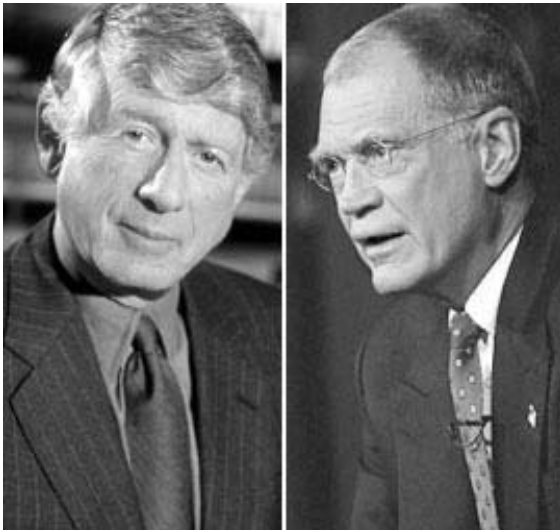


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IN TV'S NUMBERS GAME, YOUTH TRUMPS RATINGS

by Frank Ahrens
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In the spring of 2002, ABC-TV surprised many industry watchers when it announced its bid to replace Ted Koppel's news show Nightline with David Letterman. David Letterman declined ABC's offer, but the incident merited headlines regardless because of what it suggested. Here you had one of the top three networks attempting to jettison a successful news program and replace it with an entertainment show. What did this mean? Was it a sign that network news was dead? Why did ABC want David Letterman to replace Nightline? Pay attention to how Washington Post writer Frank Ahrens addresses these questions. —CM



Set aside the debate over the decline of broadcast news, the network infighting, the public outrage of television news superstars. The flap over ABC's failed bid to lure late-night comic David Letterman from CBS — thereby ousting Ted Koppel's venerated "Nightline" news show — basically came down to this: Koppel just can't sell beer like Letterman.

Behind the scenes of this star tussle lie the hard realities of television advertising. Koppel's "Nightline" may get higher ratings than Letterman's "Late Show," but Letterman attracts significantly more younger viewers. And that's appealing to beer companies, movie studios and car manufacturers that covet young audiences and are willing to pay top dollar to the television networks that can deliver them.

"It's just business," said Peggy Green, president of national broadcast for Zenith Media, which purchases commercial time for advertisers

on "Nightline." But ABC's courtship of Letterman has renewed a debate about advertising demographics and which viewers are most valuable to a network. The premium that television currently places on younger audiences doesn't necessarily jibe with the profile of an aging American buying force in its peak earning years. These are the baby boomers, who spawned the youth-oriented advertising ethos 35 years ago. Now settling into middle age, they find themselves largely ignored by advertisers who follow etched-in-stone precepts about consumers that many experts believe are no more than myths.

"Boomers are such a large group that if advertisers don't pay attention to them, they're going to be missing the boat," said Cheryl Russell, a demographer and author.

Oddly, one of the reasons television does not cater more to older viewers is that they watch too much of the tube. Advertisers often end up paying three times as much to reach younger viewers as older ones, in part because young adults watch less than their elders, making them harder to reach, according to media buyers and advertisers. Many advertisers also regard younger viewers as trendsetters and early adopters — people who are key to building a new brand and gaining widespread acceptance of a product. They believe consumers choose their brand allegiances early and stick with them throughout their lives, rarely changing.

"What consumer research has told us is that it's human nature for American consumers to take hold of brands that they form a relationship with — let's say Colgate toothpaste — that you start using as a young adult," said Tim Spengler, vice president for national broadcasting at Initiative Media, a firm that purchases advertising time on both the Letterman and Koppel shows. "You're more likely to continue to use that toothpaste and not make a switch at 55 or even 45."

Others disagree.

"There is no evidence I have been able to see that supports the myth that getting people while they're still uncertain about the permanent use of products and trade names is going to last a lifetime," said Lawrence Grossman, who was at the helm of NBC News from 1984 to 1988, ran the Public Broadcasting Service before that and was an advertising executive before that.

ProMatura Group, a research and consulting firm specializing in older consumers, found that 78 percent of Americans between 56 and 90 years old

are in fact “likely” or “very likely” to try new products — flying in the face of conventional marketing wisdom. Older buyers also tend to have more money to spend.

The nation’s peak spenders are those 45 to 54 years old, a group that spent \$ 46,160 per household in 2000, according to U.S. Bureau of Labor Statistics. Coveted youthful consumers — those under 25 — spent \$ 22,543 per household.

Further, of U.S. households with incomes of more than \$ 100,000, 61 percent are boomers.

But many in the advertising industry, while acknowledging the shifts, say the boomers just don’t fit their target audience.

“There’s a lot more spending power among 50-pluses, there’s no question about it,” Spengler said. “But it doesn’t matter how much money you’ve got; you’re not going to drink a lot of beer at 55. The same is true of certain car models and many movies.”

A recent consumer profile by Miller Brewing Co. showed that 53 percent of all beer is consumed by 21-to-34-year-olds, while those over 45 accounted for 28 percent of the beer market. That’s significant because the beer industry is a big advertiser on television — beermakers spend \$ 346 million on network and cable ads in 2001, according to CMR, a research firm that tracks advertising spending.

While Koppel’s show is seen as a prestige commercial vehicle — drawing advertisers such as Jaguar, Mercedes-Benz and Pfizer — none of these companies wields the perceived economic clout of the big beermakers and movie studios.



“AS AN ACCOMMODATION WITH ABC TO KEEP ‘NIGHTLINE’ ON THE AIR, I’D LIKE TO INTRODUCE MY TWO NEW CO-NICHOS, BRITNEY SPEARS AND JIM CARREY.”

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Some see an institutional bias.

“The neglect of older consumers partly has to do with the average age of people creating the ads and images that fill media channels,” John Zweig, an executive at WPP Group, a large advertising and marketing firm, wrote in 1999’s “Life in an Older America.” “Writers and art directors are usually between 25 and 35 years old, anyone older having either made it to the executive floor, beyond the day-to-day marketing activities, or been pushed out altogether.”

Indeed, some point to the fact that the auto industry’s biggest customer group is 55-to-64-year-olds, who outspent every other age group in new-car sales in 2000. The best market for new trucks is 44-to-55-year-olds.

Movie advertising is a big revenue generator for network and cable broadcasters. Media buyers like to point out that the most frequent moviegoers are between 12 and 24 years old. That’s true — this group makes up 42 percent of the movie audience, according to the Motion Picture Association of America. But the second-largest movie audience — 31 percent — is made up of those over 40.

Some, like Tony Ponturo, Anheuser-Busch’s vice president for global media and sports marketing, said companies such as his are beginning to pay more attention to striking a “balance” between catering to younger buyers while crafting strategies to keep boomers. It’s tricky, he said: Advertising too tilted toward older consumers can make a product look “stale.”

It’s easy to see the importance networks still place on audience demographics in the Letterman-

Koppel flare-up.

Each night, according to Nielsen Media Research, 3.77 million viewers tune in to ABC's "Nightline," which airs from 11:30 p.m. to midnight. Letterman's "Late Show," which airs on CBS from 11:30 p.m. to 12:30 a.m., draws 3.31 million viewers.

The average age of a Letterman viewer is 47, according to Nielsen Media Research. An average "Nightline" viewer is 52.3. Neither host is particularly young — Letterman is 54, Koppel 62 — but Letterman has a clear edge in the youth market.

Among men 18 to 34, Letterman has nearly twice as many viewers as Koppel. Which is why two of Letterman's top three advertisers are beer-makers — Anheuser-Busch and Miller. (General Motors is another top Letterman advertiser.)

"Letterman is a program that has a good 21-to-34-year-old audience," Ponturo said. "It's fun and a little edgy, and it marries up well" with Anheuser-Busch products.

The youth factor is why 30 seconds of advertising time on Letterman's show goes for about \$ 40,000, while the same time costs about \$ 35,000 on Koppel's show. (Jay Leno's "Tonight Show" gets the top late-night dollar, averaging about \$ 60,000 for 30 seconds of ad time.)

Other factors work against Koppel's "Nightline," such as the changed nature of television news. Advertisers wishing to reach a news-viewing audience can do so nearly 24 hours a day, on broadcast television and cable — not the case when "Nightline" began 22 years ago. And Koppel's show is no longer unique.

"We can watch that same format at 7 on CNBC," said Spengler. "That's not a judgment on Ted Koppel's ability — he may do it better than anyone else. But by 11:30, we've already been there, done that."

There are other, more nebulous factors conspiring against Koppel and news shows like his.

"Koppel's good, but Koppel's serious," Green said. And even if a show has a large audience — like "Nightline" — serious is a risky sell.

"You have a pretty good idea of what a Letterman show or a 'Tonight Show' is going to be like in tone and attitude," said Anheuser-Busch's Ponturo. "It's going to be fun. You can go in with a commercial that has a lot of heavy humor. With a news show, depending on the day's news, you could have troubling topics, some pretty grim topics. So even though the audience may be there, the commercial isn't in the right environment."

While advertisers and media buyers wield

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their research with decimal-point certainty, much ad buying remains more art than science, and general impressions about audiences are sometimes not borne out by the data.

For instance, General Motors — one of late night's top advertisers — buys time for all of its brands on a cluster of shows the company groups together: "The Late Show With David Letterman," "The Tonight Show With Jay Leno" and "Saturday Night Live." The only GM ads "Nightline" gets are for the Cadillac line.

"That's because 'Nightline's' audience tends to skew more affluent," said Leslie Rajewski, a Cadillac spokeswoman.

According to Nielsen, that's true, but just barely: The median income of a Letterman viewer is \$ 43,902. For "Nightline," it's \$ 44,197.