

# THE VALUES OF NEWS – ADVERTISING AND TELEVISION NEWS

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## ABSTRACT

This study intends to understand how television news strategy becomes the major source of the channels incomes, through advertising. The study was divided in two parts: one where we intend to characterise the advertising and another to show the economic model supported in the advertising investment. The main results show us that there exists a clear logic of subordination of the prime-time television programs to the commercial strategies and in special to the news services. These news services have a commercial logic in the Portuguese television. They have a high length, between 60 to 90 minutes, and a high rating. Because of this high rating the news services have three advertising blocks associated to them. These three blocks have a high profit with a high percentage of the revenue in prime-time that contributes significantly to the economic model of the television broadcasters.

## INTRODUCTION

The introduction of commercial broadcasting in Portugal in the beginning of the nineties of the last century, associated with the economic development, changed the operations of the media and affected its content. These changes were supported in significant increases of the advertising spending, because the advertising is the driving force in media development. We notice that generalist televisions depend absolutely from advertising to survive, with a partial exception of the public channels and have a quota of the advertisement investment of 48,1%. These television channels compete with each other for advertising revenues. The increasing dependence on advertising investment by broadcast media turns them more vulnerable to the ratings of the programs and to the strategies they developed to maintain the audiences and minimize their fluctuations. This reality can limit its programming and production, because the competition is supported even more in sensational programming with the increasing trend toward entertainment-styled content referred to as “tabloidisation”, “infotainment”, etc. (Dholakia, Mundorf and Dholakia, 1996). The commercialisation of media content by the broadcast media and the increasing emphasis on its own commercial business interests are altering the content and distorting it toward commercials ends (Gaunt, 1990; Herman and McChesney, 1997). In this way, the high dependence of advertising makes the television more vulnerable of the announcing interests (McQuail, 2003). This influence can manifest itself through a programming adequate to the interest of the most important advertisers, however it is hard to demonstrate this influence (McQuail, 2003), because it is seen as censurable and generates resistance between professionals.

The media broadcast revenues are supported in Portugal mainly by the advertising breaks and secondary by the product placement and sponsorship. The advertising breaks in television are regulated by the television law (art. 32 of the Portuguese law n° 31-A/98 July, 14<sup>th</sup>). The commercial televisions have the possibility to have a break of 12 minutes per hour and the public television one of 6 minutes. These advertising breaks are totally used by the televisions (Advertising Observatory, 2002). With the saturation of advertising, people make zapping with frequency and the ratings of the breaks decrease. One alternative for the advertisers to escape from this zapping of the

advertising breaks is the product placement. This product placement is not regulated in Portugal and is considered one of the most persuasive types of advertising, because the product/brand appears in a natural way. When we consider that these insertions contribute to the realism of a programme, showing that it is running in a quotidian set, we are contributing to the naturalness and sense of familiarity of the program (DeLorme e Reid, 1999).

In Portugal the television news have an average duration between 60 and 75 minutes and have three advertising breaks connected to them, one before, other in the middle and another in the end. This strategy intends to maintain the target attached to the advertising breaks, because the television news are the programmes with higher ratings in Portugal. The news have the most elevated ratings and the advertising breaks, attached to the news, have also the most elevated ratings in the television programs (source: Pub Report of Media Monitor Portugal).

Our purpose in this research is to try understanding how this television news strategy becomes the major source of the channels incomes, through advertising. The study was divided in two parts: one where we intend to characterise the advertising and another to show the economic model supported in the advertising investment.

## **METHOD**

### **Subject of analysis**

Advertising associated with the television news in the years between 2003 and 2006. There were analysed all the channels with open signal with advertising. There were considered the following channels, one private channel named TVI with the more elevated rating, the private channel named SIC with the second rating and the public channel named RTP1 with the smaller rating. In each year were analysed 14 weeks in each channel, distributed through the months with higher ratings, which exclude the months of January, July and August.

It was analysed the time schedule of higher advertising investment – 18.00 to 23.00 - with special attention to the advertising breaks associated to the television news. We studied the number of messages, the prices, and the length.

The advertising data source and their investments were from Pub Report of Media Monitor Portugal.

### **Procedure**

A data base was created in SPSS and analysed with descriptive statistics, to identify the length of each advertise and the cost of each one. When our objective was to proceed to an inter group comparison, the chi-square statistic was used, specifically considering only absolute and expected values in explicative terms.

## **RESULTS**

In order to understand the strategy that each television uses in relation to its news blocks and to determine what paper does the advertising roles we went, on a first phase, try to understand how the advertising structures itself.

### **Characterization of Advertising**

This analysis contemplated the traditional advertising, this is, the advertising blocks clearly identified by separators under the applicable legislation<sup>1</sup> and not by other forms of commercial communication, like sponsorship and product placement.

On a first moment we searched for the quantity of messages that each channel emitted at our sample's period. According to figure 1, we verify that TVI was the broadcasting station that emitted more advertising messages during the period on analysis, with 41% (10717 messages). SIC presents a percentage of 35,8% - 9 369 messages – and, at last, RTP1 with 23,1 % - 6052 messages. The difference of the public operator is owed to the minor duration that the advertising breaks possess. The public operator emits 6 minutes per hour and the private ones 12 minutes.

### **Average duration of the messages during prime-time blocks**

For a better comprehension of the temporal dimension of the messages was constituted a typology of six categories: Group 1.00 – includes the messages with a duration between 1 and 5 seconds; Group 2.00 – duration between 6 to 10 seconds; Group 3.00 – duration between 11 to 15 seconds; Group 4.00 – duration between 16 to 20 seconds; Group 5.00 – duration between 21 and 30 seconds, Group 6.00 – More than 30 seconds.

As the figure 2 illustrates, the total of messages was, then, distributed by each one of those categories.

From the reading of the figure results that the higher percentage observed occurs on the messages that have the duration comprehended between 21 and 30 seconds, equivalent to 28,4% - 7433. At the second position, come the messages with a duration between 1 and 5 seconds, with 21,7% - 5585. With a very near percentage we observe the messages with a duration included between 16 and 20 seconds.

While analysing the distribution of these categories by each one of the channels, we verified, according to table 1, the existence of distinct situations in which concerns to the duration of the advertising messages per channel.

Every channel often uses almost all the duration of the advertising messages, however, having attention to the distribution between the three channels, it's verified that by the statistics of chi square (Pearson CS: 267,22 p: 0,000) there are some differences between the channels. So, having in regard the differences between the esteemed and obtained values, we can verify that TVI utilizes mainly the messages of 1 to 5 seconds, SIC the ones of 16 to 20 seconds and RTP1 the ones with more then 30 seconds.

We notice, then, that there doesn't exists considerable differences in regard to the duration of the messages in each one of the analysed channels. The difference exists only regarding the number of messages, which results reflect the media plans and the differentiated duration of the advertising breaks, between the private and the public channels.

### **Average and unitary costs of the messages in the blocks**

In this phase we tried to identify the costs of the messages in each one of the breaks.

The obtained data, when crossed with the cost per second of each one of the categories (table 2) allows clarifying the commercial strategy in each one of the television channels with open signal.

By this way, we've obtained the average price of the messages in each one of the duration categories. The results reveal that TVI has an average price and per category, higher to SIC and by its turn higher to RTP1.

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<sup>1</sup> Article 8 of the Portuguese Advertising Code – Principle of Identification

These results are in terms with the audiences that each channel possesses, which in average have positioned TVI in the first place, SIC in second and RTP1 in third. The data also reveals us a progression of the costs per category, what is perfectly normal, having in account the duration<sup>2</sup>.

The second results of this analyse refer to the average duration of the messages on the advertising blocks in each one of the groups of the typology as it's indicated in the table 3.

Knowing the results obtained in tables 2 and 3 it's possible to identify the average cost per second of the messages on the advertising blocks in what refers to each one of the typology groups.

In this way, according to table 4, which permits the identification of the average cost per second of the advertising messages in each one of the categories, is verified that on the three channels is at group 1.00 – messages that comprise duration between 1 and 5 seconds – that the broadcast cost per second reaches the higher value. This means that the average cost of the broadcast per second varies in the inverse order of the messages duration, what apparently corresponds to the commercial logic, with a small exception of the block with larger duration (superior to 30 seconds), that takes us to suggest that groups 5 and 6 don't differentiate among themselves.

In the same way this data that only takes into consideration the table prices and not the real prices, suggests that to a larger duration of the advertising blocks doesn't implicate, necessarily, a larger income for the televisions. Usually, the liquid result of the advertising spaces might depend on the minor duration of the messages instead of the total duration of those periods. Situation that the data, collected according to the sample, seems to suggest with hard evidence.

After characterizing the advertising in each one of the channels, we will now see how they are reflected on the advertising investment and what the importance of advertising is associated to the television news, for the channels strategy.

### **Advertising Investment**

Now, we proceed to the determination of what is the advertising investment in each television channel with open signal, either relatively the advertising blocks in the period of analyse or the ones associated with the news services. In order to comprehend how the advertising investment was realized, we started by evaluating the average duration of the blocks in each one of the years by channel. After that, we identified the incomes associated to each of the blocks in each year and, finally, the economic model underlying each channel.

### **Advertising Investment on the various channels in each one of the years in analyze**

The extension of the advertising blocks duration that we observed might not have beneficiated the television channels economically, once the strong competition among them, the medium agencies pressure and the own advertisers, the broadcasting enterprisers are forced to make significant discounts over the table prices publicly

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<sup>2</sup> This results, behind based on the table prices publicly divulgated, should be analysed with some prudence, once they don't correspond to the prices effectively practised by each channel, which values aren't available because they compose the strategic information reserved and not accessible of each medium. Therefore, the data that appears on table 2 represents the official values that could have been practised and not the ones that are effectively charged. Furthermore, it's esteemed that, in the years of study the discounts practised by the television operators reached near 80%.

communicated. Therefore, as Bustamante noticed (1999), this process has enlarged the distance between the official tables and the prices relatively practised.

The data reveals that RTP1, as it was supposed, concerning to the minor duration of the blocks and to the minor audiences, presents a minor volume of incomes, nearly half the advertising incomes that are verified in other channels.

In this way, reporting to the investment values per second, we verify that TVI reveals slightly higher incomes than SIC, with exception of the year of 2005.

### **Economical model of each one of the channels in each year of analyze**

Despite the diversity of publics that accede to the television channels (underline that it's the period of higher audience) and the multiplicity of possible programs available, the present prime-time programming, tends to be based on a restricted number of programs aimed to larger audiences, such as, the programs of great information, the soup operas, the contests, humour programs and sitcoms. The purpose is, clearly, the acquisition of higher audiences and, consequently, the advertising investment.

In the sequence of the analysed data, we tried to establish an economic model of each one of the channels identifying the incomes referent to the advertising blocks associated to the prime-time news. In this way, it was calculated the average advertising investment in each one of the sample years of this study and in the blocks associated with the evening news services (before, during and after this information program).

Afterwards, it was calculated the percentage of the advertising investment associated to the news blocks with the realised during the period comprehended between 18h00 to 23h00 and that was stipulated for effects of this study as being the prime-time.

This data revealed that the broadcasters possess very similar distribution logics of the advertising investment, having in special consideration, the difference in terms of the respective values, mainly due to the inferior duration of the blocks on RTP1.

In this way, during the four years in study, RTP1, SIC and TVI present at the prime-time an accentuated degree of dependence of the advertising investment associated to the prime-time news services that reaches, on RTP1, the value, in terms of table prices, of 41% in the year of 2005. In the remainders, the percentage rounds the 37%.

SIC and TVI present very identical values, with averages that float on SIC, between the 34%, in 2006, and the 43% in 2004. On TVI, they vary between 31% in 2005 and the 42% in 2006. (Table 6)

By verifying the fact that the higher advertising incomes of the period that was designated as prime-time were associated in each one of the channels to the programs of higher audience, this means, the respective news, these results show the importance of the commercial dimension meeting the daily information programs at that time schedule.

We notice so, that the prime-time news corresponds, in Portugal, to the programs of higher audience and higher diversity of publics.

In sight of this situation, and according to this data the televisions seem to have adopted as economic model the concentration of the advertising in the interior of the respective news services, what forwards us to the average duration of 60 to 70 minutes of each one of them.

## **CONCLUSIONS**

What the obtained data seems to suggest is that there exists a clear logic of subordination of the prime-time television programs to the commercial strategies and in special to the news services.

It's verified, so, that the spaces that precede the news services, of extremely short duration, will have as strategy holding the spectator that already is connected to that channel.

This means that the presence of a wide advertising block, in one of the channels, and on that moment, would release the receptor to take the option for another television broadcaster. In this way, we can deduce that the strategy is identical in the three channels at analyse.

Meanwhile, in what concerns to the block that occurs in the interior of the news service and that separates the first part from the second of these programmes, and those that immediately succeed, are considered as adequate to make profits in advertising terms. Indeed, both the two spaces – during and after – and in either of the television channels has a considerable temporal dimension.

The obtained data reveals that the stations possess distribution logics of the advertising investment almost coincident, despite of the inferior duration of RTP1.

We conclude that prime-time news correspond, in Portugal, to the higher audience programs and with large diversity of publics, in this way, the televisions seem to have adopted as economic model the concentration of advertising in the interior and after the respective news services, maintaining as strategy very long news blocs, when compared to what in general the televisions with open signal realize internationally.

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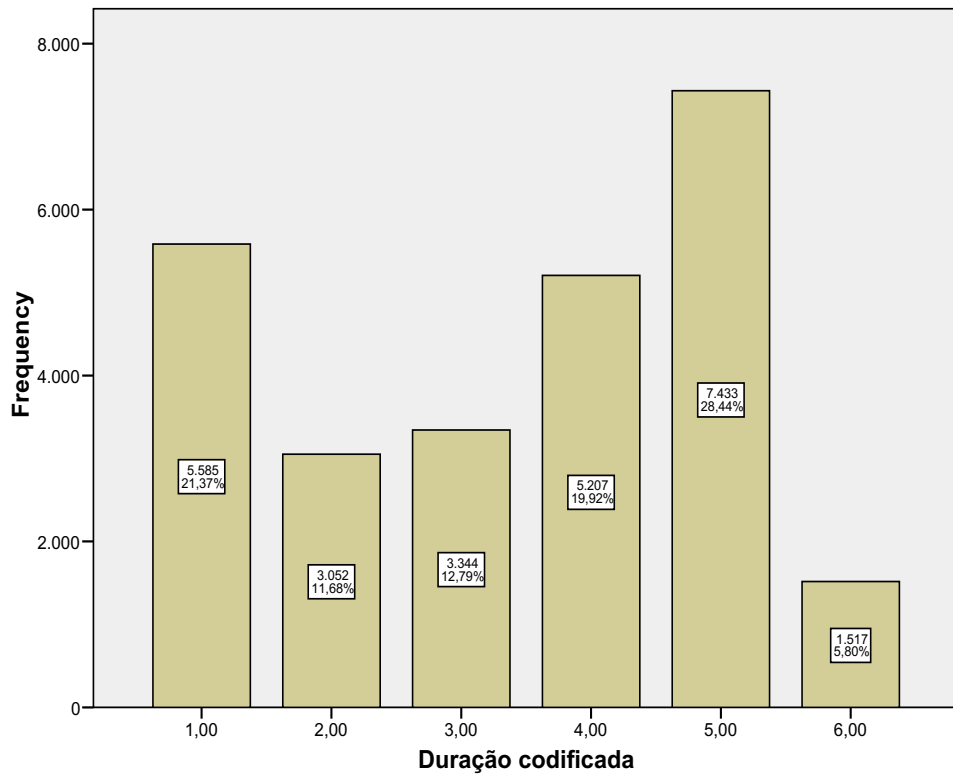
**Figure 1**

Daily average of advertising spots by each TV Channel according to the sample

Fonte/Source: Pubreport/MediaMonitor

**Figure 2**

Average of the advertising spots connected with telenews of the 3 channels (in seconds)



Fonte/Source: Pubreport/MediaMonitor



**Table 1**

Average in time of the advertising spots connected with prime time telenews in the 3 Channels  
(in seconds)

			Channel			Total
			RTP	SIC	TVI	
<b>Duration</b>	<b>1,00</b>	<b>Obtained Values</b>	<b>1291</b>	<b>1568</b>	<b>2726</b>	<b>5585</b>
		<b>Estimated Values</b>	<b>1293,2</b>	<b>2001,9</b>	<b>2289,9</b>	<b>5585,0</b>
		<b>% of the messages in the Blocks</b>	<b>23,1%</b>	<b>28,1%</b>	<b>48,8%</b>	<b>100,0%</b>
	<b>2,00</b>	<b>Obtained Values</b>	<b>693</b>	<b>1071</b>	<b>1288</b>	<b>3052</b>
		<b>Estimated Values</b>	<b>706,7</b>	<b>1094,0</b>	<b>1251,4</b>	<b>3052,0</b>
		<b>% of the messages in the Blocks</b>	<b>22,7%</b>	<b>35,1%</b>	<b>42,2%</b>	<b>100,0%</b>
	<b>3,00</b>	<b>Obtained Values</b>	<b>730</b>	<b>1266</b>	<b>1348</b>	<b>3344</b>
		<b>Estimated Values</b>	<b>774,3</b>	<b>1198,6</b>	<b>1371,1</b>	<b>3344,0</b>
		<b>% of the messages in the Blocks</b>	<b>21,8%</b>	<b>37,9%</b>	<b>40,3%</b>	<b>100,0%</b>
	<b>4,00</b>	<b>Obtained Values</b>	<b>1158</b>	<b>2054</b>	<b>1995</b>	<b>5207</b>
		<b>Estimated Values</b>	<b>1205,6</b>	<b>1866,4</b>	<b>2135,0</b>	<b>5207,0</b>
		<b>% of the messages in the Blocks</b>	<b>22,2%</b>	<b>39,4%</b>	<b>38,3%</b>	<b>100,0%</b>
	<b>5,00</b>	<b>Obtained Values</b>	<b>1773</b>	<b>2865</b>	<b>2795</b>	<b>7433</b>
		<b>Estimated Values</b>	<b>1721,0</b>	<b>2664,3</b>	<b>3047,6</b>	<b>7433,0</b>
		<b>% of the messages in the Blocks</b>	<b>23,9%</b>	<b>38,5%</b>	<b>37,6%</b>	<b>100,0%</b>
	<b>6,00</b>	<b>Obtained Values</b>	<b>407</b>	<b>545</b>	<b>565</b>	<b>1517</b>
		<b>Estimated Values</b>	<b>351,2</b>	<b>543,8</b>	<b>622,0</b>	<b>1517,0</b>
		<b>% of the messages in the Blocks</b>	<b>26,8%</b>	<b>35,9%</b>	<b>37,2%</b>	<b>100,0%</b>
<b>Total</b>		<b>Obtained Values</b>	<b>6052</b>	<b>9369</b>	<b>10717</b>	<b>26138</b>
		<b>Estimated Values</b>	<b>6052,0</b>	<b>9369,0</b>	<b>10717,0</b>	<b>26138,0</b>
		<b>% of the messages in the Blocks</b>	<b>23,2%</b>	<b>35,8%</b>	<b>41,0%</b>	<b>100,0%</b>

Fonte/Source: Pubreport/MediaMonitor; Elaboration of the data by the authors

**Table 2**

Advertising average spot price in Euros by each group of the duration typology

		<b>RTP</b>	<b>SIC</b>	<b>TVI</b>
		<b>Average</b>	<b>Average</b>	<b>Average</b>
<b>Codified Duration</b>	<b>1,00</b>	<b>2112,49</b>	<b>2706,86</b>	<b>2933,70</b>
	<b>2,00</b>	<b>3334,04</b>	<b>4500,57</b>	<b>4839,71</b>
	<b>3,00</b>	<b>4418,44</b>	<b>6359,76</b>	<b>7167,86</b>
	<b>4,00</b>	<b>5438,51</b>	<b>7474,73</b>	<b>8627,62</b>
	<b>5,00</b>	<b>6803,64</b>	<b>9147,78</b>	<b>10567,06</b>
	<b>6,00</b>	<b>9921,20</b>	<b>13890,46</b>	<b>15392,34</b>

Fonte/Source: Pubreport/MediaMonitor; Elaboration of the data by the authors

**Table 3**

Duration average of the advertising spots connected with telenews by each group of the typology

		<b>RTP</b>	<b>SIC</b>	<b>TVI</b>
		<b>Average</b>	<b>Average</b>	<b>Average</b>
<b>Codified Duration</b>	<b>1,00</b>	4,83	4,98	4,86
	<b>2,00</b>	9,73	9,77	9,76
	<b>3,00</b>	14,69	14,75	14,79
	<b>4,00</b>	19,71	19,85	19,79
	<b>5,00</b>	28,67	28,61	28,64
	<b>6,00</b>	39,49	40,02	39,70
	<b>Average</b>	18,74	19,37	17,52

Fonte/Source: Pubreport/MediaMonitor; Elaboration of the data by the authors

**Table 4**

Price average per second of each advertising spot

<b>Duration</b>	<b>RTP</b>	<b>SIC</b>	<b>TVI</b>
<b>1,00</b>	<b>437,37</b>	<b>543,54</b>	<b>603,64</b>
<b>2,00</b>	<b>342,66</b>	<b>460,65</b>	<b>495,87</b>
<b>3,00</b>	<b>300,78</b>	<b>431,17</b>	<b>484,64</b>
<b>4,00</b>	<b>275,93</b>	<b>376,56</b>	<b>435,96</b>
<b>5,00</b>	<b>237,31</b>	<b>319,74</b>	<b>368,96</b>
<b>6,00</b>	<b>251,23</b>	<b>347,09</b>	<b>387,72</b>

Fonte/Source: Pubreport/MediaMonitor; Elaboration of the data by the authors

**Table 5**

Daily average of total advertising investment, 18h00 to 23h00 periods and the advertising break inside each telenews

<b>Year of 2003</b>	<b>RTP1</b>	<b>SIC</b>	<b>TVI</b>
<i>Prime-Time</i>	439.586 €	805.582 €	1171.164 €
Advertising on the News	163.075 €	310.405 €	493.038 €
Percentage News / <i>Prime-Time</i>	37%	39%	42%

<b>Year of 2004</b>	<b>RTP1</b>	<b>SIC</b>	<b>TVI</b>
<i>Prime-Time</i>	577.758 €	913.766 €	1.255.272 €
Advertising on the News	213.365 €	395.578 €	477.234 €
Percentage News / <i>Prime-Time</i>	37%	43%	38%

<b>Year of 2005</b>	<b>RTP1</b>	<b>SIC</b>	<b>TVI</b>
<i>Prime-Time</i>	588.566 €	1.596.234 €	1.445.934 €
Advertising on the News	242.322 €	567.976 €	441.376 €
Percentage News / <i>Prime-Time</i>	41%	36%	31%

<b>Year of 2006</b>	<b>RTP1</b>	<b>SIC</b>	<b>TVI</b>
<i>Prime-Time</i>	584.214 €	1.416.418 €	1.794.558 €
Advertising on the News	216.169 €	475.661 €	584.030 €
Percentage News / <i>Prime-Time</i>	37%	34%	33%

Fonte: Pubreport, MediaMonitor, Elaboration of the data by the authors