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## Enhanced TV as Brand Extension: The Economics and Pragmatics of Enhanced TV to Cable TV Network Viewership [Slides]

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# Enhanced TV as Brand Extension: The Economics and Pragmatics of Enhanced TV to Cable TV Network Viewership

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# Enhanced TV Defined

- The use of the features of the Internet to create a better experience for TV viewers
- Programmers use those features to build viewer loyalty, increase retention and attract new subscribers.
- Fan-based, game-based, information-based and programming based features.

# Method

- National random sample mail surveys of 3,000 Internet Users with option to answer on the Web
- Incentive: Fresh 1 dollar bill
- Effective Response Rate: 51%
- Total Usable Sample Size: 1484 (1397 mail, 87 web)
- 80% pay for their own Internet Service
- 85% subscribe to cable or satellite  
(41% are premium service subscribers, 59% are basic service subscribers)

# Usage of Cable TV Sites

- 50% of Internet users visited a cable TV network web site in the past 3 months
- About 30 percent visited a cable TV network web site in the past 2 weeks
- 12 percent of respondents either use the Internet to search for more info about TV programs or look for alternatives
- Repeated visits: 15 times on average
- Average visit time is 10.4 minutes per site
- Promotion on TV the most important source of TV web site awareness

# Top 3 most watched cable TV networks and cable TV sites

Most often watched  
Cable TV networks

1. CNN 12.6%
2. A & E 11.5%
3. Lifetime 11.4%

Most often visited cable  
TV sites

1. CNN 19.1%
2. Discovery 12.0%
3. ESPN 9.3%

# Research Questions and Results

*1. Do enhanced TV features increase viewer loyalty, keep subscribers and attract new subscribers for cable networks?*

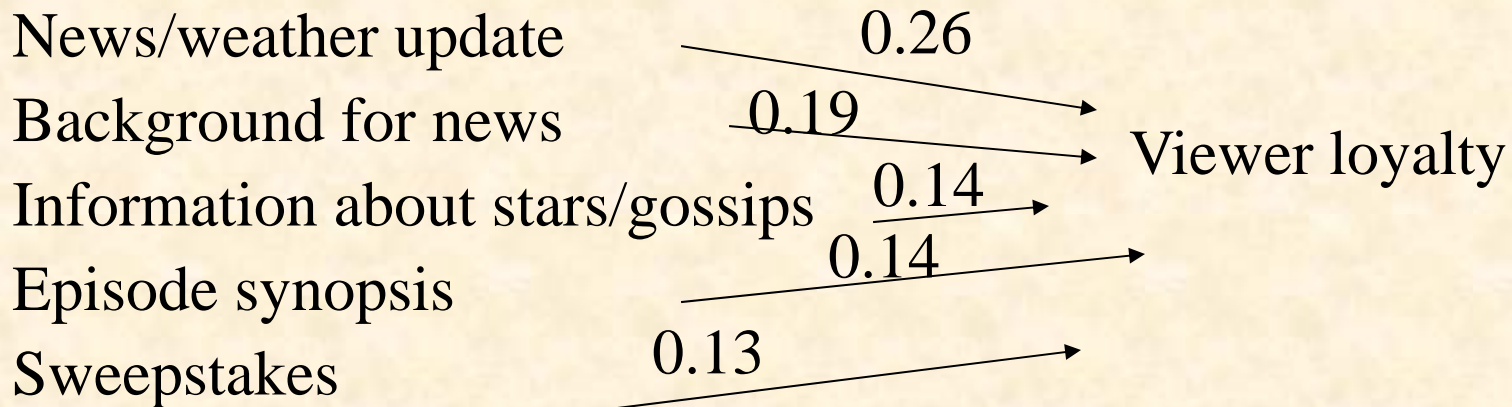
**increase in enhanced TV feature usage is positive in predicting viewer loyalty, subscriber loyalty and attracting new subscribers for cable networks**

- Watch the shows featured on the site more often and ranked the network as their favorite
- More involved and more attached to the show
- More likely to request cable operator to carry or keep the network
- More likely to become interested in the network

# Research Questions and Results

## 2. *Which enhanced TV features are the most effective in achieving increase in viewer loyalty and attracting new subscribers?*

Only increase in viewer loyalty, but no specific one attracts new subscribers



Adjusted  $R^2=0.48$



# Research Questions and Results

## 3. *How do viewers evaluate their enhanced TV experience?*

Many cable subscribers mildly agree that the enhanced TV features “enhance” their TV viewing experience (mean=2.9/ strongly agree)

Not interested in participating in the site (mean=2.09/5 strongly agree)

More interested in information services provided by the network to facilitate program choice and understanding (mean=3.44/5 strongly agree)

46% are unwilling to download software to view extra features on the sites

# Research Questions and Results

4. *Do enhanced TV features function successfully in attracting new viewers and motivating viewers to buy products on the web site as brand extension?*

Yes. Successful in attracting new viewers to to the programs of the cable networks (beta=0.19)

Successful in enticing them to buy products on the sites. (beta=0.17)

# Research Questions and Results

5. *Are there differences in Internet subscriber types (free vs. paid subscribers) in enhanced TV uses and gratifications?*
- Internet subscribers such as AOL subscribers who pay for their Internet services are more valuable targets for cable TV services
    - they watch significantly more TV
    - significantly more likely to subscribe to premium cable or satellite TV service or upgrade their TV subscription service in the past 3 months
    - No difference in enhanced TV uses and gratifications

# Premium Cable subscribers vs. Basic Cable subscribers

Premium cable subscribers:

- spend significantly more money on the Internet subscription than basic subscribers
- higher consumption of on demand services such as PPV and VOD than basic subscribers
- more likely to adopt TV-related technology such as HDTV, DVD players, big screen TV and Web TV than basic subscribers

# Premium Cable subscribers vs. Basic Cable subscribers

## Premium cable subscribers

- Are more experienced in using the Internet (1/3 have 5 years + Internet experience)
- Spend more time on TV than Internet
- Yet more likely to shop online
- Spend 2 times more in money on online purchases
- More willing to download software to view extra features on web sites