

TiVo Is Not Kryptonite for Advertising After All

May 3 2010, By Laura S. Brinn

(PhysOrg.com) -- When digital video recorders (DVRs) like TiVo went mainstream, advertisers assumed the devices' fast-forward buttons would doom the traditional 30-second TV spot. Most advertisers surveyed said they planned to reduce their television ad budgets in response.

But using TiVo actually has no effect on consumers' buying behavior, a professor at Duke University's Fuqua School of Business has discovered. People with TiVo don't fast-forward nearly as many ads as you might expect.

"Companies are afraid of a 'TiVo effect' and are changing their media spending as a result," says Fuqua Professor Carl L. Mela. "But we find no change in people's shopping patterns when we compare a group that has TiVo with a group that doesn't. The manufacturers' fears seem to be overstated."

In partnership with Information Resources Inc. (IRI) and TiVo, Mela and colleagues from The University of Chicago and Tilburg University conducted a multimillion-dollar, three-year field study in which some households were given a DVR and their shopping behavior was compared to those without one. The authors tracked purchases of new products, advertised products and store brands across 50 categories as well as the viewing behavior of those with the DVRs.

No matter how the researchers looked at it, DVRs did not affect what people bought. This conclusion astonished the researchers.

“Our initial goal was to simply measure how bad DVRs were for advertisers,” Mela says. “We tried a vast array of methodological approaches to find a DVR effect. And we just couldn’t.”

Mela offers these factors to account for the lack of a TiVo effect:

- To fast-forward a commercial, users must record a show to watch later. But TiVo households still watch the huge majority (95 percent) of their TV live, meaning few commercials can be skipped.
- Households without a TiVo can still avoid commercials. They can take a kitchen break, flip to a different channel, or find other ways to divert attention during commercials. This means the [DVR](#) might not increase ad avoidance as much as feared.
- Even though consumers fast-forwarded through about 70 percent of commercials in shows they recorded, they don't actually "skip" them. By concentrating on the screen to know when to press play and resume their show, those who forward are often exposed to the [advertising](#) they supposedly "skip."
- Because users record shows they would otherwise miss, people with a TiVo watch slightly more TV - and can therefore be exposed to ads they otherwise would not have seen.

Mela believes that sophisticated set-top boxes like TiVo will actually make television a more attractive medium for advertisers going forward.

“With set-top boxes, advertisers can now use marketing tools that previously existed only on the Internet,” Mela says. “Advertisers can use DVRs to target people who most want to see their ads. Moreover, they can make advertisements interactive, so that users can click on advertisement and get more detailed information. Finally, advertisers can

customize their advertisements. One customer can see a truck driving through snow in Minnesota while another sees it under the blazing sun in Florida.”

Mela reminds marketers that consumers spend about five to six hours a day watching television while Internet usage is still far less.

“It’s back to the future,” he says. “Television used to be the darling of media. It fell out of favor with the new media. And now television may become an even more productive advertising medium than the Internet.”

The team’s work, which was funded by The Marketing Science Institute with help from Information Resources Inc. and [TiVo](#), has been accepted for publication in the Journal of Marketing Research. The text of the article is available here: [Download the paper](#) (PDF 454Kb)

Provided by Duke University

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