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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
<table>
<thead>
<tr>
<th>Most often watched Cable TV networks</th>
<th>Most often visited cable TV sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CNN 12.6%</td>
<td>1. CNN 19.1%</td>
</tr>
<tr>
<td>2. A &amp; E 11.5%</td>
<td>2. Discovery 12.0%</td>
</tr>
<tr>
<td>3. Lifetime 11.4%</td>
<td>3. ESPN 9.3%</td>
</tr>
</tbody>
</table>
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

- News/weather update: 0.26
- Background for news: 0.19
- Information about stars/gossips: 0.14
- Episode synopsis: 0.14
- Sweepstakes: 0.13

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 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