

Big Shifts in Broadcast TV Viewing

What a difference a year makes.

You have probably heard of the Nielsen Company. For decades, Nielsen has conducted the research that produces the TV ratings.

When you read that the ratings for the Super Bowl were up from the previous year, or that *Good Morning America* on ABC is beating *Today* on NBC, Nielsen is the source of the data behind the story. (Nielsen purchased ARBITRON several years ago and is now the principal source of radio ratings data as well.)

The TV ratings that you hear about on the news that tell you which prime-time show is in first place or how many people watched Sunday Night Football come from Nielsen's National TV Panel. The National TV Panel consists of approximately 41,000 households from all regions of the country that are



selected so as to comprise a statistical cross section of the country as a whole.

Nielsen measures traditional real-time TV viewing as well as viewing that is "time shifted" via a digital video recorder such as Tivo (aka DVR).

Drawing from that national sample, Nielsen produced their annual "Total Use of TV Update" in late February and the *continued on next page...*

This Month:

- TV Viewing: Big Changes in Just a Year
- Property Taxes: No relief yet from state legislative session.
- Digital Media: More choices, more use.
- The Purchase Funnel

[This publication – with live links to sources and stories – is available online at KTBB.com/brief](http://KTBB.com/brief)

Still No Solution to the Property Tax Problem

Texas legislative session more than halfway over with no resolution in sight.

When the biennial 140-day Texas legislative session began on January 8, there was high hope on both sides of the aisle that the highly fraught subject of property taxes would at last



be addressed.

Property taxes, and the closely related issue of school finance, have bedeviled Texas legislators for

most of a generation. Just past the midway point of the session (as of this writing) there is still reason to hope that consensus can be found. But initial bipartisan comity notwithstanding, lawmakers are again bogged down.

Dr. Vance Ginn is director of the Center for Economic Prosperity and senior economist at the Texas Public Policy Foundation. He wrote an article on Mar. 14 that appeared at [Texas Policy.com](http://TexasPolicy.com)

Quoting from the article: "The Legislature's first efforts were encouraging. Senate Bill 2 (and its companion,

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TV Viewing Mostly Down

report paints a picture of a broadcast and cable TV industry in the throes of significant change.

The headline from the report is that across all key demographics and across most viewing platforms, TV usage is down rather sharply year-over-year. As you will see in the topmost chart on the right, viewing of English-language broadcast TV by persons age 25-54 is down 15% in February 2019 as compared to February 2018. The decline is even greater among younger viewers.

The second notable finding from the report, as evidenced in the lower chart to the right, is that increases in on-demand video content streaming are accounting for much of the decline in broadcast and traditional ad-supported cable viewing. More than 60 percent of U.S. households now subscribe to one or more video streaming services. More than half of those streamers subscribe to Netflix.

While live, real time TV viewing showed a significant decline from last year to this, TV viewing via streaming showed a sharp increase. And while

Broadcast & Cable TV Usage

Total Day Viewing Source	Persons 18-49			Persons 25-54			Persons 55+		
	Feb '18	Feb '19	% Diff.	Feb '18	Feb '19	% Diff.	Feb '18	Feb '19	% Diff.
English Broadcast	7.8	6.5	-17%	10.2	8.6	-15%	19.7	18.8	-5%
Spanish Broadcast	1.2	1.0	-16%	1.4	1.2	-17%	1.3	1.2	-4%
Ad-Supported Cable	12.6	11.3	-10%	15.4	14.3	-7%	23.7	24.2	+2%
Spanish Cable	0.4	0.4	0%	0.5	0.4	-7%	0.3	0.4	+24%
All Other Cable	1.5	1.6	+9%	1.7	1.8	+7%	1.8	1.7	-5%

Sources of TV Viewing

Total Day Viewing Source	Persons 18-49			Persons 25-54			Persons 55+		
	Feb '18	Feb '19	% Diff.	Feb '18	Feb '19	% Diff.	Feb '18	Feb '19	% Diff.
Live/Real Time	11.6	10.2	-12%	14.3	12.9	-10%	26.3	25.7	-2%
Time Shift/DVR	2.0	1.7	-15%	2.5	2.2	-12%	3.3	3.5	+5%
DVD Playback	0.4	0.3	-20%	0.5	0.4	-21%	0.4	0.4	0%
Video Game Console	1.7	1.8	+4%	1.3	1.3	0%	0.1	0.1	0%
Streaming Device	2.4	3.3	+35%	2.4	3.3	+35%	1.1	1.6	+53%

Values shown are "ratings." A rating is an audience value expressed as a percentage of the total population. (e.g. In Feb. 2019, an average of 6.5 percent of all 18-49 year olds were watching English Broadcast television at any given moment during the broadcast day, a value that was down 17% as compared to the same period in the previous year. SOURCE: Nielsen

viewing via streaming currently accounts for only a fourth of live TV viewing, it nevertheless exceeds viewing of time-shifted TV programs via DVR.

The bottom line: Broadcast TV is still a powerful reach medium, particularly in prime time. But the trends are definitely downward and bear watching.

Property Taxes...continued from page 1

House Bill 2) provided significant property tax reform. SB2, authored by state Sen. Paul Bettencourt, R-Houston, would have lowered the rollback rate (the level local governments can raise revenues without allowing voters to petition for a rollback election) from 8 percent to 2.5 percent, and made an election (now called a ratification election) automatic, instead of petition enabled.

"Predictably, local governments came out in full force against the bills, claiming that public service would suffer and municipal services would be cut."

Property taxes have become a very serious issue in Texas for homeowners and for business owners alike. From 2012 to 2017, local property tax revenues soared by almost 40 percent statewide, exceeding in many cases the capacity for property owners to pay them. Property taxes are inextricably linked in Texas to school finance, given that they account for substantially all of the revenue in most local school districts.

Taking the rollback rate from eight percent to 2.5 percent doesn't directly provide relief for taxpayers other than to significantly slow the rate of growth. To actually reduce property taxes, the maintenance and operations portions of local school district budgets (M&O) would have to be funded via state general revenue (GR) funds rather than local property taxes.

The question then becomes, "From what pot does the M&O money come?" Lawmakers remain divided on this question. There is one camp that is calling for raising the revenue via an increase in the state sales tax rate. Another camp calls for holding state spending increases (other than education) to the rate of population growth plus inflation, using all revenues in excess of that amount to fund public schools.

Though there was seeming accord early in the session on property taxes, the issue has become bogged down. For any property tax bill to become law, both chambers would have to agree by May 27.

Digital Media Trends Survey

Deloitte Insights publishes their 13th annual edition.

Related to our page one story is the just-released Deloitte Insights article on digital media trends. [See the full report here.](#)

We detailed on page one the fact that TV viewing as we have understood it most of our lives is changing rapidly. As the number of sources of entertainment proliferate, we as consumers find ourselves choosing our media on an *a la carte* basis from multiple providers. The average consumer now subscribes to three paid streaming video services.

Streaming video services (sometimes called ‘Over the Top’ or ‘OTT’) like Netflix have dramatically changed the TV and motion picture production industries. Netflix and Amazon are spending billions to produce top-notch feature length movies and TV series. According to the Deloitte article, *“In 2018, Netflix tied cable network Home Box Office (HBO) for the most Emmy Awards (23) after topping the list for the number of Emmy nominations (112) – a first for a streaming service.”*

While we are all busy in prime time binge watching *Orange is the New Black*, we are effectively “offline” as it pertains to advertisers. Forty four percent of consumers in an industry survey cited “no ads” as a top reason for subscribing to a new streaming video service.

Too Many Commercials on Pay (Cable) TV

Speaking of ads and quoting from the article: *“Consumers understand that ads are part of the entertainment experience, and most are willing to sit through some ads. But too many ads can be painful for customers.*

“For example, 75 percent of consumers say there are too many advertisements on pay TV.

Consumers feel that 8 minutes of ads per hour is the right amount, and say that they quit watching after 16 minutes. Yet, pay TV typically features between 16 and 20 minutes of ads per hour. This amount is truly unacceptable to some consumers; they opt out.



“In addition, 77 percent report that ads on pay TV should be shorter – less than 10 seconds – and 82 percent say there is too much repetition in the ads they view.”

Voice-Enabled Assistants

According to the Deloitte article, voice enabled assistants, such as Amazon Alexa, could soon have a significant impact on how people engage with media content. But we’re not at critical mass quite yet.

Ownership of voice-enabled assistants, also called ‘smart speakers,’ grew 140 percent in 2018. Market penetration went from 18 percent to 36 percent.

The primary reason consumers use smart speakers is to access music. But beyond music, smart speakers have yet to find the “killer app.” Just 18 percent of consumers say they interact with a digital assistant daily.

Privacy Concerns

As we subscribe to an ever-growing list of services, we must disclose financial and personal information. And as we interact with smart speakers and streaming video ads, we are being tracked.

We therefore become more vulnerable to security breaches and loss of privacy. There is good reason to be concerned about this. Twenty-three percent of U.S. households were victimized by cybercrime in 2018. Forty-nine percent of consumers believe they are responsible for protecting their data and fully 88 percent believe that they should own it. Only seven percent believe they should rely on the government to protect them.

The Purchase Funnel

How consumers go from ‘thinking about it’ to ‘buying it.’

by Paul L. Gleiser
President & General Manager
KTBB & The TEAM Sports Radio



The majority of our advertising clients at KTBB and The TEAM Sports Radio fall into one of two broad categories – services or big-ticket retail. Inside the services category, a significant percentage is business-to-business – or B2B. Other services include home improvement and repair, auto maintenance and health care.

Big-ticket retail includes purchases such as home spas, major appliances, swimming pools, lawn & garden equipment, hobbies and, of course, automobiles.

The Funnel

In either case – services or big-ticket retail – consumers pass through the purchase funnel. And they enter the funnel at the **AWARENESS** level. This is the point during the purchase process at which the customer first begins to realize the he or she has a need or a desire for a particular product or service.

Next comes **FAMILIARITY**. This is the point at which research begins. That research can – and likely will – include internet reading and consulting with friends and colleagues. This is the point at which the consumer will come to learn about his or her marketplace options.

Familiarity is followed by the **OPINION & IMAGERY** stage of the funnel. This is a critical point because this is where the consumer’s imagination kicks in. He or she sees – in the mind’s eye - a problem being solved or the creation of a new source of enjoyment.

Imagining owning the product or making use of the service leads inevitably to **CONSIDERATION**. This is the “*Should I do it?*” or “*Can I afford it?*” stage. Once those two questions are answered in the affirmative the consumer moves further down the

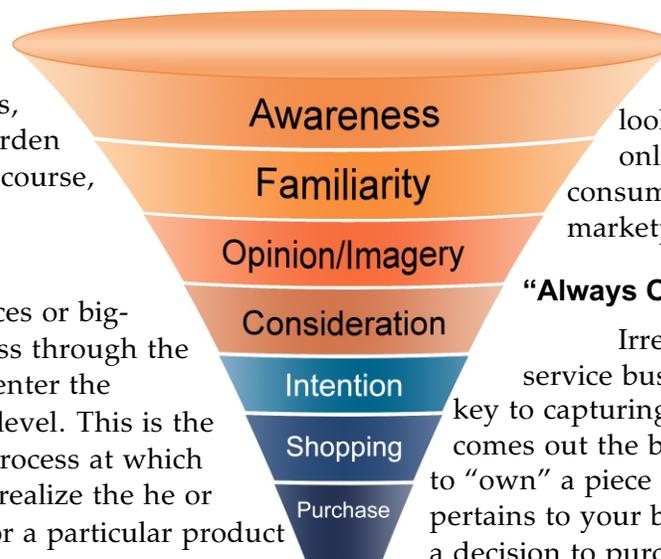
[Watch our video on the Purchase Funnel here.](#)

NOTE ON THE VIDEO: It features our dear friend the late David Irwin, who died suddenly late last year. We are in the process of modifying this video.

funnel to the **INTENTION** stage. It is at this point that money has been allocated and it is at this point that one seller will benefit and the others will miss out.

This marks the beginning of the **SHOPPING** stage. The consumer is ready to act, ready to spend money. He or she just needs a place to go and do so.

It is at this stage that internet searches can become very specific. The consumer is looking for pricing, availability and online reviews of sellers. The consumer is now ready to enter the marketplace and make a **PURCHASE**.



“Always On”

Irrespective of whether you are a service business or a big-ticket retailer, the key to capturing the consumer when he or she comes out the bottom of the Purchase Funnel is to “own” a piece of the consumer’s mind as it pertains to your business category. Waiting until a decision to purchase has been made runs a high risk of losing the customer to one of your competitors.

That’s why we recommend an ‘*Always On*’ advertising strategy. The more that what you sell costs, the longer the customer thinks about a purchase before making it. You don’t want that consumer thinking in a vacuum. You need to be on the air, *helping* that consumer think.

Two Campaigns

For big-ticket retail in particular, this can mean running two campaigns simultaneously. One campaign should talk about features and benefits and competitive advantages. The other should contain promotions and pricing and elements targeted specifically at the consumer who is at the **SHOPPING** stage in the funnel.

Want to know more? *Call me.* 903-593-2519.