



BEYOND RATINGS – New Metrics for New Media ***Benchmarks for exploiting TV show websites***

*A Bell Fund Report for Broadcasters, Producers, Advertising Agencies & Everyone
in the Business of Capitalizing on 'Net Assets for Television Properties*

RESEARCH REPORT EXCERPT

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Overview

The relationship between TV and the Web has all the elements of a thrill-ride combined with a tug-of-war. Battle lines have been drawn and redrawn over the Web's role in enhancing, repurposing or even replacing TV shows. Broadcasters, producers and advertising agencies continue to assess whether a TV show site constitutes interactive content, ingenious marketing or both.

At the fulcrum of this push-me/pull-you is the bottom line and the answer to the questions: Who, if anyone, stands to win the big bucks for convergence media? What constitutes a killer ROI? What performance measures have meaning beyond money?

Ultimately, as "new" media matures, will it follow the business model of an increasingly beleaguered television industry, or will it forge its own path?

As coach and witness to emerging business models in this sphere, the Bell Broadcast and New Media Fund identified the need to research the state of today's on-air/online value proposition. The result is:

Beyond Ratings – New Metrics for New Media, Benchmarks for exploiting TV show websites

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Specifically, ***Beyond Ratings*** highlights:

- Values that TV show websites bring to broadcasters
- Business metrics used to help define this value

The Bell Fund is the greatest single influence on the production of innovative interactive content for Canadian TV programming. Now in our seventh year, this private Fund has invested \$25 Million in 245 on-air/online ventures. Our research findings aim to help the industry at a strategic level to:

- Focus on common goals for TV show websites
- Create a business framework for on-air/online interplay

Beyond Ratings explores new metrics for new media – ones that make sense in terms of familiar concepts such as revenue, profit and return-on-investment. This research identifies a preliminary checklist of metrics for broadcasters, producers and advertising agencies. Ultimately, it begins to illuminate what is of value to the most important stakeholder of all: the media audience.

"All it takes is one deal to come up with a new business model."

Web Executive, speaking on the early-stage evolution of the new media business

"Broadcasters are generally not coming up with the money to fund TV show websites, they are still experimenting with the medium. But, they have evolved to understand its value."

Web Executive

Key Results

Through interviews with two-dozen senior industry executives from three countries, the following main themes emerged:

- More executives expressed confidence in their convergence vision than in their convergence business model.
- Broadcasters consider their Web goals and their television goals to be “equally financially oriented.”
- “Brand-building” and “cross-promotion” rank higher than “revenue” when it comes to key objectives for TV show websites.
- There is consensus that the Web has redefined the value proposition for advertisers. The Web has also increased advertisers’ expectations of television.
- The industry has yet to come to grips with the specific pay-offs, if any, associated with traditional Web metrics such as page views.
- Broadcasters, television producers, Web producers and industry analysts agree that TV show websites are important in meeting audience expectations.
- Broadcasters have yet to fully determine the cost-benefit ratio of micro-sites versus high-end rich media properties.
- Broadcasters and new media producers agreed that one of the primary reasons for having a TV show website is strategic.
- In the vast majority of their companies, the responsibility for Web initiatives lies in the hands of senior managers and corporate officers.
- Overall, the industry players remain committed to refining the models and metrics associated with TV show websites — as the new media business is definitely here for the long haul.
- At this time, the industry can learn a powerful lesson: today’s top sites are produced by fans.

"Network's interactive divisions have been tainted by the whole dot com bust. We don't have the clout or the resources that we used to but we still manage to get some amazing things done."

Broadcasting Executive, speaking on the morphing role of the in-house interactive division

"For advertisers, TV has always been a 'must buy.' Today, the Web in general is considered a 'buy'. But, TV show websites are not the best way to reach a show's audience online. For that we look to niche websites that appeal to the show's viewers."

Advertising Executive

Key Results, *continued*

We also sampled data from 55 websites. Specifically, we looked at the different online treatments for television shows with rich media websites, where rich media is defined as superior interactivity and production quality, to find that:

- Broadcasters now universally offer some form of TV show information online. This ranges from show listings, to micro-sites (episode, cast, character and other basics) to full-blown rich media websites.
- Even when a rich media site exists, broadcasters do not link to in almost half the cases.
- Many popular shows have multiple official rich media sites, each with their own production and maintenance budgets.
- When a third-party rich media site exists, broadcasters will still spend time and money to create their own rich media site.
- The majority of *official* TV show websites include audience participation features such as forums and polls; these features are critical to engaging community. And community involvement is what makes TV show *fan* sites so enormously popular with television audiences.

“We have congregated a large group of people with our TV show websites – larger than for digital channels and some specialty channels. Advertisers will have to find the angle to take advantage of this.”

Convergence Producer

Recommendations

As the website business matures, broadcasters, producers and advertising agencies must redouble their collective will to solidify the business case for the Web. Following are some advantageous ways to make this happen:

- Broadcasters and producers will profit by collaborating to meet online audience expectations. This is particularly important when it comes to creating interactive content that engages viewers and stimulates participation to the same extent as today’s fan sites. In turn, this will open the door to e-commerce and advertising revenues.
- Broadcasters can better capitalize on the constellation of Web offerings for each television show (rich media, micro-sites and fan sites).

“The Web gives fine-tuned measures, so now we’re asking ‘what does TV offer?’ Gross Rating Points are not as valuable as reach and frequency metrics.”

Advertising Executive

- Web producers will do well to define their business in terms of content production, TV show support or both. Drawing clear boundaries and staking claims will help strengthen next-generation business models, financing options and fee-for-service returns.
- Advertising agencies will profit by working with TV sales teams to build a powerful case for website data-capture, demographics and psychographics.

Next steps

In the months ahead, the Bell Fund will continue to deepen these research findings. In addition to supporting excellence in content creation for new media and television, the Fund's mission includes researching and exchanging industry information to benefit the Canadian broadcasting system.

The Full Report

The *Beyond Ratings* research was conducted in early 2003 by Bell Fund Board Member Catherine Warren.

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For more information about the Bell Broadcast and New Media Fund, please check out our website at www.bellfund.ca.

