

## More ads hit online TV as Web audiences grow

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In this May, 9, 2011 photo, Kate Hooper, a 24-year-old professional nanny, is able to watch an Internet stream of the CW show "Gossip Girl" while preparing food for her sitter at her home kitchen in Los Angeles. The Los Angeles native often travels for work and on a recent trip to Hawaii, booting up her laptop was the only way to catch her favorite CW show, "Gossip Girl." She was faced with either watching more ads, about four per break, or missing her show altogether. (AP Photo/Damian Dovarganes)

(AP) -- One of the rewards of watching TV online is not having to sit through as many commercials. Now the networks are chipping away at that little luxury.

CBS shows twice as many ads per show on its website as it did last year. The CW [network](#) shows four times as many. Dozens of shows from major [cable networks](#) now carry as many ads online as they do on TV.

More shows will follow soon.

The online audience is still small compared with television, but it's growing. Networks hope that by showing more ads, they can make about as much money per viewer online as they do on the tube.

It's a change from the early days of online video. When ABC started putting full episodes of its shows online in 2006, fans could zip through the hour-long dramas "Lost" and "Desperate Housewives" in about 45 minutes. One short ad played a few times per show.

Limiting commercials kept people from going to unauthorized websites to watch pirated copies of shows. It also helped networks reach new audiences in college dorms and teenage bedrooms.

Now, as online audiences grow, networks see an opportunity to make more money. A recent episode of "Hawaii Five-O" carried six and a half minutes of ads online. That's less than the 16 minutes on TV but double what an hour-long show carried on CBS.com a year ago.

Online video has improved in recent years with faster Internet connections and better technology. The advances have led some people to give up on regular TV - and hefty cable bills that come with it - and watch only online.

The websites of ABC and [NBC](#) and some [cable channels](#) offer a range of recent episodes online, as does Hulu, a site owned by the parent companies of ABC, NBC and Fox.

Other networks offer live sports online. [ESPN](#) puts events on ESPN3.com for viewers who get [Internet service](#) through certain providers. And NBC put hundreds of hours of live competition online during the 2008 and 2010 Olympics. NBC agreed Tuesday to pay \$4.4

billion for the rights to televise the Olympics through 2020.

Watching your shows on a computer, of course, means being forced to watch the ads. On the tube, digital video recorders allow you to fast-forward through them. For many people, the convenience of watching whenever, wherever makes going online worth it.

Kate Hooper, a 24-year-old nanny from Los Angeles, often travels for work. On a recent trip to Hawaii, booting up her laptop was the only way to catch her favorite CW show, "Gossip Girl."

"I usually just put up with it and I'll take a break or go get food or something while the commercials are playing," Hooper said.

CBS now shows about two or three ads per break online, up from one a year ago. CBS can charge higher rates than TV partly because online ads can do more - allow viewers to click to a website for more information, for instance.

"We've got a model today where we're comfortable whether that viewership happens on the Web or TV," said Zander Lurie, CBS' senior vice president of strategic development. The company doesn't give a breakdown of how much revenue it makes from each format.

The CW, a broadcast network owned by CBS and Time Warner, now shows four commercials in a typical break instead of one - as many as there are on regular TV.

For both networks, viewership online grew anyway, a sign that viewers don't seem to mind.

The CBS and CW examples show that for big-budget TV productions, at least, it's possible to make enough money from the Internet to pay for

shows if audiences suddenly shift entirely online. Newspapers and music companies have struggled with similar dilemmas as their audiences have moved online.

Networks still make far more money from TV than from the Internet, largely because online audiences are still comparatively small. Networks also get a piece of the monthly bills that viewers pay to satellite or cable companies for TV subscriptions.

Americans on average spent about 160 hours a month in front of the tube in early 2010 and only seven watching video on a computer or phone, according to the latest data available from Nielsen Co.

But online video is growing fast. According to online ad firm FreeWheel Media Inc., people watched 9 billion online videos from Fox, CBS and Turner in the last three months of 2010, an increase of about 50 percent from the previous quarter.

ZenithOptimedia expects online video ad revenue in the U.S. to grow 22 percent this year to \$3.3 billion, compared with just 5 percent growth for all TV ads to \$59.4 billion.

For the networks, there's a side benefit to the growth of online ads. If Internet viewers watch shows with exactly the same [ads](#) as their TV counterparts, they will be counted in Nielsen's regular TV audience ratings.

That means that when networks approach advertisers every spring to sell commercial time for their upcoming fall lineups, they can add online audiences to their total count and bring in more money.

Until April, the online audience didn't count at all in the advance sales season.

"It's recapturing those eyeballs," said Jeremy Legg, a senior vice president at Time Warner's Turner Broadcasting System. "From a monetization standpoint, it's the most effective for us."

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