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Networks Say TV Ads Still Matter

Executives seek to use their own research and findings from Nielsen to show that DVRs such as TiVo don't pose as big a threat as once feared.

By Meg James
Times Staff Writer

November 17, 2005

The 30-second commercial isn't dead after all.

At least that's what the six broadcast networks — CBS, NBC, ABC, Fox, UPN and the WB — joined together to argue Wednesday, citing new research they contend shows digital video recorders such as TiVo don't pose as big a threat to the traditional TV spot as once feared.

At a news conference in New York, network research chiefs said there was increasing evidence that viewers who have the machines watch significantly more television than people who don't. Not only that, they said, users watch plenty of ads rather than zip through them using the fast-forward button.

"The advertising value is growing in these shows, it's not getting less," David F. Poltrack, CBS Television executive vice president for research and planning, said in an interview.

The view presented by networks was undeniably self-serving since commercial spots are the bread and butter of the TV business. But executives sought to use new research to poke holes in the notion that when technology makes it easier to skip over ads, people will stop watching them altogether.

Findings from Nielsen Media Research this fall in seven markets — including Denver, Houston and Orlando, Fla. — showed that viewers in homes with digital video recorders spent 12% more time watching television, for a total of 5.7 hours a day on average. When factoring in DVR usage, prime-time programs saw a 4% boost in their viewership.

The networks said their own research showed that more than half of DVR users paid attention to commercials and that they recalled spots they saw. The network studies also indicated something surprising: that 53% of DVR users have gone back to watch commercials they initially fast-forwarded through.

Since DVRs were introduced about five years ago, network executives have fretted that the devices would diminish the value of commercial time, making it more difficult to generate the ad dollars needed to produce expensive, high-quality shows.

Advertisers have worried about how to deliver their messages if their favorite method, the 30-second commercial, lost its punch. Prognosticators have long suggested that DVRs would cripple commercial TV.

"Never have so many people been so wrong for such a long period of time," CBS' Poltrack said.

But Tom Meyer, president of Davie-Brown Entertainment, a Los Angeles firm that seeks to integrate products into shows, said that even if significant numbers of DVR owners watched ads, networks still must come up with additional forms of revenue.

"It's a fact that consumers are using technology to evade advertising," Meyer said. "Advertisers pay for on-air mentions because they want to make sure that consumers are taking in their message and not zipping through it."

Robert Riesenberg, chief executive of Full Circle Entertainment, which is owned by advertising giant Omnicom Media Group, said that with TV, the Internet and video games competing for eyeballs, advertisers have worked harder to stand out. That often means trying to get their products integrated into a program as well as buying commercial spots.

"It's not that the 30-second spot is dead," Riesenberg said. "But in the face of this fragmentation and clutter, the messages have to be stronger and more engaging."

About 8% of U.S. homes have a DVR, Poltrack said. That number is expected to grow more than threefold, to about 40 million homes, within five years.

Nielsen research also showed that about 90% of the DVR users watched the shows at their designated broadcast time. Predictably, the most recorded shows were the highest-rated programs: "Desperate Housewives" and "Lost" on ABC, "Survivor" and "CSI: Crime Scene Investigation" on CBS, "American Idol" on Fox and "ER" on NBC.

Shows in the most competitive time slots also were heavily recorded. On Thursday nights, network studies found that DVR users were likely to use the devices so they could watch both "Survivor" on CBS and "The O.C." on Fox. "The O.C." was the ninth-most recorded program even though it ranks 78th overall.

Similarly, "The Apprentice" on NBC, which airs opposite "CSI," was the sixth-most recorded program. Last week, "The Apprentice" placed 32nd in the Nielsen rankings, while "CSI" was No. 1.

"The impact of DVRs is going to be different show by show," Poltrack said. "It's going to be the survival of the fittest."

Alan Wurtzel, president of research and media development for NBC, said the networks wanted to highlight the data to debunk what he called the "urban legend" that "DVRs were going to kill the business."

How did that legend catch on? Wurtzel's theory is that because the earliest users of DVRs were mostly tech lovers and industry insiders, their habits were not representative of the entire population.

"The earliest adopters tend not to have the same behavior as the mainstream audience," Wurtzel said in an interview. If all Americans behaved like those who first embraced DVRs, "we'd all be wearing black, driving Jags and Mercedes and trying to get a good table at the Palm."

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