

Where have all the TV ratings gone?

 By [Karen Phelan](#)

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Predicting the future in an industry governed by constant change is a bit like walking cross a partially frozen lake, with spider web cracks clearly evident.

If you fall in my age bracket of 40+, you'll still have memories of sitting in front of the TV, waiting with great anticipation for the first programme to air and watching right to the bitter end after the national anthem and seeing the test pattern.

Quite frankly, I have no yearning to return to those days of limited choice and, while I wouldn't be classified as a high TV viewer, I love the Home Channel, Grey's Anatomy, CSI, Survivor and, dare I say, Idols. Imagine the personality profile you could gleam from that [insight](#).

Of course, I'm every marketer's nightmare in that I PVR everything I want to watch and virtually never watch live TV.

Yearning for the days of old

Looking to the immediate future and the TV landscape, I can see marketers and strategists dreamily yearning for the days of old, when the SABC had an annualised rate card and there were only X number of spots available for the whole year.

Even if we look at the current scenario, you can still achieve significant penetration of consumer groups with programmes such as Generations, News, Nuus, Rugby and/or Soccer, depending on whom you are targeting. This landscape is, however, going to change significantly in the not-too-distant future and, while it won't happen overnight, the slow erosion of ratings is on its way.

It's not a case of ratings disappearing into an abyss with people no longer viewing; it's the undeniable fact of the increase of choice for South African viewers, not only in terms of channel choice but also platforms on which to view.

The TV viewing pot is only so big, with TV currently having an 80.6% yesterday penetration of adult South Africans (AMPS January-December 2010) and while potentially there's still growth in the number to the 90%s, it's only going to bring about an additional 3.2 million of the current total adult population. Not exactly huge, is it?

First and most dramatic

The first and most dramatic impact is going to be the switch over to [digital terrestrial TV](#) (DTT).

Communications minister Roy Padayachie has announced that SA is on track to switch off analogue terrestrial broadcasts by December 2013. Padayachie says digital TV should be launched to the public in April 2012. Broadcasters, however, privately express reservations about the deadline for switch off of analogue, saying it's too tight.

The global analogue switch off is set for 2015. If SA is not ready by that stage, what does that mean?

The good news is that it doesn't mean that those who haven't migrated won't be able to watch TV but it does mean that the analogue signal won't be protected so someone can interfere with or broadcast over a signal. Not an ideal space to be in and I can imagine someone with a wicked sense of humour broadcasting Telly Tubbies over Generations or the final episode of Survivor.

DTT a very sensitive topic

Getting definitive answers on DTT and the impact there of is a very sensitive topic, with broadcasters being largely uncommitted due to sensitivities in terms of Government and ICASA.

At launch of DTT, it's estimated that approximately 70% of the population will receive the DTT signal. This will cover most main metropolitan areas. From then on, the network will be rolled out until it matches the current analogue network, which is in excess of 90% population coverage. This will take approximately three years.

Broadcasters are preparing to launch DTT services in mid-2012. The technical specifications are being finalised to allow this to happen.

Key to the success and roll out of DTT is the ability of consumers to pay for the set top box (STB). Government will be subsidising the poor and has set aside R690 million in the next three years to do so.

Set top boxes

The final cost of the set top box has yet to be confirmed. Talk is around R300, which means 2 300 000 set top boxes will be subsidised by the R690 million, which is only 17% of all households. There are 4.2 million LSM 1-4 households, which are the poorest of the poor, and the 2.3 million set top boxes would cover 55% of these households. What about the rest?

It's expected that the SA Bureau of Standards (SABS) will finalise the second generation [DVB-T2](#) standard during the last quarter of 2011. The preferred STB manufacturers for the subsidised market are expected to be selected by November 2011. The public launch is expected to take place in April 2012.

Aside from all the technical, funding and physically getting-set-top-boxes-to-the-public challenges, let's assume that all goes according to plan. The SABC is expected to increase its number of stations from three to 10. M-Net and e.tv will share Multiplex 2, with 40% and 50% respectively.

Finalisation of the number of channels that each will have has not yet been confirmed; however, Multiplex 2 can carry approximately 20 channels. This could see e.tv with 10 and M-Net with eight. The free-to-air landscape suddenly changes from four channels for consumers to choose from to potentially 28.

Quality of content

Obviously, quality of content will be key to the success of any of these channels; however, it's an undeniable fact that the general SA population will have significantly more choice in terms of viewing options.

We've seen [TopTV](#) launch and the latest AMPS (July-December 2010) reading shows the station as having 229 000 yesterday viewers. The station's viewers fall in LSM 6 (30%), LSM 7 (25%), LSM 8 (13%) and LSM 9 (22%), with an average household income of R13 711 and age of 34 years. The station's ethnic profile is 67% black, 6% coloured, 14%

Indian and 12% white. TopTV is set to launch its advertising options before the end of 2011 across nine of its channels.

At the end of the 12-month March 2011 period, TV accounts for R13.5 billion (46%) of all media investment (Nielsen). TV has shown a share of investment growth of 6% from R8 billion (40%) in March 2007. Clearly, the medium is popular among marketers and, despite recessionary conditions, has continued to flourish.

TopTV is sure to start stealing share of investment from other channels and to what degree depends on the cost of its offerings and audiences.

Difficult to estimate

With only one reading, it's difficult to accurately estimate where TopTV is currently stealing audiences from, if it is; however, if we compare the latest two yesterday AMPS readings, we see the following:

Station Yesterday	AMPS January-June 2010	AMPS July-December 2010	Comment
	%penetration	%penetration	
TopTV	-	0.7	
e.tv	44.7	44.4	No significant change
M-Net	3.1	2.5	Significant decline
SABC1	58.1	60.7	Significant increase
SABC2	43.2	41.0	Significant decline
SABC3	30.0	29.0	No significant change
DStv	15.0	20.5	Significant Increase
Total TV	77.0	80.6	Significant Increase
Compact decoders	7.7	9.2	Significant Increase

The table shows that yesterday viewership in SA has actually grown significantly and therefore the additional offerings of TopTV and MultiChoice's compact decoders are growing the market, rather than stealing audiences from another station.

The decline in SABC2's audience is most likely attributable to programming rather than new choices on the market. M-Net's decline is due to the migration of subscribers to one of the other offerings from MultiChoice.

It's encouraging to see Total DStv continuing to grow, despite the launch of TopTV, which would indicate that there is space for more than one player in SA.

Learnings from the UK market

While it's impossible to accurately predict the real effect of DTT and the fragmentation of audiences, we can take some learnings from the UK market, where UK terrestrial share of viewing has decreased by almost a third over the last nine years. Only two channels in UK digital satellite households have a share of 5% or more. The top five channels in UK homes account for 60% of viewing, with 255 channels having a share of less than 1%.

In mid-2005, the UK government announced the analogue switch-off, at which point digital TV had a penetration of almost 70% and which grew to 89.5% in 2009.

The one thing that has remained relatively stable is the number of minutes spent viewing TV per day at 230 in the UK. If the UK scenario plays out in SA, then it would appear that digital TV offerings are set to benefit from the launch of DTT.

The increase in the number of channels, as well as viewing options such as delayed view and choice of viewing options via cellphones and so forth, puts further pressure on audience measurement and methodology and, while SAARF and the industry is hard at work to accommodate all that is needed, funding is still a controversial issue.

One thing is certain that nothing is certain

When contemplating all of the above, I wonder if my early days' lack of choice in terms of TV would not be a whole lot more appealing when working on and trying to predict the best TV strategies and TV rating delivery in the future. The one thing that is certain is that nothing is certain, with the latest article concerning DTT saying that the 2013 analogue turnoff isn't achievable and that the international mid-2015 deadline is optimistic at best.

Further complicating an already dynamic landscape, a new TV station called [Tshwane TV](#) (TTV), under the management and administration of Zallywood, a multiplex governing body of companies in television production and broadcast, officially launched its first programme on 1 June 2011. It opened with its signature promo entitled "I am Tshwane TV".

While we can't predict the exact shape of the future landscape, the only way to stay in tune and one step ahead is to constantly get updates, track audience changes and be abreast of the latest research, government and industry releases and timelines, and ensure that our clients are, too.

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