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

Louisa Ha  
_Bowling Green State University_, louisah@bgsu.edu

Sylvia Chan-Olmsted  
_University of Florida_

Follow this and additional works at: https://scholarworks.bgsu.edu/smc_pub

Part of the Broadcast and Video Studies Commons, and the Communication Technology and New Media Commons

Repository Citation
https://scholarworks.bgsu.edu/smc_pub/8

This Presentation is brought to you for free and open access by the School of Media and Communication at ScholarWorks@BGSU. It has been accepted for inclusion in School of Media and Communication Faculty Publications by an authorized administrator of ScholarWorks@BGSU.
Enhanced TV as Brand Extension: The Economics and Pragmatics of Enhanced TV to Cable TV Network Viewership

Louisa Ha
Department of Telecommunications, Bowling Green State University

Sylvia Chan-Olmsted
Department of Telecommunication, University of Florida

Funded by the Magness Institute

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
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