Break Structure Strategies

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Introduction

The purpose of this presentation is examine the best practices of networks successfully competing in hte multichannel universe.

On-air promotion and packaging

More than any medium, more than any advertising platform, on-air promotion & packaging have been identified as an essential factor in affecting the flow of audience. Promos provide "awareness." And awareness of offerings is seen as a crucial factor in channel choices.

No advertising platform has greater proximity to the "act of choice" than on-air promotion. Promotion allows us to message our audience at or near the moment of viewing decision.

No medium ranks higher in delivering a positively pre-disposed audience.
We know our viewers are interested in our programming. That's why they're here to begin with.

On-air promotion is the most effective and effcient medium of the advertising industry. If we attached a dollar value to our own on-air promo airtime, it would be worth a premium beyond its current ad sales value, for the simple reason that it delivers a positively predisposed audience.

It is the most valuable tool we have for maximizing viewership. And maximizing viewership maximizes revenue.

Keeping viewers/Capturing surfers

There are four primary opportunities for keeping current viewers and capturing surfers who visit during competitive breaks.

1. Increase share at the beginning of a show

We know the first one to two minutes of a program are the most critical in keeping inherited audiences and attracting new samplers. By rethinking our approach to show opens we can help build a larger audience at the top of the hour.

- Cold opens
- Teases
- Expository graphics

2. Slow share erosion into commercial breaks

The first minute of a break often determines what percentage of the audience will remain and for how long. There are several ways to help slow the inevitable erosion of breaks.

- Next segment tease/bump out
- Web markers
- PVR bugs
- Pod architecture; first position

3. Increase share out of break

Most viewers eventually return after surfing a commercial break. Some however, get lost, forget what they were watching, lose interest, or find new content to view. We can help guide viewers back, while capturing new viewers visiting from the competition.

- Lower thirds/commercials
- Identity bugs/commercial break
- Countdown clocks
- Cue tones
- Pod architecture; last position
- "What's on" keys
- Keyable ID animations
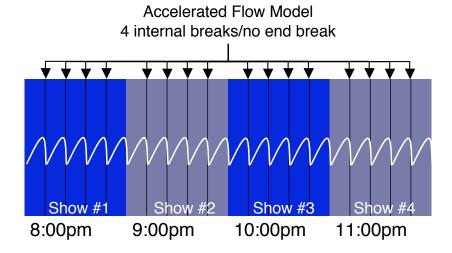
4. Increase daypart flow

Once we've succeeded in improving internal break fow, we must improve daypart flow.
There are a number of opportunities available.
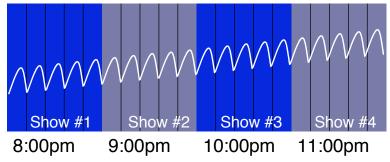
- Eliminate end break/move local avail
- Eliminate/shorten credits
- Pre-start/tease next show
- "Next" keys
- Affinity keys
- Navigation promotion

Flow Pattern

Most networks that have adopted accelerated flow tactics see a sine wave of viewership. They experience strong growth in the first one to three minutes of a program segment, followed by a steep drop-off during the first minute of a commercial break. As the break concludes, the build begins again as surfers return to the channel.
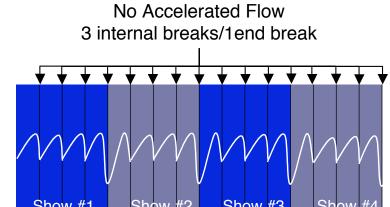
Accelerated Flow Model
4 internal breaks/no end break

| Show #1 | Show #2 | Show #3 | Show #4 |

8:00pm   9:00pm   10:00pm   11:00pm

Successful networks augment those builds by capturing surfers from competing networks during the breaks.

| Show #1 | Show #2 | Show #3 | Show #4 |

8:00pm   9:00pm   10:00pm   11:00pm

In an ideal accelerated flow model, the loss/gain of audience from one program to another is no greater than the loss/gain of audience during a commercial break. This creates daypart momentum.

Networks that still maintain a top of the hour break experience a severe drop in viewership when switching from one show to another, and must rebuild their audience hour after hour. There is no daypart momentum.

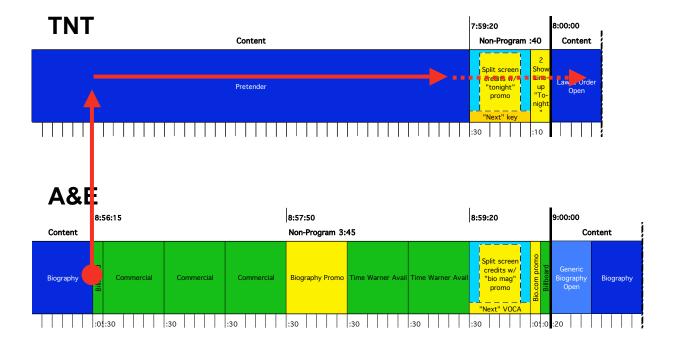## No Accelerated Flow
3 internal breaks/1end break

Show #1   Show #2   Show #3   Show #4

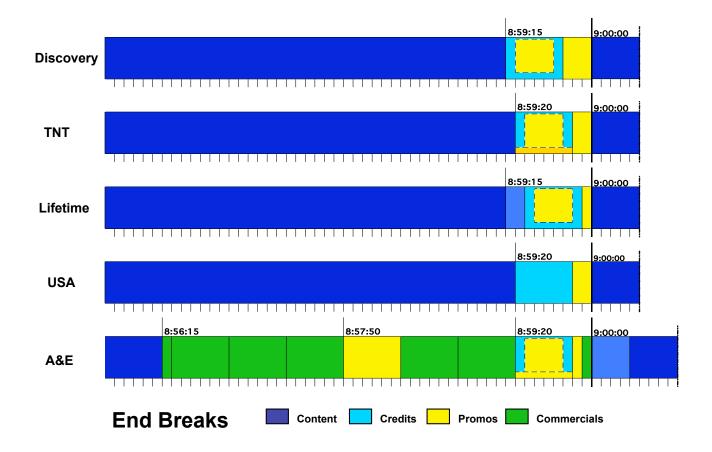8:00pm   9:00pm   10:00pm   11:00pm

What happens when they leave?

As illustrated by this chart, viewers flipping from A&E to an "accelerated flow" network will experience up to 15% of that network's half-hour show, 7% of an hour show. Having been drawn to the network's content, they are swept into the next program through accelerated flow, significantly reducing the odds of their returning to A&E.

How common is this?
The following chart illustrates break patterns of five cable networks at the 8pm break.

Discovery
8:59:15   9:00:00

TNT
8:59:20   9:00:00

Lifetime
8:59:15   9:00:00

USA
8:59:20   9:00:00

A&E
8:56:15   8:57:50   8:59:20   9:00:00

End Breaks

■ Content ■ Credits ■ Promos ■ Commercials
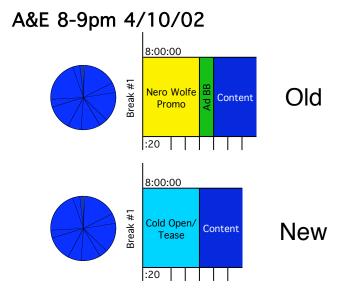
Realigned Clock

By combining one internal break and shifting the local avails and end break, a new flow efficient clock can be created. This is the most important change A&E can make. The benefits will be significant and immediate.

Credits :30
8:59:30

Break #1 :25
8:00:00

Break #2 3:00
8:09:25

Break #3 3:50
8:21:45

Break #4 3:10
8:34:35

Break #5 3:25
8:47:05

Break Structure

By examining each element of the A&E clock, we can target the specific flow efficiencies of the four opportunities outlined above.
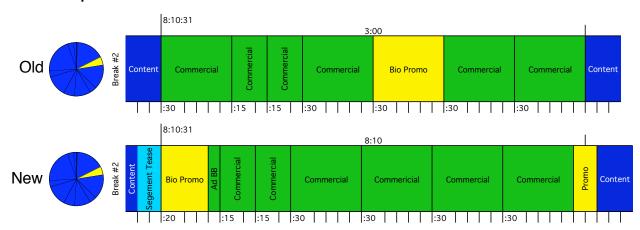
A&E 8-9pm 4/10/02

In Break One, we begin the top of the hour with a promo. While it's smart to message to our audience at this crucial moment of viewing decision, our first priority should be to entice them with content. Ideally, we begin with a cold open—narrative that immediately hooks the viewer. If that is not possible, the second choice is to create a tease that feels less like a promo and more like a show segment. The goal is to draw in as many viewers and surfers as possible, get them hooked on the show and keep them interested.

To that end, the cold open/tease should be followed by a short—no more than 10 seconds—expository open. This graphic piece should explain succinctly what the show is about. This can be figurative or literal, but must be clear. By now, viewers should know exactly what they are watching (so that they don't forget while surfing a break), and have a pretty good idea what they are going to get out of it.

The advertising billboard should be moved to an interior break. In its current position it breaks the viewing momentum will only trigger a wave of surfing.
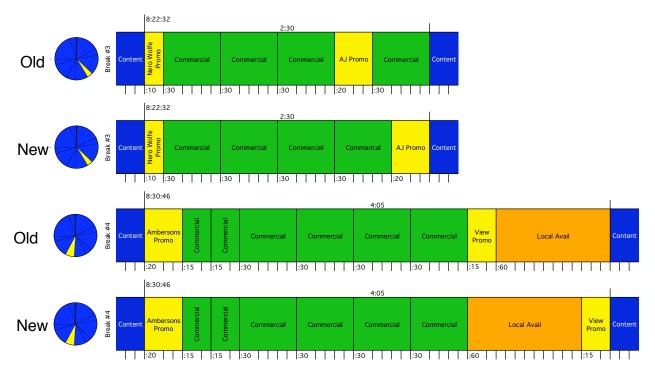
A&E 8-9pm 4/10/02

Old

8:10:31   3:00

Break #2 | Content | Commercial | Commercial | Commercial | Commercial | Bio Promo | Commercial | Commercial | Content

:30 | :15 | :15 | :30 | :30 | :30 | :30

New

8:10:31   8:10

Break #2 | Content | Segment Tease | Bio Promo | Ad BB | Commercial | Commercial | Commercial | Commericial | Commercial | Commercial | Promo | Content

:20 | :15 | :15 | :30 | :30 | :30 | :30

Break Two has a commercial in the first position. Promos should always be put in the first position and last position of a break to increase time spent viewing of the break. Commercials in the first position trigger immediate surfing. Promos in the first position tend to hold viewers for a longer period of time. The logic is obvious. I come to A&E to see A&E programming. If you show me a message about more A&E programming, I'm more likely to stick around.

As we near the end of the break, more surfers begin to return to the channel. If they see promos for the channel they have come to watch, they are more likely to hang around for the next few seconds until the show begins again. If they encounter another commercial, they are more likely to leave.

But, another opportunity exists before we move into the break. At the end of a segment, 10-20 seconds should be carved out of programming to tease the upcoming segment. We know viewers will surf during the break, but we want to make sure they have something to look forward to when they return. Plus, the tease helps surfers who have just joined us from competing breaks get up to speed on the program.

Other tactics include keying webmarkers and DVR bugs (TiVo, Replay, etc...) just before the break. The thinking is that if viewers are going to leave A&E during the break, we should try to send them to the website. In parallel, the site should have a synchronous countdown clock, to help viewers return to the program on time.

If they are not going to the web-site, and are considering leaving A&E, a DVR bug gives them the opportunity to record the rest of the program for later viewing. (This assumes a relationship with a DVR service.)

Old Break #3

8:22:32 | 2:30

Content | Nero Wolfe Promo | Commercial | Commercial | Commercial | AJ Promo | Commercial | Content

:10 | :30 | :30 | :30 | :20 | :30

New Break #3

8:22:32 | 2:30

Content | Nero Wolfe Promo | Commercial | Commercial | Commercial | Commerical | AJ Promo | Content

:10 | :30 | :30 | :30 | :30 | :20

Old Break #4

8:30:46 | 4:05

Content | Ambersons Promo | Commercial | Commercial | Commercial | Commercial | Commercial | Commercial | View Promo | Local Avail | Content

:20 | :15 | :15 | :30 | :30 | :30 | :30 | :15 | :60

New Break #4

8:30:46 | 4:05

Content | Ambersons Promo | Commercial | Commercial | Commercial | Commercial | Commercial | Commercial | Local Avail | View Promo | Content

:20 | :15 | :15 | :30 | :30 | :30 | :30 | :60 | :15

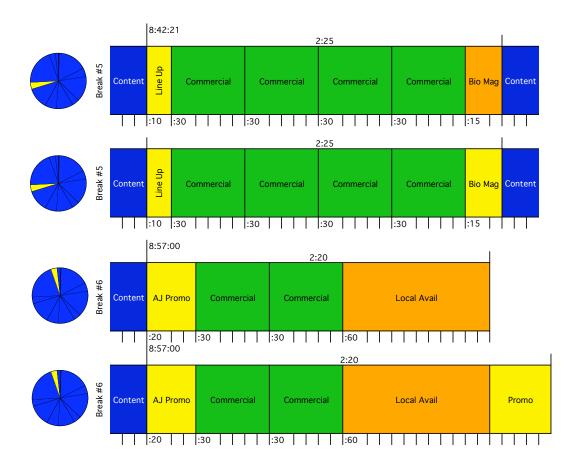The primary changes in Breaks 3 & 4 are again moving the promos to the last position.

Ad Sales Opportunities

There are also opportunities for exploiting commercial breaks. Most of these ideas are still experimental, but anecdotally the results have been positive.
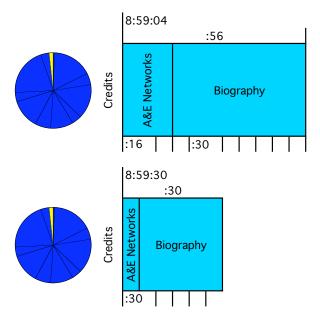
Creating a lower third band for identity and promotion is in use among many networks. But Oxygen has extended that idea into commercials. The upsell to advertisers is that they are getting space for dual messages, plus the security of knowing that viewers are aware of what channel they are seeing the commercial message. For networks that sell environment as well as numbers, this becomes a strong selling point. Surfers often become confused about channel identity during commercial breaks. Lower third IDs during commercials act as a light house for surfers looking to find their way back home.

Countdown clocks targeting the last 60 to 30 seconds of a break are also helpful in creating anticipation and limited last minute surfing. Audio cue tones that signal the end of a break also help attract viewers who have moved outside of the visual range of the television, but not the aural.

Coming back into the break, keying the name of the current show helps returning surfers and newly captured viewers comprehend what they are watching. The first 30 seconds back into the break is also an excellent time to use highly produced Keyable network logo animations to reinforce destination.

Break 5 & 6 again reflect the need for first and last position, but also raise a concern about off-air products. Videotape offers, magazine subscriptions, and other ancillary product offers are often seen as irrelevant by viewers, particular videotape offers for shows they have just finished watching. When stacked in the credit roll, they are often an incentive for tune out.

The final break of a program, credits, is one of the most crucial in maintaining flow. Discovery's recent announcement that eliminating credits resulted in a 30% increase in flow will have serious repercussions throughout the industry. Like the NBC 2000 credit squeeze initiative, migrating credits to the web or an interactive overlay will most likely become the norm. In the meantime, credit squeezes with a maximum credit bed of 30 seconds (plus video window and "next" banner), a heavy dose of "what's next" keys, navigation promos within the credit bed (coming next/later tonight), and affinity keys for demographically/psychographically similar shows are all opportunities to hook viewers for the next hour.

In conclusion, there are many opportunities for A&E to increase its flow efficiency. Not all the solutions practiced by our competitors are necessarily right for us. But a thorough investigation of the potential for growing share and ratings should be our first course of action.

Glossary

accelerated flow: the ability to move audiences vertically from one show to another

affinity keys: messages promoting shows with similar content or audience appeal

bump out: usually a 5 second promo communicating the show name and its return

cold open: beginning a show at the start of the storyline

DVR bugs: Messages superimposed over programming that direct viewers to initiate their digital video recorders

expository graphics: animation or graphics with a clear message

identity bugs: Network or show logos superimposed over lower right hand corner of programming

keyable animations: Messages superimposed over programming

lower thirds: Messages superimposed over the lower third of the programming

Navigation promotion: Messages that steer viewers from one show to another

pod architecture: the structure of commercials and promos in a program break

web markers: Messages superimposed over programming that direct viewers to a web site