infomercial and...you're able to immediately get information on that product or make an immediate purchase that ships to your home." Another icueTV executive claims that instant gratification is vital to t-commerce (Huegel 2011). The former CEO of Canoe explains, "With two clicks of your remote control, this stuff is in your mailbox five days

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<sup>54</sup> Recall that this "closed-loop" metaphor has been applied to single-source data (Gertner 2005). This suggests that many television executives understand media consumption and commodity consumption to be parts of a unified commercial enterprise.

later” (Edwards 2011). Forrester projected that TV-based impulse purchases would total \$7 billion by 2004 (Skelly 2000:38).

T-commerce must be “opportunistic,” according to the CEO of FourthWall Media, a U.S. ITV firm. She compares it to retail checkout counters that are furnished with impulse items (Swedlow 2010b). Indeed, exploiting dependency and vulnerability has been a consistent theme in literature about t-commerce. Some corporations, in fact, actively seek “shopaholics” (Grebb 2005). An executive from Wink Communications conveys the tenor of these business strategies, proposing that t-commerce should “capitalize on what television is good at: tapping into emotions” (Hogan 2000).<sup>55</sup>

### **Consumer Research and T-Commerce**

Academic research on advertising and consumer behaviour is instructive for understanding how t-commerce might influence viewers. Studies suggest that emotional commercial messages are more influential than reason-based appeals (Health and Hyder 2005; Calder and Malthouse 2005; Binet and Field 2007; 2009; Heath 2009; Bülbül and Menon 2010; Micu and Plummer 2010). Some prominent advertising practitioners endorse and theorize ways to exploit emotional and experiential techniques (Feldwick 2009; Yakob 2010; 2011). Studies of shopping motivations indicate that purchasing decisions are more emotional than utilitarian (Bell, Gregory, and Watts 2007; Guido,

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<sup>55</sup> The founder and CEO of icueTV emphasizes the power of the viewer’s “engagement...with his or her favourite television show.” He goes on to describe the competitive advantage of t-commerce:

[M]any programming networks are already in the commerce space on their Web sites, so they have the procedures in place to take an order, process a payment and ship the product. The difference is that a commerce application that pops up during the program can generate an impulse purchase, which is something your Web site simply can't do. And the beauty is that the economics for commerce are based on those who respond, and each response is money in your pocket. You don't need to sell a thousand viewers for a few pennies; you can generate more profit from a single transaction than by advertising to tens of thousands of viewers. Our platform has been designed specifically to capture those incremental, impulsive and compelling opportunities, and our performance-based model makes it cost-effective for all. (Howe 2009)

Capestro, and Peluso 2007; Rubinson 2010). Bell et al. (2007) find that an “impulsive, visceral approach to decision making is increasingly pervasive” in what they call “instant-response culture.” Research on impulse buying indicates that short-term emotions can significantly impact decisions at the expense of “long-term rational concerns” (Verplanken and Sato 2011:199) and that consumers are particularly vulnerable to promises of immediate rewards or gratification (2011:207). Other studies suggest that as much as 95 percent of brain processing occurs at an unconscious level (Treutler, Levine, and Marci 2010:243) and some argue that decision making is reported to the “conscious brain” *post hoc* (Heath 2009:65). Treutler et al. find that TV is an “emotionally immersive platform that can create need states,” and that it inspires stronger emotional responses than other media (2010:249). Research suggests that “positive affect” can cause shoppers to experience a “rose-coloured glasses” attitude whereby they perceive goods as increasingly desirable (Pham 2007; Griskevicius, Shiota, and Nowlis 2010). This has obvious implications in relation to theories that advertising is really about “how you make people feel” (Yakob 2009).<sup>56</sup>

Critical theoretical perspectives have something to offer here in explaining the cultural significance of commodities, consumption and television. For Jhally (1990; Jhally and Twitchell 2006), advertising and commodity fetishism are fundamental to consumer society. Advertisements position commodities as being the only means to personal fulfillment (see also Turow and McAllister 2002:510-511). Similarly, Zygmunt Bauman (2007) observes that satisfaction and social inclusion seem achievable

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<sup>56</sup> Other studies indicate that people compartmentalize their money and that spending from one source may seem different than spending from another (Dhar, Huber, and Khan 2007). This raises questions about t-commerce applications that let viewers bill purchases to a cable account by pushing a button. These researchers also find evidence of “shopping momentum”—which means that making an initial purchase increases the likelihood of subsequent unintended purchases. They suggest that these findings conflict with theories positing that consumers act rationally.

exclusively through consumption. Don Slater writes, “Consumer culture ‘technicizes’ the project of the self by treating all problems as solvable through various commodities” (1997:86). Grant McCracken (2005) argues that commodities and consumer preferences anchor personal identities. Sonia Livingstone acknowledges that media provide the “resources for identity construction” (2009:155). Some argue similarly that advertisements and media products showcase commodities and also instruct consumers to build desirable lifestyles around these commodities (Slater and Tonkiss 2001:184). Research on consumer psychology supports theories that people define and confirm their identities by purchasing products that have symbolic value (Verplanken and Sato 2011:201; Pechmann et al. 2005:209-210). Finally, Eileen Meehan (1993; 2000) argues that fans will buy almost any commodity affiliated with their favourite films and shows.

Meehan’s arguments intersect with empirical research about the how consumers respond to celebrities. An endorsement from a celebrity “immediately engenders positive attitudes toward a product” (Eisend and Langer 2010:532). The “affective significance” correlates negatively with time from the initial exposure to a celebrity endorsement (2010:532). This means that viewers are most stimulated immediately when they see the celebrity and that their excitement declines over time. T-commerce can capitalize on this excitement by coupling celebrity endorsements with instant purchase-opportunities.<sup>57</sup>

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<sup>57</sup> Celebrities featured on Home Shopping Network include Mary J. Blige, Mariah Carey and Martha Stewart. Elsewhere, Hulk Hogan and rapper 50 Cent have endorsed products for AsSeenOnTV.com, which is being developed as a t-commerce platform (Vega 2011). Guthey-Renker, the direct marketing firm that sells Proactiv facial cleanser, spends up to \$15 million per year for testimonial-style endorsements from celebrities such as Justin Bieber, Katy Perry, Avril Lavigne and Jessica Simpson (Lunau 2011). The use of pop musicians is both strategic and dubious, given what psychologists and neurologists know about teenagers’ proclivity to self-consciousness and impulsive behaviours (Pechmann et al. 2005). Celebrity endorsements are also common to advertisements for consumer electronics. Hewlett Packard, for example, has featured Fergie, Gwen Stefani, Russell Brand and Manny Pacquiao in commercials for various products. It is worth noting that these ads tap two dimensions of personalization: first, they purport to offer a glimpse into the personal lives of these celebrities; secondly, they foreground the abilities of the products to be customized to the lifestyles of users.

According to *The New York Times*, “many people, especially women,” shop for clothing and accessories based on what celebrities wear (Miller 2010). Selling commodities associated physically or symbolically with television personalities is thought to be among the most effective uses of t-commerce. Research indicates that perceptions of “contagion”—that a person’s qualities can be transferred onto a product through contact—increase consumers’ desire to possess products attributed to celebrities, and their willingness to pay more for them (Bloom 2010; Newman, Diesendruck, and Bloom 2011; Tierney 2011; Harris 2009). In relation to this, McCracken’s (1989) symbolic “meaning transfer model” suggests that meanings are assigned to celebrities and then transferred to products. Buying these products, Eisend and Langer write, “consumers can take possession of their meanings and incorporate them onto their selves” (2010:528-29). A garment worn by a popular actor, then, could appeal intensely to consumers seeking to appropriate the meaning of that celebrity. However, “Jennifer Aniston’s sweater,” the leading example of this aspiration, quickly became an emblem for the challenges facing t-commerce (Hogan 2000; Forkan 2000a; Leddy 2001).

### **The T-Commerce Value Chain**

Revenue models for t-commerce firms vary. In most cases, firms generate revenue from services for advertisers, programmers, and cable and satellite operators (Skelly 2000:24-25). Wink, for example, charged flat-rate fees for advertising and engineering services, and then billed for software installation and customer support. They also collected revenue for RFIs, which they shared with affiliated cable and satellite operators (2000:98). Other companies, like SeaChange, derive more of their revenue from direct sales (2000:125). It is worth noting that SeaChange was the only *profitable* t-commerce

company mentioned in Skelly's report. They had revenues of \$85.2 million in 1999 resulting in a net income of almost \$0.5 million (2000:115, 125).

SeaChange developed as a business by selling home videos and soundtracks. To sell Jennifer Aniston's sweater, however, means sharing the revenue with the t-commerce service provider, the network offering use of its signal, the broadcast affiliate distributing the signal, the cable or satellite operator enabling the t-commerce application, the show's producers and the actor herself. With "too many fingers in the t-commerce pie...the economics of Jennifer's sweater quickly unravel" (Leddy 2001).

Debates about Jennifer's sweater persist today (Howe 2009; Stilwell 2011). Some have proposed alternatives—though "Sarah Palin's red jacket" is hardly a departure from the sweater (TVOT 2010).<sup>58</sup> Ellen Dudar of FourthWall Media makes a more interesting suggestion: the icon for t-commerce, she says, should be "the checkout aisle" (TVOT 2010). By this, she means to convey that the emphasis should not be on *specific products*, but, instead, the *capability to buy*. This is consistent with historical efforts of advertisers and marketers to sell not just consumer goods, but consumerism itself (cf. Slater 1997:12).

The revenue sharing problem with Jennifer's sweater is actually quite advanced on a hierarchy of barriers. It assumes sufficient technological capability, transactional and fulfilment infrastructure, and consumer willingness. These conditions have not been met as a simple matter of course (Kim 2001). Today, the technical issues are mostly resolved (Spangler 2010i) but business dilemmas remain. Executives and analysts argue that the

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<sup>58</sup> "Palin's jacket" was suggested by a representative from A&E who also argued that trying to sell Jennifer's sweater does not work. This is evidence that the industry is still plagued by uncertainty and confusion. Many professionals continue to act on best guesses and hunches. Other suggestions in the vein of Jennifer's sweater include buying "Serena's handbag" on *Gossip Girls* or "Lo's dress" on *The Hills* (Miller 2010).



most significant barriers to a commercial system of interactive TV relate to the lack of scale, standardization, and metrics for coordinating an effective business.

### **The Problem of Scale**

Insufficient scale creates two immediate problems for television industries: the first pertains to economies of efficiency associated with manufacturing and maintenance; the second relates to competitive advantages of reach in the audience marketplace.

The development of interactive television was both less revolutionary than touted, and more complex and expensive than expected (Kim 2001). One of the first challenges was establishing infrastructure. In the early-1990s, the U.S. cable industry spent an estimated \$20 billion to change from coaxial cables to optical fiber (Press 1993:20). Cable companies invested \$70 billion during the early-2000s to upgrade to digital systems (Richtel 2003). Between 1996 and 2006, more than \$95 billion was invested in infrastructure to enable digital and two-way cable (Berman et al. 2006:6). Even as cable systems improved their capacity to administer advanced advertising and t-commerce services, deployment was limited by the “relatively sparse use of the digital set-top boxes needed to process the commercials” (Turow 2006:113). Turow reports that “cable firms were loath to spend the \$1 or more per box” to support household-customized ads (2006:113). Skelly sees this as an opportunity: to recoup investments in interactive technology, firms would *rely* on t-commerce to generate incremental revenue (2000:9).

Once sufficient scale was achieved to produce and maintain the technical infrastructure affordably, systems operators faced an additional impasse with regard to reach (Steinberg 2008; Spangler 2010i). Interactive TV has struggled to attract business because advertisers recognize that exposure is restricted to interactive-enabled households

(Neff 2004a; Grant 2005; Spangler 2011b). National advertisers are reluctant to finance ITV campaigns with firms that service a limited number of markets (Neff 2004b).<sup>59</sup>

As discussed in the previous chapter, commercial television is organized around established business processes and ways of thinking that can be slow to change. A sales executive for Scripps Networks puts it plainly: “We’re a business; we’re going to gravitate to where consumers are. And we have to make money” (TVOT 2010).<sup>60</sup> Until advertisers demonstrate a commitment to interactive television and t-commerce, business practices will not be restructured to accommodate these services (Turow 2006:108). Todd Spangler reports on this catch-22: “Big buyers want to reach big audiences. But the TV industry hasn’t had an incentive to invest in advanced capabilities because the ad dollars aren’t there” (Spangler 2010b).

Most TV advertisers are accustomed to valuations based on mass marketing. According to Nick Troiano, President and of advanced advertising firm BlackArrow, “There is no interest in reaching just 500,000 households. You need multiple millions” (Spangler 2010i). Ashley Swartz, Senior Vice President at consulting firm Digitas, regards one million eyeballs as the starting point (TVOT 2010). Swartz recognizes the inertia of money. She says that \$70 billion in advertising revenue draws people to the safety of the old model. Change will happen, she says, when advertisers write the first seven figure cheque for an interactive spot. To convince advertisers to allocate larger

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<sup>59</sup> Local merchants are expected to use t-commerce with enthusiasm (Goetzl 2010a). Executives admit that people are not likely to buy cars over the TV, but they may order pizzas. The revenue necessary to sustain a commercial business, however, is expected to come from national advertisers (TVOT 2010; Spangler 2010h; Neff 2004b).

<sup>60</sup> Scripps owns several lifestyle networks, including HGTV and the Food Network. They have been active in the ITV market. Like soap operas and home shopping channels, these networks target female viewers. This raises issues about gender roles and household production/consumption (see Jhally 1990:187; Stole 2003). It is beyond this study to consider such issues in detail.

budgets to interactive television, proponents need to *demonstrate* its value using commensurable criteria. As such, standardization and metrics are vital issues.

### **Analog Dollars and Digital Dimes: Finding Standards to Buy and Sell By**<sup>61</sup>

The most immediate issue is functional: firms must coordinate technical standards to support applications across different types of set-top boxes. Standardization is a necessary building-block to achieve the scale described above. Interactive television has encountered barriers in this regard due, in part, to protection of proprietary technical specifications. This has resulted in incompatibility among hardware and software protocols.

We know also that buyers and sellers depend on an authoritative measurement system to mediate the audience marketplace. Uncertainty about not only *how* to measure, but *what* to measure, confounds efforts to appraise the value of audiences and establish authoritative metrics for ITV. Essentially, media organizations are struggling to monetize engagement because they have not collectively decided how to define it (nor has one corporate entity emerged to dominate).

Beyond contesting over prices, television executives do not fully understand the units for sale. According to Don Schultz, “The advertising world revolves around the 30-second spot. It’s the standard thinking mechanism that pervades the industry” (2005:xiii). Advertisers, he continues, “are loath to give up what they know and understand and on which they have made tons of money” (2005:xiii). Many analysts say that advertisers do not know how to buy advertising units or how to measure interactivity (Spangler 2011b;

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<sup>61</sup> In January of 2010, former NBC Universal President Jeff Zucker remarked to Charlie Rose (on his PBS show) that the television industry traded “analog dollars for digital dimes.” While he used the phrase to emphasize lost revenues, it is used here to describe the changing units of measurement. Inconsistencies between old and new ways of evaluating audiences are making it difficult for interactive services to flourish. The yardstick for interactive advertising is not yet compatible with existing business norms.

TVOT 2010). For advertising executives socialized into a mass marketing paradigm, interactive advertising CPMs and CPAs (cost per action) seem expensive. An executive from GroupM insists that they must put a value on engagement in order to change the economy.<sup>62</sup> He asks, “What is 15 seconds with a brand worth?” He calls for all devices to operate under a standardized advertising model (TVOT 2010). Similarly, the Executive Vice President of Advertising Sales at NBC Universal says advertising sales must become easier to execute, especially for big buyers (TVOT 2010).

A senior executive at Time Warner Media Sales calls this a “collective challenge.” He implores the television industry to negotiate a consistent strategy and then increase their overall share of advertising spending by taking money from other media (such as newspapers and direct-mail) rather than competing within the TV industry (TVOT 2010). By all accounts, for interactive formats to move from the fringe to the core of commercial television, stakeholders need to establish routine business practices. “It is essential,” David Verklin writes, “that advanced TV inventory become easier to sell and buy. That’s what Canoe is all about” (Business Wire 2011).

### **Paddling the Boat**

In 2008, Canoe Ventures launched as a consortium of America’s six largest cable systems operators (Comcast, Time Warner, Cablevision, Cox, Charter and Bright House). Originally called Project Canoe, it began as an initiative to create a national unified platform for interactive and addressable advertising. Members contributed a combined \$150 million to get Canoe Ventures operational (ITVT 2008). Canoe has made the most devoted and coordinated efforts to implement advanced advertising on a national scale,

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<sup>62</sup> GroupM describes itself as “the world’s leading media investment management operation.” <http://www.groupm.com/>

starting with addressable ads and “request for information” (Myers 2008). Despite setbacks in launching applications (Swedlow 2009a; Kaplan 2009; Spangler 2011b), executives at Canoe maintain that “2011 will be remembered as the year that interactive television became a part of the decision-making considerations of media buyers” (Canoe Ventures 2011).

Canoe’s primary contribution so far has been the research and development of a standardized “application programming interface” (API) to support interactive content across networks and media platforms—i.e., to make clickable things appear on-screen regardless of the service provider or device. Canoe funded the development of an “enhanced-TV binary interchange format” (EBIF) to achieve this necessary technical standardization (CableLabs 2010). By standardizing the platform across the markets of their cable partners, Canoe will “make it easier to buy, use and measure national advertisers’ advanced advertising content, and will allow it to offer networks a comprehensive approach to managing and selling their national inventory enhanced with measurable interactivity” (Swedlow 2010a).

Many executives emphasize the development of EBIF as a turning point that makes interactive advertising viable (TVOT 2010). Some analysts insist that EBIF will endure as an industry standard. It is part of Canoe’s plan to develop t-commerce nationally. The Vice President of Engineering at Comcast Media Center says that the infrastructure and capabilities are sufficient to support t-commerce. He expects it to be widely adopted within several years (TVOT 2010). Among Canoe’s corporate partners, Comcast and Cablevision are leading efforts to deploy t-commerce (Spangler 2010a; 2010b; 2010c; 2010j).

## Comcast

Momentum in the development of t-commerce accelerated when Comcast announced plans to buy NBC Universal (Arango 2009). Approved by the FCC in January 2011 (Arango and Stelter 2011), the merger consolidates “an unprecedented combination of cable, Internet, studio and broadcast assets” (Johnson 2011). Already the largest cable provider in the U.S. (Stelter 2011a), the purchase makes Comcast the fourth-largest owner of cable networks with “access to a whole new slate of marketer relationships” (Steinberg 2009). The FCC’s vote was not unanimous. Michael Copps, the lone voting opponent, fears that the merger “confers too much power in one company’s hands” and “grievously fails the public interest” (Johnson 2011).

Comcast’s purchase of NBC Universal was described in *Advertising Age* as a “bet on [the] future of advertising” and “surely a sign of the durability of cable networks” (Steinberg 2009). More importantly, it increases Comcast’s power to determine the future of commercial television. Steinberg (2009) calls this “a calculated move to seize the reins in shaping the future of TV-viewer behaviour and a bid to assume the lead in figuring out how to advertise to the new-media consumer.” Moreover, Comcast’s plans for addressable advertising are greatly enhanced by its increased share in the content marketplace (Steinberg 2010a). It now controls approximately 20 percent of U.S. TV viewing hours (Steinberg 2009). Comcast may be able to leverage NBC’s production resources or put pressure on producers to develop programming for t-commerce.<sup>63</sup>

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<sup>63</sup> Stipulated in the deal are several provisions to preserve competition in markets for content and services. One provision restricts Comcast Cable from favouring NBC content at the expense of other networks. Comcast also must offer NBC programming to satellite, telecom and online video distributors at competitive prices in “appropriate” circumstances (Johnson 2011). One reason for forcing Comcast to make this content available is to give companies such as Netflix the films and TV shows they need to grow (Tessler 2011).

The Comcast-NBC Universal merger is just one example from a complex history of conglomeration. A deregulated policy environment in the U.S. expedited consolidation of production and distribution assets throughout the 1980s and 1990s (Lotz 2007a:86; Maxwell 1991:41-42; Kruse 2009:180; Bar and Sandvig 2008; Croteau and Hoynes 2003). Ongoing media convergence has not been subject to extensive oversight on the assumption that the market will govern itself more effectively than any regulatory regime (Bar and Sandvig 2008:531-532). Indeed, the regulatory framework that does exist for U.S. cable television treats it as an extension of broadcast TV, which is treated as an extension of radio (2008:532; Lotz 2010:52). Like the consolidation of advertising and marketing firms, consolidation of media properties can, from a business perspective, increase efficiencies, mitigate risks, amortize failures, facilitate synergies and ultimately increase control over more elements of media production and distribution.<sup>64</sup>

Though somewhat tangential, the merger of Comcast and NBC Universal illustrates the power wielded by one of the most ardent and financially interested proponents of t-commerce (Spangler 2010j). Commitment from firms like Comcast is expected to inject confidence into the ITV market, such that the “ad dollars will start flowing” (Spangler 2010b). Among its many partners, Comcast funds and/or deploys services by icueTV, Ensequence, BlackArrow, Delivery Agent, FourthWall, Visible World and PayPal (Spangler 2010d). These firms vary in their offerings, from

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<sup>64</sup> Comcast now has increased control over film production properties associated with Universal Studios, such as Focus Features. Comcast also increases its market share of sports programming. Comcast is reportedly rebranding its national sports network, Versus (formerly Outdoor Life Network), as NBC Sports Network (Crupi 2011; Thomasch 2011). NBC has media rights to the Olympic games through 2020 (“Marketer Trees” 2011). It is probable that t-commerce applications will be used to market the merchandise that has become intrinsic to the international event.

comprehensive t-commerce services, to customized advertising production and targeted insertion, to household-level audience measurement.<sup>65</sup>

BlackArrow offers “higher-value impressions” through targeting and measurement services. Visible World increases the efficiency of advertising by inserting customized versions of ads in specific markets. Executives at icueTV promise to help networks and advertisers “enhance and further monetize their relationship with viewers” (Robuck 2009). In June of 2011, icueTV made deals to deploy t-commerce with “several major MSOs” beginning in the fourth quarter of 2011 (Donohue 2011). Delivery Agent supports a variety of remote commerce applications that target consumers with purchasing opportunities on various media platforms. Partnering with Rovi, an electronic program guide (EPG) company, Delivery Agent plans to use the program guide to market products that are “contextually relevant” to what viewers are watching. In effect, the program guide becomes an interactive catalogue, or what an executive from Rovi calls a “storefront” (Friedman 2011b).

Mike Fitzsimmons, CEO of Delivery Agent, issued a statement about the deal with Rovi, emphasizing that consumers will benefit from the increased ease of buying products related to shows (Swedlow 2011). His comments typify arguments found in business literature about the ostensible merits of t-commerce. This “commerce platform,” he explains,

... was built to close the gap between a consumer seeing a product on screen and a purchase opportunity. Today, through the collaboration with Rovi, and the deployment of shoppable program guides, we believe three audiences are better served: 1) consumers now have easier access to purchase contextually relevant products; 2) entertainment companies can monetize their branded content through the sale of products within the program guide environments; and 3) advertisers can

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<sup>65</sup> Some of these firms are discussed in more detail in Appendix Four.



commerce-enable their campaigns within the guide, giving consumers a more complete connection to their brand. (Swedlow 2011)

This statement exemplifies the duplicity of corporate narratives that frame t-commerce as mutually beneficial for businesses and individual consumers. There is a contradiction in this logic: the boon to business depends on exploitation of emotional responses to television content. The opportunity to purchase “contextually relevant products” is portrayed as a service to consumers, when it is fundamentally an expansion of marketing and branding enterprises. This validation of t-commerce—that consumers are better served—flies in the face of research, cited above, suggesting that consumer decision-making is primarily impulsive and influenced by subconscious processes. This contradiction appears most starkly, perhaps, in television home shopping.

### **The Checkout Aisle in the Living Room: Home Shopping Network and QVC**

Television home shopping has an impressive record of success. *Advertising Age* calls direct-response TV (DRTV) “shockingly durable” (Creamer 2007). The U.S. DRTV market is reportedly valued at approximately \$182 billion (ibid). According to a host at the Home Shopping Network (HSN), “This is the fastest legal way there is to make money” (ibid).<sup>66</sup>

Mark Bozek, President of HSN, describes his network as “the first form of interactive television” (Hogan 2000). HSN made its debut in 1985 (Feinberg 1988; Grebb 2005; Turow 2009b). Home shopping was expected to revolutionize cable television and the entire retail industry (Ivey et al. 1986) but it suffered significant setbacks in its early

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<sup>66</sup> Long-form direct-response TV infomercials are proving less durable. In 2010, spending declined by almost 5 percent overall and by nearly 50 percent in the top 30 markets (Haire and Jones 2011a). Total billings on long-form DRTV in 2010 was \$1.05 billion—almost \$54 million less than in 2009 (Haire and Jones 2011a). This trend continued into the first quarter of 2011, during which billings decreased by 7 percent (Haire and Jones 2011b). The short-form DRTV market also suffered losses in 2009 and 2010, though spending did increase on cable television (Jones 2010).

years. In fact, 30 of approximately 50 channels went out of business between 1986 and 1988 (Feinberg 1988). Some networks maintained a strong presence through these unprofitable years, however, and over the last ten years, direct-response marketing has thrived on American television (Haire 2011).<sup>67</sup>

Home shopping owes its success, in part, to the cultivation of relationships between customers and TV personalities. Networks strategically foster “parasocial relationships” (Stephens, Hill, and Bergman 1996; Gumpert and Drucker 1992; Park and Lennon 2004; 2006; Gudelunas 2006) that can influence impulsive buying behaviours (Park et al. 2011; Han et al. 1991).<sup>68</sup> “Impulse buying tendency” has been located as a personal trait that varies in all people (Weun, Jones, and Beatty 1998; Dholakia 2000). It is defined as “the degree to which an individual is likely to make unintended, immediate, and unreflective purchases” (Weun et al. 1998:1124). Park and Lennon find that “the inherent nature of impulsive conditions in television shopping settings can intensify impulse buying tendency” (2006:65). For example, a visual encounter with a product or promotional incentive can trigger a sudden urge to buy (Rook 1987).

Based on empirical assessments of these theories, Park and Lennon (2006) offer some interesting managerial advice. Finding that customers who shop using television may interact with salespeople “for entertainment or to alleviate loneliness,” they instruct t-commerce retailers to nurture intimate relationships between customers and salespeople. “T-commerce marketers,” they write, “may encourage show hosts to approach the

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<sup>67</sup> Today, HSN reaches more than 89 million homes. QVC is regarded by some as the “gold standard” in television home shopping (Drummond 2007). The network has grown continually from its reach of 95 million households and \$4.9 billion in sales in 2003 (Kaptik 2003). As of 2007, QVC had a potential buying audience of 166 million (Drummond 2007). In 2009, U.S. sales alone exceeded \$7 billion (Park et al. 2011).

<sup>68</sup> Parasocial relationships describe situations in which viewers perceive a form of intimacy with someone with whom they have no direct reciprocal interaction. Such relationships usually develop from repeated and routine exposure to media personalities. The term was coined by Horton and Wohl (1956).

viewers (potential buyers) through friendly and entertaining comments that can evoke emotional responses for purchasing. This also may create a synergy effect that leads to more parasocial interaction with the host and in turn increase the amount of purchases” (2006:66). They warn, however, that impulsive buyers must be exploited prudently to minimize negative effects of credit card debt and unsatisfying purchases.<sup>69</sup>

Television home shopping networks have been found to trigger compulsive buying and viewing habits among their audiences (Hill 2002; Lee, Lennon, and Rudd 2000; Gudelunas 2006; Ridway and Kukar-Kinney 2005). The home shopping business is sustained by repeat customers (Cook 2000) and studies have found that viewers form dependency relationships with these media (Grant, Guthrie, and Ball-Rokeach 1991; Alcaniz, Bias, and Tortes 2006). For managerial purposes, Alcaniz et al. (2006) apply theories of dependency to teleshopping, which they regard as a fertile industry due in part to technologies that allow customers to make purchases using just the television (2006:397). They urge all stakeholders to review these theories “in order to exploit to the maximum all the dimensions of dependency afforded by the medium” (2006:408).

Many of these themes are reflected in corporate perspectives on home shopping. Bill Brand, Executive Vice President of Programming, Marketing and Business Development at HSN, admits to leveraging celebrities in order to produce compelling experiences for viewers (TVOT 2010). Using “content to create communities and drive commerce,” they try to lure viewers, retain them, and convert them into purchasing consumers over time. Brand says that, in order to sell products, “the most important thing

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<sup>69</sup> Marketers in general have not been dutiful to this task. Manzerolle and Smeltzer report that in September of 2010 outstanding consumer debt in the U.S. totalled \$2.4 trillion. The authors insinuate that predatory exploitation of consumer vulnerabilities may point to a “suicidal impulse...at the heart of the personal information economy to stimulate irrational and unsustainable consumption habits” (2011:334-335).

we can do is create a relationship.” By servicing such long-term relationships, consumers become comfortable with and “educated” about home shopping. As Brand puts it, his network’s goal is to have viewers “do what we tell them to do” (TVOT 2010)

The success of home shopping networks in persuading viewers to continue watching and buying relates to their often predatory marketing strategies. As mentioned, there is consensus among scholars that television shopping is conducive to compulsive buying habits. Some researchers find a correlation between compulsive buying and forms of social vulnerability, such as low self-esteem, obsessive-compulsive disorder, anxiety and stress (Faber and Christenson 1996; Faber and O’Guinn 1989; 1992; Stephens et al. 1996). Lee et al. argue that exposure to television shopping channels “contributes to the belief that happiness can be found through consumption” (2000:480). They conclude that personal insecurities may be channelled into compulsive buying. Many viewers experience addiction to television shopping (Harden 1996) and these compulsive habits can manifest themselves in more general buying behaviours (Scherhorn 1990).

Research shows that people with less formal education are more likely to perceive parasocial intimacy with television hosts (Grant et al. 1991). These relationships enable viewers to feel justified or even encouraged to shop compulsively (Ridway and Kukar-Kinney 2005). A content analysis of testimonial phone calls to QVC finds that 290 of the 514 callers admitted that their “buying is out of control.” Nearly 200 callers reported “loving” QVC hosts as “friends” or “family,” and 150 “treated” themselves to gifts—often to treat unhappiness (2005:433-34).

Most of these data are attributed to traditional forms of home shopping, which require viewers to place orders using a telephone or computer. The immediacy and convenience of click-to-purchase technology increases the speed and scale of shopping

(Vega 2011). HSN is firmly invested in interactivity. Their “Shop by Remote” system launched in 2006 (Olsen 2006) and now reaches 30 million homes (Screen Plays 2011) with Comcast, Dish Network, Verizon and Time Warner (Spangler 2011a).<sup>70</sup>

### **“From the Living Room to the Checkout Aisle”: Canoe and Catalina**

Canoe is partnering with Catalina Marketing to expand its surveillance of consumption activities. According to Debra Friar, Vice President of Marketing, Catalina operates the world’s largest grocery store consumer database, monitoring 75 percent of shopping purchases in the United States (TVOT 2010). This database contains information on 195 million consumers in the U.S. (Henschen 2010). Although Canoe and Catalina have no surveillance program in the TV market as of 2010, they report plans to leverage their database and tracking technologies to target viewers with coupon offers (TVOT 2010; Spangler 2010d). They intend to award coupons to consumers *after* they purchase certain items rather than before, on the assumption that people buy more when they feel that they are earning, or being rewarded, rather than saving.

Friar believes Canoe and Catalina can follow viewers from the home to the store, demonstrating that purchases resulted from an interaction with an advertisement. She says they can “prove” to advertisers the elusive causality between advertising and sales (TVOT 2010). This partnership could advance efforts to institute “single-source data” as an authoritative ratings currency.

Andrejevic (2009) argues that the validation of these interactive marketing ventures contains “an element of blackmail.” Pundits underscore the convenience and

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<sup>70</sup> Home shopping entails the most direct convergence of the television viewing and consumption behaviours of audiences. David Gudelunas describes television shopping networks as “the ultimate juxtaposition of entertainment and commercialism. They ultimately turn consumer desire into something that is no longer reserved simply for breaks of programming; it *is* programming” (2006:232).

value afford to consumers, while ignoring that firms such as Catalina and Canoe “conduct ongoing controlled experiments to determine how to influence consumers most profitably” (2009:37). Again, with t-commerce developments, we are witnessing further rationalization of consumption activities as viewers/consumers are monitored and managed to increase their productivity.

### **The Checkout Aisle Everywhere**

Precise targeting and monitoring situate the individual consumer at the cultural and economic center of the audience commodity. Advertising and commercial culture increasingly celebrate uniqueness and individuality (Leiss et al. 1990; Andrejevic 2004; Bauman 2007). Marketers encourage consumers to personalize products and services (Spurgeon 2008; Manzerolle 2011). From a managerial standpoint, emphasis on the individual is part of one-to-one marketing and customer relations management, whereby firms calculate the probable economic value of individual customers (Peppers and Rogers 1993:xix, 110; Chester and Montgomery 2007:34). In a textbook on one-to-one marketing, Peppers and Rogers offer the following advice: “Ascertain a value for each customer...Focus on customers with higher value to your company” (1993:xix). This can leave little doubt that marketers conceive of consumers *as commodities*.

The interpenetration of marketing and advertising firms (Turow and McAllister 2002) and the integration of direct marketing techniques into the business of commercial television all point to the relevance of Smythe’s audience commodity thesis—insofar as it explains how commercial media are organized around the production of increasingly valuable consumers. In the context of interactive television, the appraisal of individual consumers is dually productive. First, value is assigned to consumers based on their

purchasing histories. Notwithstanding the value that may be realized in the consumption activities that generate this information, the information itself is commodified. Secondly, the greater the economic value of the consumer, the greater the use-value to advertisers (who will pay more for capable consumers) and the greater the exchange-value for networks who sell these consumers.

Instant feedback capabilities are significant in this process. Advertisers can measure the effectiveness of an ad in real-time and then respond quickly with adjustments to the product offer, ad copy or art (Spangler 2010b; Neff 2011a). If consumers adopt these technologies, and as t-commerce and ITV firms improve their abilities to administer these services, the commercial television space can become a constantly evolving marketplace. This marketplace can be managed as part of a dual process of rationalization. First, marketers can not only profile consumers by monitoring them, they can also establish “models” or statistical patterns of behaviour. Marketers use these models as predictive indicators to guide future enterprises and hopefully mitigate the risks inherent to an unstable market system (Manzerolle and Smeltzer 2011:329).

Subsequently, the marketplace itself can be managed in real-time to maximize its productive capacity based on a constant awareness of what consumers are doing. As consumers use this marketplace, the marketplace is adapted to exploit consumers more efficiently. This may entail offering frequent opportunities for impulse purchases, or reducing purchase-opportunities to sustain a long-term relationship.

In sum, customization and addressability are less about advertising products that are relevant to a consumer’s interests, and more about manipulating the digital storefront to maximize the capacity of an individual to consume.

This point illustrates the importance of understanding consumption as a sociological institution. As mentioned, institutions are constituted by a dialectical relationship between abstract ways of thinking about the world and the concrete structures that allow such ways of thinking to be expressed in certain forms of activity. Berger and Luckmann (1966) describe this as a relationship between subjective and objective reality. On one hand, then, the institution of consumption involves historically constructed ways of understanding and imagining consumption—what is considered normal, expected and possible (Comor 2008). On the other hand, consumption requires a marketplace in which abstract ways of thinking can manifest themselves in action. Ways of thinking about consumption develop from lived experiences in a marketplace which appears to be an objective component of a seemingly natural system of commercial exchange. As our experiences within the marketplace shape our understanding of consumption, our consumption also shapes the marketplace.

This explains, in part, why early attempts at t-commerce were not successful. Initially, electronic commerce represented a significant departure from typical ways of experiencing or understanding the marketplace. As digital media have become normalized into daily life in the United States, younger consumers encounter electronic commerce as a taken-for-granted component of objective reality. The sociological significance of t-commerce is that our experiences with television also can be experiences in the marketplace. T-commerce situates viewers in a marketplace where certain ways of thinking about consumption—some of which are depicted or even endorsed in programs and advertisements—can be constituted in action.



### **ITV Today: The New Optimism and Lingering Questions**

At the end of 2010, Canoe Ventures reports that approximately 25 million U.S. cable homes are equipped with the information transfer protocol to support interactivity, including t-commerce (Spangler 2010f). Canoe projects that almost 43 million (or 89 percent of all U.S. digital cable homes) will be similarly equipped by the end of 2011 (Spangler 2010b). Canoe has already delivered advanced advertisements across several million households. The first campaign allowed Comcast and Time Warner Cable subscribers to request a free sample of Wrigley's chewing gum (Spangler 2010j). They offer "request for information" (RFI) on television networks such as AMC, E!, and Discovery Channel (Spangler 2010a). Presently, Comcast services the majority of t-commerce-enabled homes. Comcast is "beyond tests and trials" for t-commerce: it offers six applications—including RFI and home shopping—in thirty markets (TVOT 2010). It has aired more than 340 interactive ad campaigns, accounting for 280 million "impressions" (Spangler 2010g).<sup>71</sup>

Cablevision offers its proprietary "Optimum Select" interactive advertising service across its entire market of approximately three million homes in the New York City area. By merging direct marketing and TV, mostly through RFIs and coupon offers, Cablevision generates "premium" advertising revenue (Swedlow 2010a; 2009a). National advertisers, such as Unilever, are paying an additional \$100,000 per month to run interactive advertisements on networks such as AMC (Goetzl and Mandese 2010; Swedlow 2010a). Cablevision has successfully tested advanced advertising that targets specific households based on demographic information acquired from a consumer database company called Experian (Clifford 2009). One of their first targeted campaigns

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<sup>71</sup> "Impressions" are a type of exposure metrics. An impression is counted each time an advertisement is shown.

delivered unique U.S. Army recruitment advertisements to four categories of viewers (Vascellaro 2011). In 2011, following adoption of Canoe's standardized platform (Spangler 2010c), Cablevision expects to offer full t-commerce capabilities that let subscribers purchase products as they watch advertisements (Winslow 2010).

DirecTV and Dish Network serve direct broadcast satellite (DBS) audiences of more than 25 million (Morrissey 2005). As of 2011, DirecTV serves more than 19 million homes in the U.S., making them the second-largest pay-TV provider, behind only Comcast (Svensson 2011). They are negotiating a partnership with Starcom MediaVest Group to deliver household-level addressable advertisements to DVR users across their national market (Spangler 2010h).<sup>72</sup> Beginning in 2011, they expect to deploy this to 10 million customers who will be targeted based on data provided by third-party consumer databases (Business Wire 2010). Dish Network sold 30 interactive campaigns in 2009, and doubled that in 2010 (Spangler 2010f).

Jessica Reif, an analyst with Bank of America and Merrill Lynch, says Canoe and others are "finally on the cusp of transforming advanced advertising into a meaningful reality" (Spangler 2010a).<sup>73</sup> How viewers will respond to t-commerce, however, remains unknown. Will Lansing, president and CEO of Shop NBC, says, "The technology is not the hard part. Rather it's getting people to use it" (Grebb 2005). Just because the technology is available does not mean that people will incorporate t-commerce into their viewing experiences. Some believe the public will not be receptive to more

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<sup>72</sup> Startcom MediaVest is a global media company, focusing on branded communications. One representative for the company acknowledges that, increasingly, television advertising "will look a lot more like direct mail" (Lotz 2007a:177). Another executive describes Starcom's services as "mass personalization" (Reister 2009:24).

<sup>73</sup> Reif reports that the ad sales across the entire cable industry are up an average of twenty percent between the second quarters of 2009 and 2010. She projects that advanced advertising could be a \$14 billion market by 2015 (Spangler 2010a). Some market researchers predict that advanced advertising will comprise 12 percent of TV ad revenue by 2014 (Spangler 2010b), while others expect t-commerce sales to exceed \$1.5 billion annually in coming years (Edwards 2011).

advertisements or purchasing opportunities (Forkan 2000b; Morrissey 2005). Similarly, viewers may react against t-commerce if intrusive applications compromise viewing experiences. However, we have seen with the Internet that a platform not initially designed for advertising and commerce (Spurgeon 2008; Bermejo 2007; 2009; Lee 2011) has become not only amenable to shopping, but central to the marketing strategies of most U.S. businesses.

Turow calls it a “pretty sure bet” that within the next 15 years (from the time of his writing), customization of commercial messages will not only be feasible, it will be “competitively essential” (2006:116). Indeed, the conventional wisdom among ITV analysts and executives is that viewers desire interactivity (Spangler 2010l; Truong et al. 2010; Verklin 2011b; Rooney 2011; Canoe Ventures 2010; Screen Plays 2011; Huegel 2011). It is more probable, however, that this imperative will be driven by business interests, such as the impending national standardization of ITV coordinated by Canoe.

## **Conclusion**

This chapter has provided a brief historical overview of interactive television, t-commerce and advance advertising in the United States’ cable industry. Some interesting themes emerge from this relatively descriptive account. The business literature demonstrates that ITV industries are riddled by confusion and uncertainty. Dominant narratives about the development of ITV and t-commerce are similarly confused. This discourse has, throughout the history of ITV, been “technocentric, culturally restrictive, and dominated by conventional institutional inertia” (Kim 2001:83). Pundits and executives mix technological determinism and the myth of consumer sovereignty (cf. Gerbner 1993). They suggest that television industries are changing as a result of

technological progress and as consumers express their demand to access interactive content on multimedia devices. It is, in fact, expansion and acceleration of profits that motivate these developments. The reality of interactive television in the U.S. is that, like broadcast TV (Williams 2003:18), it developed not in response to demand but rather in search of a market (Kim 2001; Kruse 2009:179).

At this point, we can see why Canoe Ventures is playing an important role in changing some crucial aspects of the institutionalized audience. Canoe is not motivated to provide improved services to subscribers. Instead, *it is investing in the productive capacity of the television industry*. By instituting uniform technical standards, making it easier for advertisers and media buyers to manage interactive campaigns, and partnering with consumer database firms, Canoe is producing the infrastructure for a business model organized around “consumers” as the institutionalized audience.

Having provided an historical context with the ascent t-commerce, the next chapter returns to theories of the audience commodity to re-examine some of the important arguments and develop them in relation to the ongoing expansion of an interactive television storefront. As product purchasing becomes ingrained in both television experiences and business processes, Smythe’s theories resonate more than ever before.

## Chapter Five—Consumers: The Commodity Product of Interactive Commercial Television

The power of capitalism today rests on its success in developing capitalist *consumption* relations.

- Dallas Smythe, "After Bicycles, What?" ([1973]1994:239-240)

Smythe could not substantiate the argument that mass media cultivate consumers as social products (learning the habits of consumership) and manufacture consumers as economic products (packaged audiences sold to advertisers) because, in the past, television networks could not guarantee or verify "the purchasing acts of the audience" (Jhally 1990:72). Indeed, networks and advertisers had no way of confirming whether viewers were *actually* dutiful to their work (i.e., whether or not they watched commercials) (1990:73)—hence the enthusiasm about ITV as a way to rationalize this labour (Andrejevic 2004; 2009). Historically, what media corporations have sold to advertisers is a *representation* of viewers—an "audience" constructed from ratings and demographic data.

By facilitating and monitoring remote shopping, t-commerce increases the economic relevance of the actual consumption activities of viewers. T-commerce applications allow the value in commodities to be realized through market exchange. They also introduce precise and instant feedback mechanisms that let service providers, advertisers and marketers capture and sell data about consumers and then customize aspects of this digital marketplace in real-time. Advertisers want to sell commodities; broadcasters want to attract audiences of viewers who are likely to buy commodities. At last, under this emerging model, the value of an audience clearly correlates with its *capacity to consume*.

### **Actual Audiences and Commodity Audiences—Who Produces What?**

We must begin with a clarification. The term “audience” is placed in quotations to distinguish between audiences as social products and “audiences” as economic products. An audience is an assemblage of message-receivers using a communication medium—we will call these *actual audiences* or *viewers*. An “audience,” more abstractly, is the product of labour performed by viewers and elsewhere in ratings industries and advertising agencies. The commodity audience is both of these things at once. It is the actual viewers watching television (and subsequently acting as consumers), and it is also the abstract representation of the “audience” which exists in business relationships among networks, advertisers, marketers and ratings firms.

A similar distinction should be made regarding “consumers”/consumers.

“Consumers” are profiles, or assemblages of data about buying behaviour, viewing habits, and other personal characteristics. They are compiled through surveillance of behaviours in a marketplace that is technologically able to capture transaction records in digital formats. This information about consumption-related behaviours can be stored, collated, analyzed and circulated instantly with few spatial constraints. The digitized marketplace is structured to produce “consumers” as commodities. By contrast, consumers are real people in a marketplace, socialized into the institutions and habits of consumership.

“Consumers” are rationalized representations of these actual consumers (Elmer 2004; Manzerolle and Smeltzer 2011). Again, these two products are entirely interrelated.

With the expansion of the interactive television storefront, and its increasingly precise and pervasive regimes of surveillance and data management, these representations of “audiences” and “consumers” are becoming ever more inseparable from actual viewers and consumers. Of course, these information commodities (i.e., “audiences” and

“consumers”) are not owned by the actual viewers and consumers who help to produce them. They are owned by media and marketing capitalists.

As networks and advertisers exchange the audience commodity, viewers’ capacity to produce (i.e., to watch) is transformed into their *capacity to consume*, which is what advertisers pay for (even though hitherto they received only a representation of this potential in the form of an “audience” with particular demographic characteristics). Networks need viewers who can watch, in order to make an “audience”; advertisers need viewers who can and will consume. The viewer’s labour-power is changed into an “audience” and the capacity to watch is changed into the capacity to consume—each of which has a different use-value for networks and advertisers respectively.<sup>74</sup>

Smythe would add that as viewers watch television their consciousness is modified (Babe 2000:124). The reproduction of a viewer’s watching-power is not unlike that of labour-power in general, although there are some qualitative differences. Labour-power is replenished by nourishment, rest and entertainment. Watching is often performed without being understood as labour, perhaps because watching involves (usually) less apparent physical or mental strain than most labour. Additionally, watching may seem more voluntary than other forms of wage labour, even though all labour is predicated on workers being sovereign owners of their labour-power and selling it “freely.” The work of watching does, however, depend on various institutional conditions that impel people to watch TV. These include, but are not limited to, dining habits, courtship rituals, commuting routines, unemployment, and even addiction or escapism—anything that structures the way people incorporate watching into lived experience. The

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<sup>74</sup> Henceforth, when the term audience appears without a qualifier (e.g., actual audience or “audience”) it is meant to denote the audience commodity as *both* of these social and economic products.

capacity and the proclivity to watch television are maintained, in part, by the dependency relationships that can emerge from entrenched ways of experiencing “leisure.”

The communication function of television is significant here. As some scholars have acknowledged, TV is both an economic and cultural institution (e.g., Meehan 1986:448-449; Smythe 1978:121).<sup>75</sup> It reproduces labour-power, as Smythe noted, not just in terms of regenerating a physical capacity to work, but also in promulgating worldviews that could reinforce the seeming naturalness (or even the desirability) of capitalist social formations. The messages and their effects are too varied to explicate exhaustively. Certainly all programming does not encourage people to submit to wage labour. But it is something that must be considered. This relationship could become increasingly fraught with the popularization of t-commerce. If shopping becomes ingrained in TV viewing behaviour, this leisure activity (whereby viewers spend their wages) will reproduce both labour-power and, more directly than ever before, the *need to sell* labour-power as a commodity. The more commodities consumers buy, the more they become commodities themselves—both in terms of their value to networks and advertisers, and their reliance on wages. “By transforming recovery time into consumption time,” Meehan writes, “capitalism reforms the worker into consumer and recovery into leisure” (2000:76).

Hitherto both the productive and consumptive capacities of viewers have been, at best, inferred from proximate measures, such as ratings and demographics. With interactive t-commerce and the rapid integration of television and direct marketing, these

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<sup>75</sup> Meehan writes, “[on one hand] television is characterized by relations of production that are typical of capitalism. Labour is appropriated, surplus value is extracted, commodities are circulated, and profits are expropriated by capitalists” (1986:448). On the other hand, TV’s “representation of social life, especially with its seeming immediacy and intimacy, has great potential as a disseminator of dominant ideology and as a cultivator of hegemony” (1986:449).



assumed capacities are being brought into view. Irrespective of whether t-commerce is a success, the purposive motion toward this commercial model exposes that the goal of advertiser-supported media has always been to produce consumers both as discrete products (or information commodities) and as social actors performing roles necessary to the reproduction and acceleration of capital.<sup>76</sup>

### **Viewing-Consumers and Purchasing-Audiences**

As interactive technologies facilitate direct-response purchases, viewers become *viewing-consumers*: viewers with the capacity to consume what they see. Their watching-power is used up in producing *purchasing-audiences*. This concept reconciles Smythe's theory that viewers work (as consumers) for advertisers and capital more generally, with Jhally and Livant's insistence that they work for networks (Napoli 2010:512). Viewing-consumers satisfy the twin imperatives of "getting people's attention and impelling them to buy" (Turow 2009a:403). Viewers generate value by watching, which produces an "audience." In this context they work for networks. With t-commerce, viewing-consumers also have the ability to buy things instantly. Acting as consumers in a marketplace, they work for capital (realizing the value in commodities and reproducing both their own labour-power and their dependence on wages). This illustrates what has always been true: advertisers are less interested in watching-power than in buying-power.

The use of technology in t-commerce is consistent with the constant "devaluation" of the labourer through control of the labour process (Harvey 2006:87-89). Processes of technological change, as they reorganize the work process, must be exploited to reduce

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<sup>76</sup> Richard Maxwell writes, "consumption also has the quality of labour because the work it involves functions to complete a part of the cycle of capital expansion by fostering the turnover of investment. We don't just buy things, we make systems run... There are, in short, hardly any times or spaces in American life that do not already merge production and consumption: we all work already when not working" (2001:12; quoted in Shimpach 2005:354-355).

the average socially necessary labour-time while maintaining or improving the productivity of labour in its concrete application. This goes some way in explaining the trajectory of t-commerce. Initially, the TV industry faced high costs associated with building a two-way infrastructure, furnishing it with interactive content to attract viewers, and reorganizing business processes around a different version of the “audience.” Incremental improvements in technology have reduced the necessary costs of assembling an audience of *capable* consumers (i.e., a purchasing-audience). Meanwhile, social and cultural changes in how people relate to electronic commerce have made a purchasing-audience more desirable for advertisers and marketers.

The purchasing-audience is a product of a specific period of transition from an exposure-based model of advertising to a digital marketplace. By investing almost \$100 billion in digital and two-way TV infrastructure, the cable industry has committed to (re)organizing its production processes around interactive consumers—as both the labourers and the products. As targeting and surveillance at the household level succeed ratings of aggregate “audiences,” the purchasing-audience may be replaced by its elementary unit—the individual consumer.

### **Capacity to Consume: Linchpin of the Audience Commodity**

As evidenced above, demographic information has been the chief variable in audience valuation insofar as it is a proxy for real product-purchasing behaviour. The kernel of audience valuation has been the assumed propensity of the viewers to buy. Hitherto, propensity to buy has been divorced from the *ability* to buy (i.e., an immediate purchase-opportunity supported by the technological and administrative infrastructure necessary to mediate exchange). T-commerce fills this breach: it collapses the *marketing*

designed to stimulate the propensity to buy with a *marketplace* that activates the ability to buy. The capacity to directly consume—as the marriage of propensity and ability—first appears meaningfully in home shopping and direct-response infomercials. It is improved by the convergence of media in interactive TV with a decisive advance in the t-commerce “buy button.” The immediacy of a “buy button” removes barriers to consumption, such as having to use a telephone or endure a tedious ordering process. By managing “back-end fulfillment”—all the tasks associated with verifying transactions and coordinating delivery and receipt—t-commerce service providers enhance the marketplace infrastructure and its capacity to facilitate consumption. T-commerce, like other direct-response marketing formats, moves beyond presumptions about capacity to consume based on indices of purchasing behaviour, toward consumer profiles generated from intimate (and proprietary) knowledge of an individual’s buying history.

Capacity to consume, as an analytical category, is based on an interpretation of the concepts of *capacity* and *bias* as articulated by Harold Innis (1982). These concepts uncover the “limits, pressures, parameters, and emphases” (Jhally 2006:79) that define t-commerce and its impact on the value of audiences. For Innis, “capacity can refer to an index of potential,” accounting for the “limitations and opportunities faced by people in their day-to-day lives and the factors that may influence them in any given place at any particular time” (Comor 1994).

Capacity provides a meaningful heuristic for probing two interrelated aspects of audience value: capacity to *produce* and capacity to *consume*. The capacity to *produce* is enhanced by interactive technologies and software platforms that allow viewers to engage with marketers, brands and media organizations. Interactive television allows viewing-

consumers to produce information commodities and (more valuable) purchasing-audiences.

In the context of audience labour, the capacity to consume correlates positively with productivity. We know that the product-purchasing behaviours of consumers are fundamental to how media organizations and advertisers value audiences. In Chapter Two we saw how viewers labour for advertisers by learning habits of consumption (Smythe 1977; 1981) and also for networks by watching commercials (Jhally and Livant 1986)—and that interactive applications bridge the divide between these two forms of labour (Napoli 2010:512). The surplus value derived from these activities can be increased by manipulating both the means and relations of production, such as “employing” viewers with coveted demographic traits (Jhally and Livant 1986). Whereas narrowcasting targets market segments to increase the *predictability* of product-purchasing behaviours, t-commerce equips viewing-consumers with the technological means and the marketplace infrastructure (the “relations”) to *actually* complete product-purchases. The same amount of work performed with interactivity produces a commodity audience of more use-value to advertisers because it has more capacity to consume.

Capacity also describes the tendency toward certain outcomes in relation to the biases of particular technologies and institutions (Comor 1994; 2001). The institutions of commercial television serve particular interests, which include monetizing audience attention and maintaining the social relations needed to produce audience commodities—both the shared cultural values that perpetuate TV viewing as a cornerstone of modern life in the United States and the system of formal relations required to valorize audiences. These institutions have biases that, exerted in historical conditions according to the predilections of vested interests, are shaping interactive television into a digital

marketplace. The digital marketplace, then, has biases that shepherd viewers-as-consumers through particular forms of thinking and acting, while precluding others.<sup>77</sup>

It would be a mistake to treat propensity and ability as properties exclusive to consumers. By referring to the *capacity* to consume, the ability and propensity to consume can be more directly linked to the system of technologies and institutions facilitating the processes of production, exchange and consumption. A desire to consume may be impeded by a marketplace with limited capabilities for enabling transactions. In recognizing this, Comor writes that, “social-economic systems usually operate at less than capacity levels” (1994). Such has been the case with U.S. television at least since interactivity became viable and, arguably, since its commercial foundations. Television helped cultivate consumers with the propensity to consume, but non-interactive TV could not exploit that propensity fully and immediately. Viewers of traditional TV lacked the *ability* to consume. This under-exploited capacity is paramount to the “crisis” perceived by commercial television executives and analysts. Shifts toward direct marketing and t-commerce, it is hoped, will activate the (fuller) productive capacity of the TV industry. To produce audiences and hasten consumption throughout most of the twentieth century, the television was a salesman; today, television is becoming a store.<sup>78</sup>

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<sup>77</sup> Williams (2003) recognized that television was “directly shaped by and dependent on the norms of a capitalist society” (2003:36-37). Despite the potentially “revolutionary technical developments” in interactive television (2003:143-44), he expected interactive technologies to be developed and deployed with the goal of having viewers “respond to programmes in certain predetermined ways: choosing an item from a shop display or from an advertisement, for example” (2003:144).

<sup>78</sup> Compare with Marx’s argument that a garment is only a garment in being worn; or that a railway on which no train runs is a railway in *potential* only (1973:91). Hitherto, television has been a marketplace in potential—like a showcase display at a closed department store. T-commerce makes television a marketplace in reality.

### **Consumers as Economic and Social Products**

The commodification of consumers can be further conceptualized as a dual process involving both production and socialization. T-commerce produces consumers in the sense that: 1) viewers are appraised based on consumption behaviours; and 2) purchasing behaviours generate information commodities. As commercial television moves toward a performance-based model of compensation, in which advertisers pay according to the directly “monetizable” effects on viewers, “consumers” become the economic products of ad-supported TV in the same way that “audiences” have been hitherto. T-commerce socializes consumers in two key respects. First, messages can inculcate a consumerist disposition; and second, it introduces purchase-opportunities that enact consumer behaviour. By virtue of its marketplace architecture, t-commerce situates viewers as consumers—“consumers will be able to be ‘on’ anywhere they choose” (Jaffe 2005:60).

The commodification of consumers is not just a matter of being confronted with commercial messages; it also results from experiencing marketplace institutions in more situations, with fewer alternatives. People are *socialized* as consumers because most channels for interacting with TV are commercial. People are *produced* as consumers because an institutional framework exists to valorize interactivity—to situate interactive experiences in commodity relations.

### **Consumers: The Most Valuable Commodity?**

Production and consumption are dialectically interrelated. Consumption creates the need for production, just as production creates the objective and subjective means for consumption—that is, production creates objects with social use-values, as well as

*consumers* with the needs and particular predilections to consume what is produced (Marx 1973:90-94).

Smythe borrows Erich Fromm's concept of *homo consumens*, which describes "people who live and work to perpetuate the capitalist system built on the commoditization of life" (Smythe 1981:9). This is consistent with Bauman's account of consumerism as a type of social arrangement that "[recycles] human wants, desires and longings into the *principal propelling and operating force* of society, a force that coordinates systemic reproduction, social integration, social stratification and the formation of human individuals" (2007:28; original emphasis). Adorno recognized culture in this manner also, as it "integrate[s] modern citizens as consumers into the capitalist order through forms of escapism and amusement that both keep them content and allow them to recuperate their mental and physical energies for more labour" (Slater and Tonkiss 2001:165). For Meehan, the "naturalness" of consumption as the core of lived experience "cannot be overstated" (2000:78-79).

According to Smythe, this "particular kind of human nature" is produced in people as they work for the Consciousness Industry (1981:13). Recognizing the economic and social necessity of consumption—in realizing the latent value in commodities and propelling capital through its phases—we can see the value of *homo consumens* (as both a commodity producer and a commodity product). In consumerism, consumption assumes the "linchpin" role occupied by "work" in a society of producers (Bauman 2007:27). The productivity of consumption demonstrates that t-commerce constitutes a key development within consumer society. "The most prominent feature of the society of consumers," Bauman writes, "is the *transformation of consumers into commodities*" (2007:12; original emphasis).

### **Smythe was Right?**

Despite his insistence to the contrary, Smythe analyzed the social product of commercial media: people who learn to live as consumers. While he recognized that the social and economic functions of commercial media are entirely interrelated (Mosco 2009:137-138), his specific argument about the productivity of audiences was not fully applicable at the time of his writing. Value was apparently extracted in media industries as *viewers produced "audiences"* (as commodities), not as *audiences worked for advertisers*. In the context of traditional, one-way television, the theory that commercial media produce consumers as commodities was novel but untenable (Napoli 2010:512). However, in the evolving environment of interactivity, precise digital surveillance, mass customization, and one-to-one and participatory marketing paradigms, the purchase of Smythe's theory becomes apparent: consumption is production, and consumers are the social and economic products of commercial media. While these processes are hastened and expanded by digital technologies, they do not represent ruptures in the historical trajectory of capitalism (Andrejevic 2009:34). The production of consumers, in a concretely verifiable sense, is consistent with legacy trends of advertising and marketing. It has always been the kernel of these enterprises. Now it is becoming more clearly visible. Smythe announced "fire" even if he could only have seen "smoke."



## **Conclusion—Commodity Everything?**

[In modern capitalist society] everything and almost everybody is *for sale*. Not only commodities and services, but ideas, arts, books, persons, convictions, a feeling, a smile—they have been transferred into commodities. And so is the whole of man, with all his facilities and potentialities.

- Erich Fromm, *On Being Human* (2005:38-39)

This thesis has presented arguments about the history and political economy of t-commerce that illustrate ongoing efforts to rationalize consumption as productive labour. Media firms elicit feedback from consumers by engaging them with affective messages and experiences. The information captured is part of business processes aiming to verify returns on advertising expenditures and assign financial values to individual consumers. Commercial media profit by producing audiences of probable consumers. Today, however, such probable consumers are being replaced by actual consumers. TV networks increasingly are not just selling demographic segments, they are also selling the buying power of particular viewers—their *capacity to consume*.

## **Limitations and Findings**

The U.S. interactive television industry is in its relative infancy. While the essential technology has been available for decades, ITV is still developing as a viable business. Through analysis of business discourse concerning both t-commerce and ITV, this study finds that most practitioners have more questions than answers regarding the future. Some speculation, therefore, inheres to a study of t-commerce. Nevertheless, by relating the empirical research conducted for this study with the theoretical insights provided by the “audience commodity” literature, we have been able to probe broader issues concerning the political economy of commercial television.

This thesis set out to explore how t-commerce fits within the process of producing audiences of consumers. It was shown that t-commerce is consistent with ongoing efforts to increase the surplus value extracted from this process by increasing the capacity of viewers to consume the products they see on television. Applying theories of the audience commodity to these recent developments, we also gain insights into the commercial logic that has sustained television throughout its history—chiefly, the economic and social production of consumers as commodities.

These insights allow us to contextualize the development of media technologies, such as t-commerce. The deployment of interactive television in the U.S. has proceeded as part of a larger historical process, embedded in a predominantly commercial system of broadcasting. Pressures to valorize audience attention and sell more products in less time have contributed to the rise of an entertainment-based storefront designed to exploit consumer inclinations generally and impulsive behaviours more specifically. In these particular conditions, the dynamics that underlie commercial television in the U.S. have given rise to a digital marketplace—organized around the productivity of consumption—as opposed to various other possible interactive TV ecosystems.

### **Future Questions**

Many questions about t-commerce remain unanswered. Matters such as consumer adoption, specific revenue sharing agreements, the interests of retailers or franchisees, and the profitability of individual firms and business models will be important going forward. This section, however, proposes several broader questions that address some of the diverse themes considered throughout this study.

This thesis has focused on interactive television commerce in the United States because the U.S. historically has set the tone globally for commercial developments in media and technology. The forms of t-commerce emerging from the U.S. cable market vary from many of the applications that have been deployed using similar technologies in the United Kingdom, for example, where public broadcasting is more established (Williams 2003). There are significant consistencies, however, between the U.S. and Britain—particularly following media consolidation in the 1980s and 1990s in which News Corp., among others, acquired international cable and satellite properties (Kruse 2009). British Sky Broadcasting, for example, has used interactive applications to entice viewers to remain attentive during commercial breaks (Lotz 2007a:176). Also, QVC in the U.K. featured a “buy now” button as early as 2002 (Kruse 2009:185).

In South Korea, by contrast, the penetration of mobile technology and many important differences in television distribution, have contributed to the development of different applications. T-commerce, there, is more integrated across media devices, as compared to t-commerce in the United States, which continues to be shaped by vested interests that conceptualize and profit from television as a discrete medium. Firms in South Korea are developing various advanced t-commerce applications, including narrative shows organized entirely around selling products on eBay Korea (Maeng 2010).

It would be interesting to conduct a comparative study of the regulatory regimes in the U.S., the U.K. and South Korea, which seem to be the leading t-commerce markets. For example, how has the relatively liberal commercial environment in the United States paradoxically slowed growth when compared to the U.K.? Historically, satellite systems have dominated British television transmission, leading to standardization and more mature national ITV markets. Such a comparative study might yield insights concerning

the role played by state regulations and marketplace conditions in the development of t-commerce applications.

It is beyond the scope of this thesis to perform an exhaustive analysis of the entire interactive television ecosystem in the United States. It focused, instead, on the cable industry principally because Canoe Ventures offers a substantive entry point for researching how stakeholders are developing ITV and t-commerce. Future research should devote more attention to the mutual and conflicting interests of satellite and telecom service providers. These systems operators have limitations and advantages, as compared to cable, based on technical capabilities and various relationships with other sectors of media and technology industries. Some analysts believe that firms in these sectors will partner with each other to develop the ITV market (Spangler 2011b; TVOT 2010). Others suggest that particular vested interests can exploit their unique competitive advantages to consolidate their share of the television advertising market (Richtel 2003; Reister 2009). Since much of the discourse around these issues is motivated by business exigencies, it will be important for social science researchers to penetrate marketing rhetoric and disentangle the complex network of technologies and business relationships underlying the U.S. television industry.<sup>79</sup>

Social networking and mobile devices will be important to the development of interactive t-commerce. Facebook and Twitter URLs have become fixtures on most TV advertisements. These websites provide scheduling information that is vital to the reproduction of television audiences, and they also function as forums for market research

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<sup>79</sup> Some noteworthy studies have begun this work. Kim (2001) shows that the “organizing ideology” of interactive television is consistent with the broader historical trajectory of commercial broadcasting. Elsewhere, Kim (2009) contextualizes Internet-Protocol TV historically and compares it to ITV. Castañeda (2007) looks at the complicated policy issues surrounding the transition from broadcast to digital television. Lastly, Kruse (2009) shows how national technology infrastructures and international business relations impact interactive television markets.

and voluntary labour (McAllister 2010:191). Interactive television advertisements may become active hyperlinks and social networking is likely to become increasingly important for ITV. One media executive anticipates that, soon, “watching TV without the social experience will be like watching with the sound off” (TVOT 2010).

The increasing ubiquity of social and mobile media might compel analysts to re-examine what Jhally (2007) calls the “factory in the living room.” How does this metaphor—devised to assess television as an immobile, discrete medium—apply in the context of a factory that is transportable, operational at all hours, and drawing more experiences into commercial relations? Andrejevic offers a promising entry point: “What the factory floor was to the mode of production in industrialized mass society, the ‘digital enclosure’ is to the mode of consumption emerging in the mass-customized, online economy” (2004:35).<sup>80</sup>

Finally, for some analysts, t-commerce and mobile commerce (m-commerce) constitute nodes through which some kind of “ubiquitous commerce” (u-commerce) shall emerge (Watson 2000; Watson et al. 2002; Lee and Ju 2007; Zhang, Liu and Li 2009). By leveraging the ubiquity of digital media, marketers hope to expand commercial activity beyond existing spatial and temporal boundaries. Indeed, researchers have begun modeling the “ubiquitous shopping mall” (Evans and Hu 2006). With media to facilitate exchange at any time or place, “the store becomes omnipresent” (Watson et al. 2002).

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<sup>80</sup> Formal remuneration is being offered to entice social network users to work for television networks and advertisers. Businesses have introduced incentives for people who notify Facebook-friends about shows they are watching (Reuters 2011a). Facebook offers 10 cent credits to some users for watching ads (Wasserman 2011). Applications are in development that search Twitter and/or Facebook databases to find all of the Tweets and Facebook posts that mention TV shows (TVOT 2010). This information is like a form of qualitative ratings (Stelter 2010). Comcast-owned start-up, TunerFish, provides a similar service. Viewers can share with their friends what TV shows they are watching, creating a minute-by-minute guide of peer recommendations (Wortham 2010). Some corporations use mobile applications to award free merchandise to viewers in exchange for reporting that they watch certain ads (Learmonth 2011).

## The Consumer Ontology

Many commentators describe an ongoing control revolution, in which consumers have usurped power from the institutions and vested interests that dominated a one-way system of television broadcasting (e.g., Shapiro 1999; Jaffe 2005; Berman et al. 2007; Walsh 2009). They argue that digital technologies let consumers find what they want, when they want, wherever they want. Developments in technology seem to result from consumer demand (Forkan 2000b; TVOT 2010; see Gerbner 1993). The same goes for privacy infringement: consumers surrender personal information willingly in exchange for the benefits of receiving relevant product offers. The assumptions underpinning these arguments, and justifying data mining, targeted advertising and consumer profiling, depend on answers to normative or even ontological questions about how we exist in the world. This debate is not simply about protection or disclosure of private information; it is about how we structure social institutions to organize societies, cultivate identities and allocate resources. What is to be produced, how and for whom? (Smythe 1981: 223-229). "Why do we attend to the things to which we attend?" (Innis 1982:xvii).

The answer, according to this logic, is that we exist as consumers in a marketplace unconstrained by time or space and that our worth is to be appraised by marketplace criteria. Commodities should be produced and attained for our individual satisfaction. Jaffe claims, "If the consumer is given more avenues to access, connect, research, purchase, and communicate, the result is an always-open-for-business utopia" (2005:61). Consumers (ostensibly) employ a rationale of exchange that appears to be reasoned and economical. Below this facade, however, is the reality that rationality exists alongside passion and impulse.

There is a profound contradiction here. The validation of consumer surveillance, profiling and targeting assumes the calculative sovereign consumer mythologized in mainstream economic theory (cf. Smythe 1981:9; Slater 1997:34-38). This justification is flagrantly at odds with the views and practices of advertising analysts and executives—that consumers are understood to be impulsive and that contemporary advertising aspires to evoke feelings rather than educate and inform (Rubinson 2010). As Verplanken and Sato put it, “impulsive buying grossly violates the assumptions of *homo economicus*” (2011:197).

In closing, we might well assess t-commerce developments in light of the extent to which not just ideas but also *existence itself* is being mediated by commerce and consumption (Bauman 2007; Slater 1997; Leiss et al. 1990). As mentioned, reality is constructed in a dialectic between subjectivity and objectivity (Berger and Luckmann 1966). Ways of thinking about consumption in the United States are complemented by concrete structures that engender consumption and constrain other activities. At the beginning of this thesis, “commodity everything” was used as a metaphor to bring attention to contemporary efforts to offer virtually everything on-screen to viewers as purchasable commodities. As this research progressed, however, the metaphor came to indicate, more literally, a broader trend in which commodities are made from viewing habits, shopping histories, relationships, and virtually every form of digital interaction.

The market is becoming the message: *commodity audience, commodity everything.*

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## Appendix One—Step-by-Step Overview of a T-Commerce Transaction

While the particularities of different interactive applications vary innumerable, typical t-commerce interactions could proceed as follows:

- During an advertisement or program, an icon (or “prompt”) appears on the screen, indicating an opportunity to interact.
- A viewer may initiate the interactive application by manipulating the remote control as directed.
- After engaging the prompt, a new interface menu will appear, offering further choices. Interfaces may take almost any appearance or arrangement, but businesses are tending to use “overlays”—relatively unobtrusive menus that enable viewers to engage interactive applications while program content continues with minimal disruption. In some cases these are called “widgets” to denote an interface that is not bound to program content—meaning that it offers a wider range of possible functions.
- The interactive interface allows viewers to pursue an array of further functions, including but not limited to:
  - o long-form advertisements
    - longer, more detailed advertisements, which may be similar in format to infomercials, or narrative branded content
  - o telescoping
    - portal to a menu of themed, often branded, content
  - o request for information (RFI)
    - request detailed information about a product or service
  - o direct-response opportunity
    - buy something from a home shopping channel, or view a catalogue of contextual products for sale, ranging from advertised goods, to items relevant to program content
- If, for example, a viewer decides to make a purchase, she or he shall, after making the appropriate selection with a television remote, encounter a payment interface designed and operated by firms that specialize in facilitating “back-end fulfillment.” Back-end fulfillment refers to tasks such as:
  - o notifying the consumer of success or failure of purchase attempt
  - o processing payment (information storage, mediating exchange with credit card company, account management, etc.)
  - o placing an order with retailer for the appropriate good(s) or service(s)
  - o coordinating delivery and receipt
  - o collecting feedback data

## Appendix Two—TV Ads in the Obituary? Recent Statistics on the Viability of Commercial Television

Multiple sources have pronounced the 30-second advertisement dead or dying (e.g., Zyman 2003; Jaffe 2005; Schultz 2005; Schmitt 2009). According to Jaffe, famous advertising executive Hal Riney proclaimed it dead in 2002. Researchers at Forrester surveyed 104 advertisers representing approximately \$14.9 billion in measured media budgets. Of respondents, 62 percent feel that TV advertising is less effective than it used to be (Cooperstein 2010b). Speakers at industry conventions frequently question the future of the 30-second advertisement. The Director of Emerging Communications at Group M says the 30-second spot will not be a part of the future of commercial television. The CEO at Philo Media Corp admits that spot ads could go away. Ashley Swartz, senior vice-president of Digitas, claims that the “idea of a spot is moot” (TVOT 2010).

Conversely, Jeff Bewkes, president and CEO of Time Warner, says “TV is not only *not* dead, but it’s one of the faster growing businesses. Ratings, time spent and viewership are all up” (Nielsen 2010a). David Verklin agrees with Bewkes, saying “TV has entered its next golden age” (Verklin 2011a). Many analysts maintain that TV is *the* dominant medium (Cooperstein 2010c; Winslow 2010; Lee and Stewart 2011; Ad Age Staff 2011).

Nielsen reports that TV continues to reach more people over more platforms (2008a; 2008b; 2010g; 2011h; Stelter 2011b). As of 2010, 115.9 million homes in the U.S. have at least one TV (Nielsen 2010e), up roughly 1 million from the previous TV season (2010d). Of those TV households, 31 percent have four or more TVs (Nielsen 2010e). Nielsen estimates this TV universe to contain 294.65 million people (2010d). The average American watches 35.5 hours of TV per week (Nielsen 2010e). A survey of adults in the U.S., sponsored by the Council for Research Excellence, finds that 85 percent of respondents watch an average of 64 minutes of ads daily and that 56 percent of viewers engage solely with TV, contrary to conventional wisdom about multitasking (Chapin 2010). The study also shows that adults watch less than three minutes of online video daily, compared to five hours of live TV (Singel 2009). Digital cable subscription has increased significantly—by 30 percent in 2008 (Nielsen 2008a)—to 55.6 million

households (Nielsen 2011). Almost 35 million homes have satellite service, and an additional 104.7 million are “cable and/or satellite ready” (Nielsen 2011).

Despite substantial growth in online advertising, “television is still where the money is” (Krashinsky 2010). In 2009, 57 percent of the \$117 billion in total U.S. advertising expenditures was spent on TV (Nielsen 2010d). By many accounts, 2009 was a down year for advertising (e.g., Liesse 2010; Ives 2011; Nielsen 2010c; Steinberg 2011b). Improvement in 2010, however, suggests that there is “more robust and reliable growth ahead” (Ives 2011; see also Verklin 2011a). Ad spending through the first three quarters of 2010 was \$94.1 billion, up 6.4 percent from the equivalent period in 2009 (Ives 2011). A report by Deutsche Bank predicts the advertising sales in upfront market will increase in 2011 by approximately 10 percent (Verklin 2011a). The television advertising market grew by 9 percent in the first quarter of 2011, up to \$18.8 billion (Jones 2011). Comcast networks, for example, enjoyed a 10 percent increase in advertising sales (Adegoke 2011).

While some predict more modest growth (Steinberg 2011b; Cooperstein 2010c; Magna Global 2011), others are less reserved. Consultancy firm Deloitte predicts that television will increase its share of advertising revenue for the fifth consecutive year. They expect global TV ad revenues of \$191 billion in 2011, up from \$174 billion in 2007 (Lee and Stewart 2011:20). Their predictions, they say, “should discourage any lingering doubts that the 30-second spot is in structural decline” (2011:20). Although 30-second commercials remain the television advertising standard (Kline 2011), their stronghold may have loosened. One report claims that the number of 30 second spots decreased by 5 percent from 2009 to 2010 (Nielsen 2010d). Conversely, a report from Magna Global indicates that traditional spots have grown as a share of total advertising (Winslow 2010).

Others accept that the 30-second spot has been in decline, but believe that new applications can revitalize it. According to an article in *Advertising Age*, “advertisers are betting new interactive TV features will reconnect them with hard-to-reach consumers and, more importantly, determine whether their ads are working” (Morrissey 2005). In a survey of national marketers, conducted with the Association for National Advertisers, Forrester Research reports that 75 percent of respondents believe that ITV would be effective for generating leads with new customers (Steinberg 2010b). This survey also

finds renewed faith in 30-second spots: only 19 percent of respondents believe they will be obsolete in ten years, down from 28 percent one year earlier (Cooperstein 2010b).

Verklin alleges that “about one-third of the commercials you see are exposures wasted on you” (2011b). He proposes two solutions: adding interactivity, which “inherently makes advertising more engaging, utilitarian and interesting”; and bringing addressability to the national 30-second marketplace to “dramatically improve relevance” (Verklin 2011b). Summarizing his position, he says “TV is not going away, DVRs are not killing commercials, and people are actually interested in watching creatively conceived advertising” (2011b). Verklin claims this debate as one of his favourites, “given the billions upon billions of dollars at stake” (2011b).

Owing to a variety of changing conditions, including the new measurement techniques and technologies described above, cable seems to be particularly well-positioned. Despite stagnation across much of the television industry, cable enjoyed modest growth in 2009. The number of original series on ad-supported networks nearly doubled—from 768 to 1,514 (Liesse 2010). Mel Berning, executive vice president of ad sales at A&E, claims “We have reached a tipping point where cable has so much ratings momentum, and so much original programming, that we are just in a really good spot. It is a great time to be a cable network” (Liesse 2010).

ITV is proceeding as an advertising medium, and it is believed that revenues will continue to be supported primarily by advertising—though transactional models are becoming increasingly common. According to the president of Rainbow Advertising Sales Corporation, “Advanced advertising has proven to be a real complement to our business, not a substitute for the 30 second ad... We don’t see the 30-second business going away; as a matter of fact, these advanced advertising platforms have strengthened [sic] the value of a 30-second spot” (Winslow 2010). Even if traditional TV ads have outlived their relevance, powerful multinational corporations are not allowing them to disappear.<sup>81</sup>

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<sup>81</sup> We should be critical of the figures presented in this section. Measurements of television audiences are, as mentioned, conditioned by economic motivations in many cases. Nielsen, for example, has financial interests in reporting that commercial television maintains a healthy market. It is difficult, therefore, to find reliable and consistent data about TV audiences. While many source listed above indicate television businesses enjoy continued growth in viewership (e.g., Stelter 2011b), other sources show a more mixed picture (e.g., Statistics Canada 2010).

## Appendix Three—The Audience Product

### The Predicted Audience

While the size and demographic composition of audiences can be difficult to predict reliably, these predictions form an integral component of audience transactions. The practice of “upfront” media buying is well established (Lotz 2007b; Napoli 2001b). Historically, broadcast networks have sold 75 to 90 percent of advertising time available throughout a programming season before the season commences (Lotz 2007a:103). Predictions of audience quantity and quality inform decisions about what programs to produce and how to finance them (Lotz 2007a:83-89).

Increases in channel options and media consumption platforms have made it more difficult to predict the behaviours of audiences (Livingstone 1999; Napoli 2003:39-40; 2011a; Lotz 2007a). Some technologies can be used to remedy these dilemmas by enabling collection of more complete and accurate data (Sharp and Wind 2009). For example, media organizations now search online fan forums and social networks to assess the potential interest, or “buzz,” related to new shows (Andrejevic 2008; Napoli 2011a:91-94). Based on this consumer research, programmers may decide to alter their plans—by scheduling shows differently or even adjusting storylines (Napoli 2011c). Other technological developments, however, further confound the process by undermining the spatial and temporal controls traditionally enjoyed by networks (Lotz 2007a; Carlson 2006; Turow 2005).

By almost all accounts in the business literature, this supposed shift in control—from broadcasters to consumers—compels advertisers to demand more accountability for their expenditures (Tauder 2005). In fact, however, vested interests can gain more control over the production of audiences by harnessing the ability of interactive television platforms to harvest more detailed information about viewers (Andrejevic 2004; Spurgeon 2008). Direct marketing techniques and evaluative criteria (i.e., ‘return on investment’ metrics) reduce the risks involved in buying audiences “upfront,” since the effects of advertisements can be measured retrospectively with more precision. In this sense, increased control is experienced in managing the production of the audience commodity, since the work of viewers can be verified, instead of being predicted

(Worden 2010). As the business literature suggests, advertisers are increasingly reluctant to spend on upfront media buying or to make long-term commitments (Liese 2010). These demands for accountability, however, have less to do with concerns about the new media environment, and more to do with perceived opportunities to improve rationalization and profitability.

### **The Measured Audience**

To attract advertising dollars, media platforms and programs must demonstrate a verifiable ability to attract audiences (Webster et al. 2000). Turow calls the establishment of an institutionalized measurement system “the watershed for a developing medium” (1997:170). The measurement system must be seen to compile reliable data; otherwise, “risk-averse” advertisers will concentrate their spending elsewhere (Napoli 2001a:70). Insofar as advertisers allocate expenditures based on the measured audience, “Television programs live and die by their Nielsen ratings” (Napoli 2003:32).

Audience measurement establishes “the necessary standard” for setting advertising rates (Ang 1991). Television ratings form the “agreed-upon” currency that mediates exchanges in the audience marketplace (Ang 1991:54). By establishing an authoritative standard, transactions can be “completely routinized,” thus lowering costs and increasing efficiency (Meehan 1993:387). This is why Meehan regards ratings as products of “business exigencies” rather than social science research (1984: 221). Congruence between the predicted audience and the measured audience also can increase efficiency. Advertisers want to ensure receipt of the product purchased; media organizations want to maximize compensation for the audiences they assemble (Napoli 2003:33). This provides an incentive for improvements in audience measurement. Such changes, however, alter the structure of media industries (Napoli 2003:93). Adjustments in measurement can “significantly reconfigure a commercial system” (Lotz 2007a:193-94). Barnes and Thomson remark that “the *measurement* of audience behaviour, not audience behaviour per se, changes the media” (1994:78; quoted in Napoli 2003: 94-95; original emphasis).<sup>82</sup>

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<sup>82</sup> In an often cited article from *New York Times Magazine*, Jon Gertner (2005) makes a bolder argument. He writes, “Change the way you count, for instance, and you can change where the advertising dollars go, which in

According to Meehan, “ratings have nothing to do with audiences and everything to do with corporate interests” (2005:40). The pursuit of standardization has contributed to the ratings industry’s historical tendency towards monopoly (Meehan 1984; 1993; 2005; Napoli 2003; Lotz 2007a; Bermejo 2007; 2009). The use of diverse techniques could create more accurate data about audiences; however, having multiple measurements form the basis for exchange installs expensive redundancies. Firms would be compelled to subscribe to every service and essentially pay for multiple depictions of the same product (Napoli 2003: 20). Both advertisers and media organizations accept monopoly because it facilitates standardization and simplicity (Meehan 2005: 40; Bermejo 2007: 45). The conflicting financial interests of buyers and sellers, and their mutual interest in standardization, necessitate independent measurement organizations. Ostensibly, specific firms win favour in the marketplace by extolling the “‘scientific’ and ‘practical’ validity” of their techniques, which appeal to the TV industry’s “currency logic” (Bermejo 2007:46; 2009:137).

Established media firms can exert significant power in shepherding developments in audience measurement. Stakeholders have recourse to various levers for accelerating or retarding changes in technologies and techniques, such as withholding investment or pursuing litigation. The degree of leverage available to different parties highlights some important power dynamics. Advertisers, insofar as they represent the interests of corporations, want to reach actual audiences and verify how many consumers are influenced to buy their products. Many advertisers have expressed interest in ratings for individual commercials (Spangler 2010b). In this respect, they value a business model based on *actual* audiences and the *performance* of advertisements. Media organizations, by contrast, want to monetize the entire audience they assemble, not just the portion influenced by advertisements (Napoli 2001:71; Bermejo 2009:148). They want to preserve a business model based on commodity audiences that expire immediately and must be purchased each time a program airs. Since media organizations contribute more

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turn determines what shows are made...Change the way you count, and potentially you change the comparative value of entire genres...as well as demographic segments...Counting differently can even alter the economics of entire industries...Change the way you measure America’s culture consumption, in other words, and you change America’s culture business. And maybe even the culture itself.” Much of this passage appears in Lotz (2007a: 193).

to the bottom line of audience measurement firms than do advertisers (Napoli 2003:161), they have more control over the development of measurement systems.

Nielsen also protects its interests. One advertising executive says, "They're very good at stifling innovation and managing the environment. They slow the pace of change down. And they're very good at making sure that their monopoly will continue" (Gernter 2005). For example, Nielsen has used patent protections on technologies to bar new entrants from the audience measurement industry (Meehan 1984:222; Bermejo 2007:47). A commercial system's reliance on audience data affords Nielsen great power in this regard. A representative from the company suggests that its relationships with many firms and institutions make it "like a government agency" (TVOT 2010). In reality, it is a profit-seeking firm, maximizing its competitive advantage.

These examples illustrate that shifts in media have not resulted from unfettered competition in the marketplace, or improvements in technologies. Changes in audience measurement do not follow a linear progression in the quality of research; they emerge from social developments fuelled by profit motives, business routines, and an unequal political economy. As the next chapter will illustrate, these commercial dynamics of audience measurement have mediated the historical trajectory of t-commerce.

### **The Actual Audience**

The actual audience engages in much more complex relations with the medium and its content than accounted for in institutionalized conceptions of the audience. These activities defy most non-invasive forms of observation. Even with moment-to-moment monitoring through cable and satellite boxes, advertisers and media organizations can only tell what is on the TV. Advertisers have had little choice but to hope that audiences attend to their messages, despite theories that many viewers leave the room or shift attention to other media devices during commercial breaks (Jhally and Livant 1986: 138; Turow 2006:32).<sup>83</sup>

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<sup>83</sup> There are efforts to develop more thorough surveillance methods. Research at Ball State University, sponsored by Time Warner, Nielsen and others, uses eye-tracking technologies to study how people actually attend to TV. This multi-million dollar research program, as well as other high-profile administrative market research projects, have earned Ball State a dubious reputation among groups like the Center for Digital Democracy (Chester 2011). Decades earlier, Nielsen developed a "smart sensing" system that watched viewers as they watched TV (Hawkings 1990). This is evidence of Andrejevic's (2004) argument about the work of being watched. Even





## Appendix Four—Corporate Profiles of T-Commerce Firms Affiliated with Canoe Ventures (Partial Overview)

Table 1.1. *icueTV*

<b>COMPANY</b>	<b>icueTV</b>
<b>PRODUCTS/SERVICES</b>	T-Commerce; request for information; product “fulfillment”; delivery; account management; surveillance/“analytics”; audience voting and polling
<b>CORPORATE PARTNERS</b>	Comcast Media Center; SeaChange; Buckeye Cablesystem; PayPal; several unnamed MSO’s; Groupon; Apple
<b>CORPORATE STRUCTURE</b>	Private
<b>HEADQUARTERS</b>	Cherry Hill, NJ
<b>ESTABLISHED</b>	2007
<b>FINANCIAL INFORMATION</b>	Total funding to date: \$1.66 million US

Table 1.2. *SeaChange*

<b>COMPANY</b>	<b>SeaChange</b>
<b>PRODUCTS/SERVICES</b>	T-Commerce; interactive advertising; video-on-demand; dynamic advertisement delivery
<b>CORPORATE PARTNERS</b>	Bright House Networks; Cablevision; Comcast Cable; Comcast Spotlight; Cox Communication; DISH Network; Liberty Media; Verizon; icueTV
<b>CORPORATE STRUCTURE</b>	Public
<b>HEADQUARTERS</b>	Action, MA
<b>ESTABLISHED</b>	1993
<b>FINANCIAL INFORMATION</b>	2010 net income: \$29.47 million US Total assets: \$303.04 million US

Table 1.3. Delivery Agent

<b>COMPANY</b>	<b>Delivery Agent</b>
<b>PRODUCTS/SERVICES</b>	T-Commerce (digital shopping platform); "shop-enabled entertainment"
<b>CORPORATE PARTNERS</b>	NBCU; CBS; FOX; HBO; A&E; Lifetime; TNT; TLC; As Seen on TV
<b>CORPORATE STRUCTURE</b>	Private
<b>HEADQUARTERS</b>	San Francisco, CA
<b>ESTABLISHED</b>	2001
<b>FINANCIAL INFORMATION</b>	Total Funding to date: \$77.13 million US In 2009, company valued at \$99.68 million US

Table 1.4. BlackArrow, Inc.

<b>COMPANY</b>	<b>BlackArrow, Inc.</b>
<b>PRODUCTS/SERVICES</b>	Advanced advertising (dynamic, addressable and interactive); video-on-demand advertising
<b>CORPORATE PARTNERS</b>	Cisco Systems (investors); Comcast Ventures (investors); Motorola (investors); SeaChange; Comcast; Time Warner Cable; FourthWall Media; NBCU (USA Network; E!; Bravo; Oxygen); Fox Cable Networks (FX; National Geographic; Speed)
<b>CORPORATE STRUCTURE</b>	Private
<b>HEADQUARTERS</b>	San Jose, CA
<b>ESTABLISHED</b>	2004
<b>FINANCIAL INFORMATION</b>	Total funding to date: \$70.48 million US

Table 1.5. Visible World

<b>COMPANY</b>	<b>Visible World</b>
<b>PRODUCTS/SERVICES</b>	Targeted advertising; household addressable/customized advertising
<b>CORPORATE PARTNERS</b>	Comcast Ventures (investors); Time Warner Investments (investors); Viacom International, Inc. (investors); Comcast; Bright House Networks; Cablevision; Cox; Time Warner; Cisco; Motorola; SeaChange; Ensequence; Experian; Nielsen
	Brand clients: AT&T; BWM;; Ford; 20 <sup>th</sup> Century Fox
	Networks: Comcast Networks; MTV; A&E; Fox;
<b>CORPORATE STRUCTURE</b>	Private
<b>HEADQUARTERS</b>	New York, NY
<b>ESTABLISHED</b>	2000
<b>FINANCIAL INFORMATION</b>	Total funding to date: \$60.83 million US

Table 1.6. FourthWall Media

<b>COMPANY</b>	<b>FourthWall Media</b>
<b>PRODUCTS/SERVICES</b>	T-Commerce; advanced advertising; widgets; audience measurement; behavioural profiling
<b>CORPORATE PARTNERS</b>	Cisco/Scientific Atlanta; Comcast Media Center; Time Warner Cable; DISH Network; Rovi; BlackArrow; SeaChange; eBay; PayPal; Twitter
<b>CORPORATE STRUCTURE</b>	Private
<b>HEADQUARTERS</b>	Plano, TX
<b>ESTABLISHED</b>	1998 (as Biap, Inc.)
<b>FINANCIAL INFORMATION</b>	Not available

Table 1.7. Ensequence

COMPANY	Ensequence
<b>PRODUCTS/SERVICES</b>	T-Commerce; interactive television
<b>CORPORATE PARTNERS</b>	Programmers: NBCU; ESPN; MTV; HBO; CNN; HSN; QVC
	Service Providers: Canoe; Comcast; Time Warner Cable; Cablevision; Dish Network; DirecTV; Verizon
<b>CORPORATE STRUCTURE</b>	Private
<b>HEADQUARTERS</b>	New York, NY
<b>ESTABLISHED</b>	2000
<b>FINANCIAL INFORMATION</b>	Total funding to date: \$67.59 million US <sup>1</sup>

**Canoe Ventures**  
**(Partial Typology of Corporate Relationships)**

**Service Providers (MSOs)**

- Bright House Networks
- Cablevision
- Charter Communications
- Comcast
- Cox Communications
- Time Warner

**Affiliated Networks**

- A&E
- AMC
- As Seen on TV
- CNN
- Discovery
- E!
- ESPN
- FOX
- HBO
- HSN
- Lifetime
- MTV
- NBC
- Oxygen
- TLC
- QVC

**Consumer Researchers and Databases**

- Catalina
- Experian
- Gfk MRI
- Kantar
- Nielsen
- Scarborough Research
- TNS Media
- TRA (The Right Audience)

**T-Commerce and Advanced Advertising Operating Systems**

- BlackArrow
- Delivery Agent
- Ensequence
- FourthWall Media
- icueTV
- SeaChange
- Visible World

**Set-Top Box Manufacturers**

- Cisco/Scientific Atlanta
- Motorola
- Donovan Data Systems

**Set-Top Box Measurement**

- Rentrak
- Simulmedia
- TiVo

**Advertising Software**

**Payment Processing**

- PayPal

**Advertising Agency Clients**

- Interpublic
- Omnicom
- Publicis
- WPP
- AT&T
- Coca-Cola
- BMW
- P&G
- Unilever

**Marketing Clients**

## Appendix Five—Policy Concerns: Surveillance, Privacy and Selling to Children

Surveillance, one-to-one customization, hyper-targeting and other elements of t-commerce aggravate privacy debates (Bugailiskis 2001; Center for Digital Democracy 2001; Turow 2006; Napoli 2003; 2011a). The Cable TV Privacy Act of 1984 contains provisions about data collection and use, but does not prohibit firms from discriminating among subscribers or targeting households with customized advertisements (Turow 2006:113-114). It does, however, prevent them from selling personally identifiable information to marketers. Likewise, the Cable Television Protection and Competition Act of 1992 imposes sanctions restricting cable systems from selling subscribers' viewing data to third parties, but it still allows them to use that data internally (Napoli 2003:167). Importantly, this legislation applies only to cable systems; a strict interpretation allows telecom and satellite video service providers "more freedom to exploit any audience behaviour data that they gather" (Napoli 2003:167; see also Tinic 2006). Typical of their imprecision (Turow 2006), both documents stipulate that cable systems are justified in collecting data about consumers if it is necessary for rendering cable services or "other services" provided to the subscriber. Advertising can be interpreted to fit this description (Napoli 2001a:191). This out-dated legislation fails to account for many commercial services that were unimaginable when it was drafted—such as cross-referencing TV viewing and Internet browsing data (Vascellaro 2011).

Some research suggests that citizens are becoming less concerned about privacy implications of new media (Napoli 2011a:144-45). Analysts claim that consumers will sacrifice privacy if they perceive a tangible benefit, such as convenience or customization (Andrejevic 2002; Trappey and Woodside 2005; Turow 2005; Lotz 2007a). Conversely, findings from national surveys indicate that most Americans "have no clue" about how marketers collect and use their personal information (Turow 2006:158-163). The majority of citizens are not interested in receiving customized ads, and many not only object to price discrimination based on consumer profiling, they believe it to be illegal (2006:160-162). Such consumer profiling is intrinsic to the business models of firms such as Visible World, FourthWall Media, Delivery Agent and Catalina Marketing. Executives recognize the importance of protecting their proprietary stake in consumer profiling. According to a

representative from the American Association of Advertising Agencies, “The worst enemy of our industry is legislation” (TVOT 2010).

Discussions about vulnerable consumers, as well as most policy initiatives, have revolved almost exclusively around advertising and marketing to children (Chester and Montgomery 2007; Epsejo and Glaubke 2005; AEF 2005; Children Now 2004; FCC 2005; Counsel for Children’s Media Policy 2005; Oxenford 2008; FTC 2009; Chapin 2011). Legislation prohibits the use of characters to sell products (“host selling”) and the display of commercial website addresses related to programs or advertisements. Rules also dictate that programs and ads must be clearly delineated. These regulations derive from the Children’s Television Act (CTA) of 1990 (see Conley 2010). Provisions about host selling and product “tie-ins” were instituted in 1993, while the stipulation barring the display of commercial website addresses followed in 2006. These changes were implemented following a period of deregulation in the 1980s, which allowed for program-length commercials in the form of direct-response infomercials and also narrative promotional vehicles for children’s toys. The FCC maintained a “strong anti-regulation policy” when the CTA was passed in 1990 (Conley 2010:51). Indeed, some broadcasters interpreted *G.I. Joe*, a violent cartoon designed to market action figures, as educational programming (Calvert and Kotler 2003:278; Harris 2009:363).

Children are considered vulnerable primarily because of their inability to discern commercial intentions of marketers, to understand financial relationships among media organizations and advertisers, to self-regulate against persuasion, and because of their cognitive development (Calvert and Kotler 2003). This last point has two important facets. First, children lack the critical faculties to defend themselves against predatory marketing techniques. Secondly, children can be impacted profoundly by habits, compulsions and dependencies that form in early stages of brain development (Pechmann et al. 2005). Early childhood and adolescence are periods of “hard-wiring” in the brain. Adolescents, in particular, undergo rapid and experience-dependent structural changes in the brain. Based on this brain “plasticity,” they are highly susceptible to long-term harm, such as tendencies toward depression and addiction (2005:203-205, 211; Chambers, Taylor, and Potenza 2003).



This research interfaces with “cultivation” theories which posit that exposure to media shapes worldviews (see Harris 2009:34-36), as well as sociological perspectives that describe “primary socialization” as a formative period in early development wherein our close relationships (primarily with caregivers) establish the foundation for perceptions and expectations about objective reality—what is natural, desirable, expected, etc. (see Berger and Luckmann 1966:129-137). Research indicates that children learn social and cognitive lessons from television programs (Calvert and Kotler 2003). Recent estimates indicate that, on average, by the age of eighteen children have watched between 10,000 and 15,000 hours of television and more than 200,000 advertisements (Conley 2010: 49). Others suggest that children under the age of twelve see almost 40,000 television advertisements per year, and that American corporations spend \$15 billion annually on marketing and advertising to children (Espejo and Glaubke 2005:1).

The commercial techniques from which children are “protected” are being deployed on adult viewers with increasing frequency. Host selling, product tie-ins and the de-differentiation of advertising and program content are pillars of t-commerce and the interactive television economy. Despite evidence of consumer vulnerabilities (and acknowledgement from opportunistic executives and researchers that impulsive behaviours can be exploited profitably), so far t-commerce remains generally unregulated in the broader digital television storefront. The most recent significant ruling on home shopping came in 1993 when the FCC awarded “public interest” status to networks that transmit “sales presentations or program length commercials,” based on their service to homebound consumers (FCC 2007; Oxenford 2007). Under this designation, home shopping channels are mandatory components of cable carriage.

Verplanken and Sato (2011) advocate for mechanisms to help protect vulnerable consumers from hazards of impulse purchasing, particularly in situations when people fail to self-regulate. Pechmann et al. (2005) advise policymakers to consider “comprehensive federal legislation” to protect adolescents from advertising and promotions for “high-risk” and addictive products. How might viewers respond to celebrity-testimonials for Proactiv facial cleanser when these ads are in commercial breaks for reality shows, like *Bridalplasty*, that celebrate cosmetic surgery? We should add that shopping behaviours in general must be discussed within the rubric of addiction. As mentioned, perceptive t-

commerce executives suggest that the icon for the industry should not be a specific product, but instead the checkout counter itself—the capability to buy. Perhaps this same logic should apply to policy debates.

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Education:

University of Sussex, Brighton,  
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2005-2009 (Ph.D.)  
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2000-2003 (M.A.)  
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British Computer Society Fellowship, 2009-2010

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Business Assistant  
University of Westminster  
2010-2011

Conference Papers:

"Viewing a computer: Historical Television Interfaces  
and the Computer Interface," *Transferring Audiences 3*,  
September 3-8, 2011, University of Westminster, UK.  
  
"Marketing Unions: Teaching Communities 1:  
Community at University 1: Initial, Final and  
Secondary Aims," *Open Access - Media - InterMedia:  
Journal of Media Studies and Technology Studies*,  
Issue 11/12, 2011, York University, Toronto, ON