

Past, future and change: Contemporary analysis of evolving media scapes



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From Eyeballs to Click-through: The Role of the User/Consumer as Actor in the Television Value Network as TV Makes the Transition to a Digital, Connected Era

Iris Jennes

1. INTRODUCTION

This chapter aims to highlight some of the central concepts and theories used to describe the changing role of users/consumers as actors in the television value chain, as TV makes the transition to a digital, connected era. The present study is part of a longer-term PhD project that examines the changing role of the audience in the television value network, as television enters the digital and connected era in Flanders. Particular consideration is given to how the role of the user is changing in relation to the affordances digital/connected television offers.

With digital, connected television, users – at least theoretically - have the opportunity to increase their control. This could lead to changes in the television business model. We are focusing on commercial broadcasters¹ since, although commercial broadcasters can derive income from multiple sources (network providers, subscriptions, copyright payments etc.), the current business model relies strongly on the commodification of audiences, i.e. television broadcasters effectively sell audiences to advertisers in order to be able to invest in the production or acquisition of programmes (Smythe, 1977: 3). Since digitisation, TV is fast becoming a networked digital technology, featuring personalisation² and interconnectivity. This means a shift from traditional television as a one-way mass media model

1 In the case of public broadcasters, ‘reaching’ an audience is also an important consideration, but since public broadcasting is subsidised, it relies less on advertising income.

2 For example: viewers can organise their own personalised TV schedule, using the Personal Video Recorder (PVR) and Video On Demand (VOD).

to a two-way interactive model (Carlson, 2006: 97-98), or to a medium of mass self-communication (Castells, 2009: 70). Traditionally, the television industry has been based on aggregated audiences and programmes. In these circumstances, watching television content has only been possible when the TV set was on. Today's TV audiences are fragmented and have more control over how they consume TV content, with additional access made possible via Digital Video Recordings, online media, downloads, DVD's etc. Even if the audience is not particularly revolutionary in its viewing practices (Van den Broeck, 2011: 429), these technological developments or opportunities pressure the relationships between the players in the television market, as they are constantly confronted with limitations, challenges and opportunities (Seles, 2010: 5-7).

The goal of this research is, therefore, to investigate the changes in the value network underpinning commercial television in Flanders, with a clear focus on the (power) relationships between different new and old players and their roles within the value network in general and advertising and the audience/users in particular. We aim to discover if there could be a more balanced relationship between an empowered audience and a sustainable television industry. The research is focused on the Flemish and not the overall Belgian TV sector, since the broadcasting market in Belgium has been divided into separate, independent markets: a Walloon and a Flemish broadcasting market. It must also be noted that the Flemish television market is a special case within Europe, as 81% of the market share (based on audience measurement) goes to the three biggest broadcasting companies, namely: VRT (public broadcaster), VMMA (commercial broadcaster) and SBS Belgium (commercial broadcaster) (VRM, 2011: 156). This makes Flemish audiences less fragmented than in other EU countries and provides us with a unique situation with respect to the television market.

In the following section, we look into the concepts of convergence and digitisation and discuss digitisation as a change agent for TV as a technology, the TV value network and TV audiences.

2. CONVERGENCE AND DIGITISATION

There is a particular focus on the concepts of digitisation and convergence in this study. Digitisation has enabled the convergence of media, as digital technologies have made it possible to exchange content, employing different media or platforms (the technological level). Convergence, however,

also manifests itself at audience and media industry level. What is important when looking at convergence is that it is a process, not an endpoint (Jenkins, 2006: 2-16). Küng's (2008: 92-103) typology of convergence identifies three levels of, or approaches to, convergence:

(1) First, Küng (2008: 93-101) discusses the convergence of the products and services offered by different media, or the 'product and service focused approach'. This type of convergence implies that the same content can be distributed across different media or platforms. The focus here is on the consumer having access to one service through different media or having access to different services through one device. It refers to the integration and divergence of different media devices but could also be seen from the perspective of the audience. It involves a change in the way media are consumed (Jenkins, 2006: 16).

(2) Second, there is technological convergence, or the 'network-focused approach' to convergence. This approach focuses on the importance of technology in the process of integrating delivery platforms, which has consequences at the level of content and usage (products and services) and at the level of media industries. (Küng, 2008: 92).

(3) Third, there is the 'industry-focused approach', referring to the horizontal and vertical integration of media sectors with telecommunication- and ICT-sectors. The focus is on the economic aspect of convergence (Küng, 2008: 93).

We integrate these different levels of convergence when studying the changing role(s) of users in the transition to a digital, connected television era. First, we examine the economic level, where the aim is to map the television value network and the actors in it. What are their roles and how do they relate to each other? Then, the technological affordances that digital, connected TV offers are discussed in relation to policy changes, changes in viewer/user/consumer behaviour and changes occurring in the advertising industry and in audience measurement. Based on this knowledge of the value network and technological affordances, the aim of the research is to define consequences for, and changes in, the value network, still focusing on advertisers and users. In the final part of this research, the question arises as to whether the role of the users is changing in the value network and what implications these changes may have.

3. THE TV VALUE NETWORK

As early as 1977, the political economist Dallas Smythe underlined the importance of investigating the economic dimension of the commercially oriented media industries. Smythe (1977: 3) focused on the audience as a product being sold between broadcasters and advertisers. This means that the business model behind commercial television is dependent on the commodification of audiences, i.e. television broadcasters selling audiences to advertisers. In the following section, we start by defining value networks and elaborate on horizontal and vertical integration within the media sector.

The players in the television industry are not self-interested players but form a system - or value network - where each interacts with the other (Ballon, 2007: 10). These value networks consist of three basic design concepts: roles, actors and relationships. Actors are entities who are active in the marketplace and have one or more roles, i.e. an activity that adds value to the marketplace. Different actors or roles can then engage in interaction, which allows them to form relationships based on negotiations (Ballon, 2007: 10). Partly due to digitisation, media sectors are evolving and the boundaries between different sectors, platforms and technologies are becoming progressively blurred. As a consequence, relations between actors and business models are changing (Donders and Evens, 2010: 7).

Napoli (2008: 14-17) states that power dynamics might obstruct innovation and that shifts in competitive advantages for certain actors in the value network could cause resistance to innovation. This is related to the level of economic convergence, as the degree of concentration in a sector depends on the ability of actors in the sector to adopt different roles in the value network. Horizontal integration or convergence occurs when one actor manages or owns different roles in parallel industries. An example of horizontal integration is when a magazine publisher also starts up a television channel. Vertical integration occurs when an actor manages or owns different roles within one industrial sector. Vertical integration affects the cooperation between different actors within the sector. The higher the level of vertical integration, the lower the need for different actors to cooperate with each other. For example, vertical integration occurs when a TV distributor (cable operator) starts up a broadcasting channel (Donders and Evens, 2010: 31-32).

Within this theoretical framework, the goal of this study is to map old and

new actors within the television value network and to describe their roles and relationships in a digital, connected era. An initial exploratory, empirical study was conducted with regard to the challenges facing digital television and television advertising. Media professionals in Flanders were asked for their views on the strengths, weaknesses, opportunities and threats regarding the future of television as a digital and connected medium in general and television advertising in particular. Face-to-face interviews were conducted with representatives of the Belgian Direct Marketing Association (BDMA)³, the incumbent distributor or cable operator Telenet⁴, and the two main Flemish commercial broadcasters: VMMA⁵ and SBS Belgium⁶.

The results of the research were listed as a SWOT analysis that provides insights into the power relationships between different actors and the possibilities and risks from the point of view of the television advertising industry (Table 1).

Table 1: Challenges for TV advertising in digital, connected era

Strengths	Weaknesses
Reach	Power Struggles
Impact	Lack of knowledge
Branding	Resistance to innovation

Opportunities	Threats
Data gathering & targeting	Audience measurement
New advertising formats	

This part of the research showed that, in Flanders, TV is still seen as a strong medium that enables advertisers to reach a broad audience and convey the right sentiment about the brand. The media professionals who were interviewed also indicated different opportunities for advertisers to expand or enhance TV advertising through new advertising formats, as well as ways of gathering data that would allow more targeted and per-

3 Greet Dekocker (Director) and Viviane Eeckman (Strategic manager)

4 Benny Salaets (Vice president content management)

5 Ben Jansen (Commercial director)

6 Bart Decoster (Commercial director)

sonalised forms of advertising. However, power struggles within the TV value network - with distributors/operators gaining power and challenging broadcasters - are slowing down the decision-making process and contributing to the advertisers' lack of knowledge about the possibilities that digital and connected television offers.

In addition, the advertising industry relies on a type of audience measurement that is primarily based on exposure and might not be accurate compared to the assessment of actual viewing behaviour. This results in a more passive role for the advertising industry when it comes to innovating television advertising formats. Questions can then be raised as to whether the audience will make the transition from being analogue viewers to being more interactive TV users, since the industry does not provide content that makes use of digital opportunities such as interactivity and personalisation. Additionally, we should ask whether, if local actors (broadcasters, distributors, advertisers) are slow in adopting these innovations, it might provide international players such as Google (who are more experienced with targeted advertising) with an advantage when they enter the Flemish market⁷.

4. TECHNOLOGICAL AFFORDANCES

As mentioned earlier, the changes in the value network underpinning television are closely related to the technological affordances of digital television and possible changes in audience behaviour, audience measurement and advertising. In what follows, we attempt, therefore, to provide an overview of the affordances of digital and connected television for the (old and new) actors in the television value network. Important concepts for the research so far have been those of interactivity and targeted advertising. Privacy and user (dis)empowerment are important as well, since digitisation in general gives users the opportunity to increase control over where, how and when they watch television content, but might at the same time also raise questions concerning the protection of privacy (as data can be gathered from users more easily).

Both the Internet and digital TV are networked digital technologies, with an emphasis on personalisation and interconnectivity. In January 2011 CNN came out with the finding, based on a DisplaySearch report, that

7 More experts and advertisers will be interviewed, as well as new and international players entering the market, such as Google, Netflix, Apple etc., in order to provide a more in-depth view of the Flemish market.

21% of all TVs sold in 2010 had Internet capacity. Yet the same article also states that the technology is not very user-friendly and has, apparently, not yet enjoyed widespread use. Videonet reported in 2011 that 70% of Samsung televisions being marketed are connected TV sets, meaning they are Internet-enabled. These figures indicate that the television industry is of the belief that TV will become an increasingly digital and connected medium and is investing accordingly. As noted earlier, this means that there is, at least theoretically, a shift from a one-way mass media model to a two-way interactive model (Carlson, 2006: 97-98), or to media of mass-self communication (Castells, 2009: 70). Earlier, we looked at the obstacles that may hamper the efforts of actors within Flemish television to innovate and adopt these technological affordances. It is also important to note, however, that the audience's empowerment is still restricted by the technical and structural limitations of the digital technology and by the industry itself (Pyungho and Harmeet, 2002: 226).

In general, audiences now have more access to different media that all compete for audience attention. This involves media that have become more specialised in order to be more relevant to certain target groups. When looking at television, digitisation has also led to more channel capacity, allowing specialised broadcasters (or narrowcasters) to appeal to specific, differentiated audience interests. Theoretically, this means that more content is available to the same number of viewers, which leads to a fragmentation or differentiation of the audience. This evolution can be very useful for advertisers, as advertising messages can relate to specific audience interests. It also opens up possibilities for more targeted forms of TV advertising (Barnes and Thompson, 1994: 77).

However, fragmentation of audiences, time-shifted viewing, downloading, Video On Demand, combined media usage (e.g. second screen) and other, more interactive applications are threats to the accuracy of audience measurement as it is currently organised. Napoli (2001: 66-68) predicts that these developments will cause deviation between 'predicted audiences' (target group as determined by the broadcaster and media planner), 'measured audiences' and 'actual audiences'. The reason that these would deviate is because audience measurement is challenged by digital opportunities and the affordances that digital technologies offer.

The commodification of the audience (see Smythe, 1977) makes audience measurement a crucial concern to the commercial media. Through audience measurement, the watching-labour of the audience is sold to the ad-

vertisers (Bermejo, 2009: 136-137). Barnes and Thompson (1994: 78) state that audience measurement is essential because it registers audience behaviour and the changes that might occur in this behaviour due to technological or socio-economic alterations. Audience measurement is important for advertisers so that they can plan and buy television airtime for marketing communication. The challenge for actors in the television value network is that, currently, audience measurement is too narrowly defined to represent the different ways in which the digital, contemporary television audience can be valuable (Seles, 2010: 5).

This study also considers the ways in which the technological affordances of digital, connected TV can be integrated, as well as policy issues such as privacy, data-gathering and data-sharing. These can then be linked to changes and opportunities in audience or user behaviour and to the consequences for TV advertising. These data will be gathered through literature and expert interviews with broadcasting and Internet professionals, policy-makers and advertisers, and also with consumer organisations.

5. THE ROLE(S) OF THE USER

This last part of the project focuses on the consequences of convergence and digitisation for the role of the user as an actor in the TV value network. We look at the changes within the value network in relation to the technological affordances, in order to assess whether users are more in control of their TV consumption and, if so, at what cost. This means we will look at the TV value network in relation to user empowerment and privacy but also at the perception of the audience as a passive or engaged audience. Not only has the way audiences consume media changed, the way that media industries approach their respective audiences has also altered. On the one hand, the audience has become more elusive and less predictable, while, on the other hand, the industry now has the opportunity to measure feedback and preferences through digital media (Napoli, 2008: 2).

Much has changed since the television entered people's homes and television viewers were seen as a passive, homogeneous group. The passive audience fits into the traditional media model where, with traditional (analogue and linear) television, what is sold is not the audience itself but the attention or time the audience devotes to TV content. Bermejo (2009: 136) states that audience 'attention' is often replaced by 'exposure' because exposure can be quantified more easily. This means that the

'opportunity' for audiences to see the advertising is sufficient basis for advertisers to calculate their Return On Investment (ROI). In the current digital media environment, the quest for audience measurement and the commodification of the audience leads to a dichotomy: on the one hand, there is a strong need on the industry's part to work with one standard currency (exposure) that enables comparison, while, on the other hand, measurement techniques should be able to evolve with media technology (Bermejo 2009: 137). According to Leavitt (2011: 2-7) media audiences are valued by the TV and advertising industry on the strength of one type of behaviour (watching TV), rather than on the range of practices audiences conduct beyond viewing. Leavitt argues that TV audiences' behaviour has also changed in relation to the shift from online communities (strangers meeting because of an interest in a mutual subject or TV show) to Social Networking Sites or SNS (connecting with people you know and sharing your viewing practices and habits with them).

According to Napoli (2008: 19-24), the concept 'audience' needs to take into account audience autonomy: the increased control users have over the conditions of their media consumption. This involves the availability of content distributed across different and interactive platforms, which enables audience members to access this content via the platform they choose, when they choose to. Applied to television, this means that viewers can access content through their mobile phones, their laptops and tablets. But it also involves the use of non-linear television services, offered through set-top boxes, which give the viewers the option of watching television programmes outside the linear broadcasting schedule. This increased control is undermining the traditional way of audience conceptualisation, as well as offering a different perspective on audiences as active and interacting users.

For Leavitt (2011: 11), watching television is not only a social activity in the home environment, but also online: participating in the event with audience members all over the world is important. In that respect, Nielsen research in America (2011) has shown that TV viewers are increasingly using social media to engage with their television set, with 55% of male social media users and 45% of female users talking about television. Social television viewing should include opening up the media ecosystem and releasing content online (possibly subscription-based or pay-per-view) to connect content to social elements that enable viewing and sharing. When we look at the situation in Flanders, 98,2% of TV owners have a TV in the living room. 26,9% usually watch alone while 53,1% usually watch with

others and 20% watch as often alone as with others. Importantly, 65.5% of Flemish TV owners combine watching television with other activities. One in ten Flemish citizens says they watch TV online⁸ and 1% watch TV on their mobile⁹ (IBBT - iLab.o, 2010: 12-18).

It is important to note here as well that audiences have always engaged with content even before the arrival of digital media. What has ultimately changed is the capacity to monitor and analyse the engagement or interaction. According to Seles (2010: 4-19), the advantage here is that the behaviour of audience members is networked, instantaneous and visible. This enables the industry to recognise and quantify the cultural value of content by evaluating why people watch TV and looking at how audience members express themselves. Seles also underlines the importance of digital interfaces and two-way communication for viewers, and argues that, since viewers leave traces of their tastes and preferences using digital interfaces, the industry should figure out how to create a better viewing experience using these viewer interactions. Leavitt also pleads for the recognition of social behaviour when talking about audiences and the development of: *“iterative and flexible media experiences that are able to cross platforms and cater to various individuals participating to a multitude of services.”* (Leavitt, 2011: 9).

Napoli argues that audience measurement based on exposure fails to grasp “[...] *the distribution of the audience attention across the full range of content options with a sufficient degree of accuracy and reliability to satisfy the needs of media buyers.*” (Napoli, 2008: 22). This fragmentation of the audience requires the television industry to make sense of different audience metrics depending on the medium used. An additional challenge is, thus, to determine the value of audiences on different platforms. This raises the question of whether a standardised ratings system can account for the diversity of viewing options. The assumption that audience measurement systems should be passive and should not necessarily require input from viewers can also be questioned (Seles, 2010: 9-12). In this respect, Napoli revises the notion of the audience at work (see Smythe, 1977) and extends it to include the creative work of the audience, with the Internet enabling many-to-many communication. Napoli (2010: 509-513) argues that creative work is also economically relevant for the media industry and online players such as Facebook or YouTube, because they generate advertising income from content produced by audience members. In their turn, au-

8 PC streaming on a daily to monthly basis.

9 Mobile streaming on a daily to monthly basis.

dience members also contribute to marketing and advertising content, for example by engaging in online word-of-mouth communication and interaction. Napoli thus concludes that audiences work for both advertisers and media organisations.

6. CONCLUDING REMARKS

Throughout this chapter we have underlined the need for further research to provide a more in-depth analysis of digital television and its value network, technological affordances and audience. Empirical research is very important here. The next stage will therefore be to identify appropriate methodologies (living lab, proxy/prototypes, interviews) that will enable us to gain relevant information about the situation in Flanders. The results of the research mentioned above and of this empirical user research should provide insight into user behaviour and the ways in which it might affect the value network underlying commercial television. The main goal will be to investigate the possibility of striking a balance between an empowered audience and a sustainable television industry.

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