

Position Paper for Television Ratings and Audience Measurement in the Digital Age Roundtable

HBO on the Go: Measuring and Monetizing Online Markets

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While Nielsen and the networks have struggled to track viewer numbers and monetize online audiences, they are beginning to acknowledge their growing numbers. In a [report](#) issued on Tuesday, September 10th, the Nielsen Company reported that the number of U.S. homes without traditional television service continues to increase. Further, they share that ¾ of the estimated 5 million homes that don't get TV signals still have TVs and get their programming from DVDs, online services, and through gaming consoles and Apple TVs.

While Nielsen is beginning to document these previously uncharted audiences, HBO has started testing the waters by offering online only packages of their premium service in Scandinavia, marking an initial shift in their business strategy. Historically, HBO has sidestepped consumer demands for an online only package, noting that deals with cable and satellite providers like Comcast and DirecTV prove far too lucrative to jeopardize with stand alone packages.

So it comes as no surprise that in a recent [Variety article](#), an HBO spokesman explained that this new Scandinavian strategy does not ultimately signal a larger shift stating, "Each market is unique and HBO approaches each one with what we consider to believe the best business model specific to that territory." As [Andrew Wallenstein goes on to explain](#), Scandinavia offers a particularly viable market for this strategy given the relative youth and affluence of the country and its established broadband infrastructure. American audiences seem to lack such allure. Even with HBO fans offering to pay approximately \$12 per month (roughly the same amount being paid in Scandinavia) for web only access during a [popular online campaign](#), HBO believes that web-only offerings simply cannot financially compete with the amount of money to be made from the steady channel of online subscribers provided by cable and satellite. It seems that only time and Scandinavian markets will tell.

While Scandinavia serves as a test market for a new HBO strategy, online content streaming is hardly something new. Netflix and Hulu have offered stand-alone streaming packages for some time, and Netflix's market share is impressive. As [Logan Nee on Polymic](#) notes, "According to Richard Greenfield, an analyst for BTIG (a global equity trading firm), Netflix is the 15th most-watched 'TV Network' in the U.S., a phenomenal achievement considering its affordable cost of \$8 per month. Netflix is only 4 million viewers shy of the leading cable provider."

So where does this all ultimately leave audiences? This shift in HBO's online strategy in conjunction with the established efforts of Hulu and Netflix to cater to online viewers offers networks and cable providers a viable solution as they struggle to monetize potentially lucrative but long elusive online audiences. If HBO's strategy succeeds in Scandinavia and the company is able to successfully compete with Netflix overseas, something many industry experts are watching with interest, then this may ultimately suggest that viewers will willingly pay for premium content and that the amount they are willing to pay will prove hefty enough to offset the losses from cable and satellite TV providers.

Advertisers will still be left to adapt, and there's good reason to believe that they'll do so in the same way that they have in motion pictures – through product placement. Advertisers are already becoming more aggressive in their placement of products in popular TV shows and sitcoms. As more audiences TIVO and DVR content, view content online or simply pirate the television programs they watch, marketers will have to work harder to get their products in front of viewers.

While we may not see HBO offer an online-only package in the United States in the near future, the success of this new venture in Scandinavia could offer evidence to HBO executives that this might be worth testing in other markets too.