

SMALL BUSINESS ADVERTISING: IS TV OVERRATED?

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ABSTRACT

Small businesses must get their message to local ultimate consumers. A major medium used to accomplish local and regional "messaging" is television.

Television as an industry has billed itself as one of the best if not the best medium in which advertisers can make an impact on the consuming public.

This paper examines the penetration of television in an upper Midwest market of approximately 100,000.

The results of a benchmark survey reveals that television might be overrated as an advertising media. Or, at best, the effectiveness of television must be considered in light of an overall advertising campaign using a variety of media.

INTRODUCTION

This article is a companion to a similar article presented at the national SBIDA Conference in San Diego (February, 1995). The initial research for this paper was conducted including radio and television information. The initial research indicated that radio listenership was not only quite segmented but also not as widespread as one might be led to believe by the industry.

A hint of similar findings for television viewership was indicated but was only tangentially explored in the "Radio Gets Results--Or does It?" article presented in at the 1995 SBIDA National Conference. Based on the recommendations of the reviewers and attendees at the 1995 SBIDA Conference, this article is presented as the recommended vehicle for a discussion of television (much like radio) advertising marketing decisions for the small businessperson.

The television data was somewhat discussed in that previous paper but not to the extent warranted due to the information generated about radio listenership. It seemed only appropriate to expand the information gathered here about television viewership to accompany the radio data. Thus, much of the introductory information, research design, and in some instances the review of the literature is identical to the seminal paper on radio consumption. Coincidentally, the importance of broadcast media purchases based on empirical data gathered in a specific market is obviously applicable to not only radio listenership data but also television viewership data.

A small businessperson must inform potential consumers of the availability of the product the small business is placing on the market. An ongoing decision which constantly vexes the small businessperson is how and where should advertising campaigns be implemented. A common medium is television.

Most astute observers of advertising recognize the potential influence of television as a mechanism for reaching the public with messages. General agreement exists that television continues to be a medium of choice for many businesses, especially small businesses. Rates for television advertising traditionally have been much more expensive than rates for radio in broadcast media. This phenomenon, however, is changing with the influence of cable and satellite TV operations offering a multitude of channels (Eisenhart, 1990).

One of the more interesting and compelling findings from the research is data which points to the impact of market segmentation. In fact, it appears it would take a lot of television on many different stations to get results in a broad segment of the population.

OBJECTIVES

This paper represents part of a larger project which was a preliminary

investigation of the effectiveness of television as a component of the media industry. Secondly the project analyzed the extent of individual television station penetration in a representative market.

As was the case in the radio component, the project was undertaken in part to equip small businesses with data upon which to base media purchasing decisions. The ultimate intent was to ascertain the extent of various media penetration and effectiveness of various media. The project was designed to not only determine penetration and effectiveness but also to establish benchmarks by which media consumers preferred to have various advertising messages presented to them.

The investigators reasoned that small businessowners needed access to reliable data which presented them with various media purchasing options. Thus, advertising purchasing decisions could be made through reasoned analysis of empirical data rather than by instinct.

The investigators, working on the premise that media research data would be of great interest to small business owners, wished to equip even the smallest of businesses with limited funds for media research with data which would generally address the basic issue of where a small business owner will get the best value for their advertising dollar.

REVIEW OF THE LITERATURE

The review of the literature reveals that advertising is obviously considered an integral portion of any successful small business. The importance of advertising may even be more magnified due to the prorata share of money invested in advertising in the total expenditures for small business (Eckert, 1993).

Much information was available about the multitude of media available to advertisers. Inherent in the many and varied media was the difficulty of deciding which would be the media of choice for advertisers. Also, muc

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 information was available about the two-fold problem of segmentation no
 t only
 in the choice of media but also within a medium once chosen (Bovee, Thi
 ll,
 Dovel, & Wood, 1995).

Among the information available about advertising relating to small bus
 iness
 was the ease in which advertising messages can be lost in the clutter o
 f
 media. However, little information is directly on point about the dile
 mma of
 television advertising for small business.

General information about the pros and cons of television advertising a
 re well
 documented in various sources. References to television formats, targe
 t
 audiences, and the ease of last minute changes to advertisements arise
 throughout relevant articles. Down sides to television advertising gen
 erally
 include expense, difficulty of actually targeting the audience, and the
 widespread use of television as "background" leave many unfocused viewe
 rs
 (Eisenhart, 1990).

The importance of media mix is articulated throughout the literature us
 ually
 dealing with balance among media advertising outlets and tailoring the
 media
 mix. Experts have developed lists of tailoring the mix by including su
 ch
 factors as cost per thousand, total cost, length of message, completene
 ss of
 message, life of message, degree of follow-up needed, targetability,
 dispersion, penetration, demographic match, psychographic match, and th
 e like
 (Lander, Konrad, Schiller, & Therrien, 1991).

RESEARCH DESIGN

As in the radio project a telephone survey instrument was designed to p
 robe
 respondents' media consumption habits. The instrument was designed to
 track,
 among other information, broadcast media consumption in fifteen minute
 intervals throughout the day.

A systematic random sample by eligible zip code of the population of tw

o
 counties in which two adjacent Midwestern cities are located was drawn. The sample was confined to residential telephones in operation at the time of the sampling.

The interviews were conducted in seven blocks of two hundred interviews (one block for each day of the week). Two hundred interviews were deemed the minimum number of interviews for each day to give a rough estimate within error tolerances which would not exceed double digit percentages.

The interviews were completed during a typical day of broadcasting carefully avoiding special telecasts or events during the programming day. Therefore, the fourteen hundred interviews (two hundred for each day of the week) were not conducted in one calendar week. The intent was to avoid any sort of heightened interest program or time slot which would improperly reflect listening/viewing choices.

Interviewers probed respondents with questions concerning immediate broadcast consumption during the day in which the respondent was contacted. Questions such as, "What television station or stations did you watch this morning?" were asked. Upon receipt of a response from the respondent, the interviewer then probed for specificity concerning station and time the medium was consumed. The same process was completed for afternoon and evening media consumption.

The overriding desire for implementing a telephone survey rather than a mailout "diary" format is the oft mentioned concern about respondent recall.

It has been posited that as one completes a diary asking for specific information about events which may be a week past or in many cases even longer the accuracy of the recall may be at best in question and at worst be totally fabricated.

The research team ultimately interviewed fourteen hundred individuals. An eligible respondent was anyone age twelve and older (coincidental wi

th
 Arbitron and Nielson reporting formats). The format for demographics w
 as
 expanded beyond only age and gender considerations which are regularly
 used
 and reported by national broadcast media researchers such as Arbitron.

Additional demographic data including employment, income, residential s
 tatus
 (own or rent), and education were gathered. The reason for gathering d
 ata
 beyond age and gender information was simply to be able to supply the s
 mall
 business owner with a great deal more information about potential media
 consumers who might ripen into a customer sometime in the future.

Respondents were asked a battery of questions concerning media consumpt
 ion
 issues such as:

- * TV viewership frequency
- * radio listenership frequency
- * TV viewership choice throughout the day
- * radio listenership choice throughout the day

SURVEY FINDINGS

The most interesting results centered on broadcast penetration. As exp
 ected
 TV generally commanded the vast plurality of the population in the earl
 y
 evening and beyond until after the time usually set aside for the late
 local
 news (10:00-10:30pm) (Table A). Radio was the medium of choice (by a s
 mall
 plurality) in the morning and the time generally referred to as "drive
 time."
 (Table B)

However, the most revealing result was the aggregate of the population
 consuming television throughout the day. When asked "What television
 station(s) did you watch to today?" the television listenership varied
 from a
 maximum of 41% of the population at 7:30 pm to a minimum of .5% after m
 idnight
 through 6:00 am.

The importance of these findings must be considered in light of the fac
 t that
 the results are the sum of all viewers on all available stations for th

e
 respective time intervals. Therefore, one may conclude from the sample
 that
 the greatest number of listeners, or potential customers, one could reach
 through purchasing advertising time on all TV stations would be 41%. In
 short, only two in five people could be reached through the medium of
 television during the time of its greatest penetration on all stations.

Evidence of television viewership is shown in the following table. The
 table
 shows the average (all seven days of a representative week) percent of
 all
 population watching any television station at intervals throughout the
 day.

Average total television viewership of all television stations by half-
 hour
 interval:

Table A

Television

AM	12:-6:00	0.5%		
	6:00	2.5%	6:30	2.0%
	7:00	8.5%	7:30	7.5%
	8:00	7.0%	8:30	5.5%
	9:00	4.5%	9:30	4.5%
	10:00	6.5%	10:30	7.5%
	11:00	7.5%	11:30	7.0%
PM	12:00	10.0%	12:30	9.5%
	1:00	6.0%	1:30	6.0%
	2:00	7.0%	2:30	7.0%
	3:00	11.0%	3:30	12.0%
	4:00	9.0%	4:30	12.0%
	5:00	17.0%	5:30	22.5%
	6:00	31.0%	6:30	30.0%
	7:00	40.5%	7:30	41.0%
	8:00	36.0%	8:30	32.5%
	9:00	24.5%	9:30	23.0%
	10:00	21.0%	10:30	8.5%
	11:00	4.0%	11:30	2.5%

The TV viewership penetration should be compared with radio listenership
 penetration for a preliminary investigation of televisions' advertising
 effectiveness assertions. Average (all seven days of a representative
 week)

percent of all population listening to any radio station at intervals throughout the day :

Average total radio listenership to all radio stations by half-hour interval:

Table B

Radio

AM	12:-6:00	1.7%		
	6:00	7.5%	6:30	11.7%
	7:00	21.2%	7:30	25.3%
	8:00	21.0%	8:30	16.7%
	9:00	15.0%	9:30	14.3%
	10:00	14.4%	10:30	14.1%
	11:00	13.0%	11:30	13.0%
PM	12:00	14.9%	12:30	13.3%
	1:00	12.8%	1:30	12.4%
	2:00	12.8%	2:30	12.3%
	3:00	12.4%	3:30	13.3%
	4:00	11.9%	4:30	11.3%
	5:00	10.2%	5:30	8.0%
	6:00	5.5%	6:30	4.9%
	7:00	4.9%	7:30	4.9%
	8:00	6.2%	8:30	6.5%
	9:00	5.8%	9:30	5.6%
	10:00	4.4%	10:30	4.7%
	11:00	3.6%	11:30	3.2%

The chart which indicates aggregate consumption of broadcast media for this market does not reflect the number of channels and stations broadcasting.

Fragmentation even in the smallest of markets is quite pervasive due to cable and satellite technology for TV. Television may be as, if not more, fragmented than radio thus resulting in very small followings on a station-by-station basis.

The tables above indicate the percentage of the total population which is tuned to television and radio respectively throughout the day. The comparative data show significantly more consumption of television than radio in total. However, one must take into account audience fragmentation which in many cases translates into a higher cost per thousand during the diminished

consumption hours before 3:30pm.

ADDITIONAL SURVEY INFORMATION

Other information obtained in the survey dealt with respondent selection of specific media outlets in the market universe. Respondents were asked which specific outlet they watched/listened. That additional information was used to give small businesses the opportunity to determine which outlet would be the best vehicle for their message(s). The respondent information was then coupled with demographic data for the entire population and matched with the appropriate media outlet with greatest penetration into the subpopulation(s) served by respective media outlets.

Equipping a small business owner with data other than age and gender information is very important to empower that small businessperson to more accurately craft a message targeted at his/her clientele. Additionally, the demographic information beyond age and gender would enable that small business owner to attract and grow a customer based on economic and/or educational background.

IMPLICATIONS

The major implication from this study is the now documented (at least in this market) skepticism one should attach to the overall effectiveness of placing a general advertising campaign on television. While one should understand any advertising campaign should have multiple media components, this study should give one pause as to the effectiveness of messages placed in this particular media.

A realistic view of the usefulness of television to a small business advertiser should include an in-depth analysis of this medium in the local market. As a small business person allocates scarce resources in a business

(especially an expenditure in the business as abstract as advertising can be)

the advertiser should be aware that television may be grossly overrated

Thus, television can be an expensive alternative in a cost per unit context of

actually getting a desired message to potential customers.

SUMMARY

This preliminary investigation of the historical assertions by the television

media industry seems to indicate that while television may be a good media

resource, the anticipated results should be tempered with realism. The small

business should not be overly optimistic about using television as the only

medium. Or, if as is done quite often, use of television as the primary

medium in an advertising campaign should be approached with reasonable expectations.

The study determined penetration and effectiveness of television to be somewhat less than what would be expected from only anecdotal sources. The established benchmark from this study indicated that the extent of an

advertising message transmitted through the medium of television appears to be

overrated for small businesses or any business for that matter.

The upshot of this preliminary research reflects that advertising rates may

initially look attractive when compared to other media such as radio or newspaper. However, the results of this study cast doubt about the value of

those rates when calculated on a cost per unit basis. In short, the cost per

thousand may be, in fact, much higher for television than for other media.

The small business should be prepared to look closely and carefully at overall

value when using television as an advertising source.

EPILOGUE

The data, although representative of a first effort and somewhat restricted in

inquiry, appear to demand further questioning of the public beyond the current

ratings now available in the commercial market (Arbitron, Nielson, etc.).

Additionally the rudimentary data also point to the need for additional research in the actual penetration for all broadcast media. Not until purchasers of advertising, especially the small business, have an accurate and realistic understanding of the ability or inability of media sources to deliver their message will they have a mechanism to make an informed media purchasing decision.

(For a similar discussion of concerns in the radio industry see, "Radio Gets Results--Or Does It?" Proceedings of the 1995 SBIDA National Conference [Marketing Track])

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