

New Media & Society

<http://nms.sagepub.com>

Audience manufacture in historical perspective: from broadcasting to Google

Fernando Bermejo
New Media Society 2009; 11; 133
DOI: 10.1177/1461444808099579

The online version of this article can be found at:
<http://nms.sagepub.com/cgi/content/abstract/11/1-2/133>

Published by:



<http://www.sagepublications.com>

Additional services and information for *New Media & Society* can be found at:

Email Alerts: <http://nms.sagepub.com/cgi/alerts>

Subscriptions: <http://nms.sagepub.com/subscriptions>

Reprints: <http://www.sagepub.com/journalsReprints.nav>

Permissions: <http://www.sagepub.co.uk/journalsPermissions.nav>

Citations <http://nms.sagepub.com/cgi/content/refs/11/1-2/133>



Audience manufacture in historical perspective: from broadcasting to Google

FERNANDO BERMEJO

Universidad Rey Juan Carlos, Spain

Abstract

The question of what is new about new media has become a central topic of discussion in new media studies. This article frames within that question a historical and comparative analysis of the process of audience manufacture, and attempts to overcome the limitations of previous literature on the internet by situating the discussion within the political economy of communication. The main topics addressed in the ‘blindspot debate’ – the debate regarding the audience as the commodity produced by advertising-supported media – are used to guide an examination of audience manufacture in broadcasting media, and to contrast it with the manufacture of the online audience. The evolution of online advertising, in particular its relationship with search engines, serves as an entry point for questioning some well-established assumptions about the role of audiences in commercial media systems.

Key words

audience manufacture • audience measurement • advertising
• blindspot debate • Google • online audiences • search engines

INTRODUCTION: THE SEARCH FOR NEWNESS

In his *Philosophical Investigations*, Ludwig Wittgenstein quotes Augustine’s dictum: ‘What, then, is time? If nobody asks me, I know well

enough what it is; but if I am asked what it is and try to explain, I am baffled' (2001[1953]: 36) and uses it as an example of those questions which are often approached wrongly by assuming that something needs to be uncovered (McGinn, 1997). In 1999, the editors of *New Media & Society* decided to devote the first issue of the journal to discussing the newness of new media. Ever since then, discussions on this particular topic have become a staple in the field (e.g. Gitelman and Pingree, 2003; Lievrouw and Livingstone, 2002; Lister et al., 2003). Considering that the idea of newness is inserted in the very label of what is being studied, this interest in newness should come as no surprise. However, the issue of the newness of new media seems to be the source of much confusion and debate. The late Roger Silverstone (1999) introduced the essays that made up that first issue of the journal with the title 'What's New about New Media?' A decade later, and gathering from the responses provided, it might seem appropriate to answer that question in an Augustinian way: 'If nobody asks me . . .'

If the question regarding the newness of new media belongs in the same category as the one about time, how then should we approach it? Were the editors of *New Media & Society* misleading readers into a fruitless pursuit? In fact, they were fully aware of the problems posed by the issue of newness (see Jankowski et al., 1999; Silverstone, 1999). However, perhaps the question they were posing was more procedural than substantial. Perhaps the search for the newness of new media has more of a heuristic than an ontological nature. What matters, then, is not locating newness, but the process of researching and thinking. And what kind of research process is set in motion by the question about the newness of new media? Two main defining traits stand out. First, there is the issue of time. Something is 'new' in relation to something else which precedes the 'new' and thus history becomes an essential element for any attempt at understanding new media. Second, there is an issue of comparisons and distinctions. The 'new' is distinct, different, novel. In this second sense, it can be argued that 'the "newness" of new media is more than diachronic, more than just a chunk of history, a passing phase; it is relative to the "oldness" of old media in a number of different ways' (Gitelman and Pingree, 2003: xx). If something new is not simply more recent, but also something which has not been properly digested, tamed or domesticated, both in conceptual and practical terms, then newness has to do with historically situated comparisons and distinctions.

Interestingly, these particular characteristics that the search for the newness of new media seems to demand are the same ones that James Carey found missing in his review of the 1990s literature on the internet. For Carey, this 'literature was not sufficiently historical', and there was a 'lack of comparative perspective on the internet' (2005: 446–7). Besides these two flaws, he also saw another one not necessarily implied in the question about the newness of

new media: namely, that the literature on the internet ‘was insufficiently embedded in the vital world of politics, economics, religion and culture’. Carey concluded that

to ‘think technology’ as something operating abstractly, outside of history, outside of the political and economic moment in which it is born, is to misunderstand both the possibilities and limitations of any given technology. (2005: 447)

Therefore, if we want to follow the implicit mandate of the first issue of *New Media & Society* and overcome the limitations detected by Carey, we need to make historical comparisons that are embedded in the economic and political circumstances shaping communication media. This article attempts to do just that by presenting a historical comparison of the process of audience manufacture.

POLITICAL ECONOMY, AUDIENCES AND THE ‘BLINDSPOT DEBATE’

If, as Carolyn Marvin points out, ‘the introduction of new media is a special historical occasion when patterns anchored in older media that have provided the stable currency of social exchange are reexamined, challenged, and defended’ (1988: 4), the search for the newness of new media also provides an occasion for re-examining, challenging and defending scholarly approaches for understanding communication media. This is so because the process of making distinctions and comparisons always implies a particular perspective, a set of assumptions, concepts and theories regarding the object of study. The search for the ‘newness’ of new media is not only an empirical search for novelty, but also a conceptual search for tools and theories to permit a better understanding of the media forms under scrutiny.

The approach that will be re-examined here falls within the domain of political economy, an established tradition in the field of communication which has generated a substantial corpus of research and theoretical contributions to the understanding of communication media (McChesney, 2000; Mosco, 1996). In spite of the ample territory covered by political economy, and its contributions to understanding communication, its record in addressing new media seems to have fallen short of some expectations. This has led Robin Mansell to say that

the relative neglect of political economy analysis in research on new media means that the overall social and economic dynamics of the production and the consumption of new media continue to be subjects of speculation. (2004: 96)

In order to revitalize studies of new media in the political economy tradition, it is possible to build upon the existing body of work on the political economy of ‘older media’ (Mansell, 2004: 97). The focus here will be

on a section of this body of work that revolves around the issue of advertising and the economic role of audiences – what has come to be known as the ‘blindspot debate’. The debate was sparked by Dallas Smythe’s (1977) proposal to focus on the economic dimension of media industries in capitalism and to point to audiences as the main commodity manufactured by these industries. His proposal generated a lively exchange of views among Graham Murdock (1978), Bill Livant (1979, 1982), Sut Jhally (1982), and Smythe (1978) himself, an exchange that made up the core of the debate. Smythe’s original proposal was an attack on the one-sided interest of critical communications research in the cultural side of cultural industries. For him, issues of meaning and ideology were leading researchers away from examining the economic dimension of the media, and this constituted their blindspot. While as Murdock (1978) pointed out, Smythe’s proposal was also one-sided and his ‘take on the cultural side was limited by his focus on commercial indoctrination’ (Meehan, 2007: 163), his was an attempt to add another fundamental dimension to our understanding of communication media.

The central topic of the ‘blindspot debate’ is the consideration of audiences as the main commodity produced by advertiser-supported communication media. In this view, ‘the information, entertainment and “educational” material transmitted to the audience is an inducement (gift, bribe or “free lunch”) to recruit potential members of the audience and to maintain their loyal attention’ (Smythe, 1977: 5). However, the question of what exactly is being sold has been opened to different responses. For some authors, what is being sold is attention and thus, ‘in selling audiences to advertisers, media firms essentially deal in human attention’ (Napoli, 2003: 5). However, since ‘human attention represents a much more abstract, elusive, and intangible product than, say, steel, insurance, or legal services’ (Napoli, 2003: 5), attention is often replaced by exposure, which is considered to be the closest proxy which can be quantified. Since in broadcast media, which have so far been the focus of debates on the audience commodity, this quantification is made in terms of time, we can say that the media sell time. However, this time is not abstract time, but the time of particular audiences (Jhally and Livant, 1986). Thus, we can assume that the media produce ‘blocks of time during which it is possible to communicate with audiences, which they then sell to advertisers’ (Gandy, 1990: 169).

Besides the view of audiences-as-products, another issue that surfaced in the debate was that of audience labor. While Smythe’s analysis of the audience-as-commodity placed media industries in the economic base, his discussion of audience labor linked economic base and superstructure (Meehan, 1993). For him, when workers try to relax in front of the television set in order to generate the energy required to go back to work, they are actually working as audiences.¹ As Smythe put it:

[T]he work which audience members perform for the advertiser to whom they have been sold is to learn to buy particular 'brands' of consumer goods, and to spend their income accordingly. In short, they work to create the demand for advertised goods. (1977: 6)

In a later contribution to the debate, Jhally and Livant (1986) tried to refine Smythe's approach to the issue of audience labor and place it within the process of communication rather than the process of consumption of goods. In their opinion, the audience works at watching 'extra', that is, at watching what it actually does not want to watch – the commercials. It is this 'watching power' that is appropriated by the media and sold to advertisers.

How exactly does the audience become a commodity and how is its labor appropriated by media firms? This occurs through audience measurement, which can be considered as an attempt to 'define the intangible' (Webster et al., 2000: 13). In the article that started the debate, Smythe wondered how advertisers were assured that they were getting the audience they were paying for, and his answer was:

A sub-industry sector of the consciousness industry checks to determine. The socio-economic characteristics of the delivered audience/readership *and* its size are the business of A.C. Nielsen and a host of competitors who specialize in rapid assessment of the delivered audience commodity. (1977: 4–5; emphasis in original)

From his response, it is possible to gather that Smythe – and other participants in the debate did not differ – 'assumed that everybody was part of the commodity audience and that companies measuring the commodity audience were bound by social science and market discipline to produce the most accurate numbers possible' (Meehan, 2007: 163). In this view, the audience measurement industry plays the role of a notary, acting as witness of a naturally occurring phenomenon (Meehan, 1993). This is so because throughout the debate it was assumed that there was strong continuity in the demand for reports of audience size and composition, and that there existed a competitive environment in which ratings firms were required to offer accurate and reliable data. However, as analyses of the ratings industry have shown (e.g. Meehan, 1984, 1993; Miller, 1994), there are actually discontinuities in the demand for ratings results – all participants in the trading of audiences are interested in the measurement taking place, but they have conflicting interests over the results of the measurement – and industrial dynamics are shaped by the 'common-currency' logic, that is, 'the demand for a single standard accepted by buyers and sellers as authoritative' (Meehan, 1993: 387), which produces monopolistic tendencies. These monopolistic tendencies in turn are counterbalanced by the need for measurement techniques to adapt to the ever-changing nature of the media's technology

and uses. In this sense, methodological issues become a constant source of instability in the ratings industry. It is this interplay between industry dynamics and methodological challenges that allows us to understand the process of audience manufacture.

Thus, ratings firms do not simply 'check to determine' the size and characteristics of the audience, they actually manufacture the audience through a set of measurement procedures that are shaped by both industry dynamics and the technological and usage patterns of the media whose audience is manufactured. An analysis of the evolution of these industrial dynamics and measurement procedures opens the door to an understanding of the economic functioning of communications media, and to the role that audiences play in it. However, and in spite of Livant's contention that 'the blindspot is the non-historical conception of the audience itself' (1979: 99), in the different contributions to the debate there was surprisingly little reference to media history. A proper historical contextualization of the audience manufacturing process would need to situate the manufacture of broadcasting audiences in relation to that same process, both in previous media (such as print) and in 'new media' (such as the internet). The goal of this article is to attempt the second. By examining in comparative and historical perspective issues such as the origins and dynamics of the ratings industry, the methodological challenges that it faces, the goals and results of audience measurement and the pricing models with which it works, I will be looking through the lens of the 'blindspot debate' into the evolving form of media economics and, in turn, I will test the usefulness of the ideas discussed in the debate for understanding 'new' media developments.

AUDIENCE MANUFACTURE IN BROADCASTING

As James Beniger (1986) has shown, in the early 1900s advertiser-supported communication media became a fundamental tool for managing mass consumption. The cycle of control set in motion to achieve this required the implementation of a whole series of feedback mechanisms to collect information from consumers and audiences. In the early days of radio, listeners' letters had been used to 'support the broadcasters' contention that radio constituted a perfect advertising medium' (Smulyan, 1994: 7). These letters demonstrated that radio was catching people's attention, and 'verifying the presence of human attention to media generally requires entering people's living rooms, bedrooms and cars, and monitoring their behaviour' (Napoli, 2001: 66). Thus, as radio's business model began to shift clearly towards advertising, a ratings system was set in place in order to monitor audience behavior.

The early years in the history of broadcasting audience manufacture witnessed the competition of several measurement operations, most notably Crossley's Cooperative Analysis of Broadcasting, Hooper's ratings and A.C.

Nielsen's metered system, which used different methodologies to account for radio's audience (Beville, 1988). Those early stages made manifest some of the industry dynamics that would shape broadcasting audience manufacture in the following decades. In particular, three main dynamics stand out: the need for independent third parties to carry out the measurement; the prevalence of syndicated studies; and the difficulty of sustaining competing services measuring the same audience. These dynamics led to the successive reigns of CAB, Hooper and A.C. Nielsen as the dominant audience manufacturing operations, and marked the monopolistic tendencies of the audience ratings industry for decades to come.

However, as Meehan (1984) has pointed out, methodological variations are used often as a wedge to enter the ratings industry and fight for a comfortable position within the audience production market. Thus, the fate of the different measurement operations was affected not only by internal industry dynamics, it was determined also by their ability to face the methodological challenges required to adapt measurement to the technological and usage characteristics of broadcasting. One of the main methodological challenges was related to sampling. The reach of broadcasting achieved such magnitude that it was impossible for measurement operations to gather information from every audience member, or even from a substantial portion of them. This meant that measurement had to be based on samples. Around 1930, the development of large-scale statistical sampling theory for survey research began (Beniger, 1986). However, it took until the late 1940s for audience measurement to achieve national representative samples (Beville, 1988: 7). In spite of this methodological achievement, the representativeness of samples continued to haunt the industry, in terms of both the ability of samples to account for local and minority media audiences and the specific sociodemographic profile of those samples.

Additionally, the issue of time was central to the development of audience measurement. If in the early stages of broadcasting 'the basic advertising unit or vehicle was the program rather than the commercial' (Buzzard, 1990: 8), this would progressively change: first, by the use of participatory sponsorship – whereby a program was divided into segments that were sold to different sponsors (Buzzard, 1990) – and later by the introduction of spot commercials. This move from sponsorship to increasingly shrinking slots of time meant that measurement operations had to be more precise in their assessment of time. However, advertisers were not simply buying time, they were buying listening or watching time whose value depended on the number and qualities of audience members. This led to the introduction of 'CPMs' (the cost of reaching a thousand members of the audience) as a new pricing unit. This type of pricing, based on the number of audience members exposed to advertising, would become standard in broadcast advertising and other pricing units, such as cost per rating point (CPRP), would follow the same model.

The measurement of exposure time was carried out via different techniques. As recall questionnaires faced the problem of faulty memory, the administration of these questionnaires was made progressively more intensive, closer to the actual moment of media consumption. This process reached its climax with the use of telephone coincidental surveys, in which interviewees were asked about their media consumption at the exact moment at which the questionnaire was being administered. However, coincidental surveys faced other methodological and practical problems: they were expensive, and limited to telephone households and to those hours when telephone calls were acceptable. Diaries – booklets in which members of the audience recorded their media use – became an alternative for measuring time, but they demanded so much work on the part of their keepers that the quality of the data collected was easily put in question (Miller, 1994). The introduction by A.C. Nielsen of audimeters as a data-collection technique seemed to solve the problem of measuring time,² and became the main asset in Nielsen's successful bid for radio ratings dominance (Beville, 1988).

The success of meters as a tool for measuring radio audiences was short-lived. Audimeters could not keep up with the diminishing size and increased portability of radio receptors, and radio audience measurement had to resort to the use of diaries. However, the technology used in audimeters could easily be adapted to the new rising medium, television. In 1946, A.C. Nielsen's audimeters were able to collect information on television viewing patterns (Buzzard, 1990); this meant that the model for radio's audience manufacture was translated almost seamlessly into television. As advertisers' interest in more detailed demographics and personal viewing patterns grew, a shift was due from the family or household to the individual as the basic unit of audience measurement (Buzzard, 1990; Gandy, 1990). The first move towards providing individual data on audience members was to complement audimeter data with diary data. However, in the early 1980s, peplemeters allowed for the automatization of individual data collection. While previous audimeters only collected information at the household level, peplemeters provided viewing data at the individual level by requesting members of the panel to push buttons on a keypad or remote control in order to record their presence (Beville, 1988). The evolution of audimeters from the 1980s onwards has focused on adding more data collection capabilities (for example, to account for the use of peripheral devices), experimenting with passive peplemeters (able to collect individual data without requiring panel members to record their presence), and developing portable peplemeters (able to record information on radio and other media consumption).

According to Karen Buzzard, 'better, more representative samples, more sophisticated analysis, and the enormous increase in speed made available by computers, have surely made ratings more accurate and reliable, and obviously more timely' (1990: 173). However, the broadcasting landscape has continued

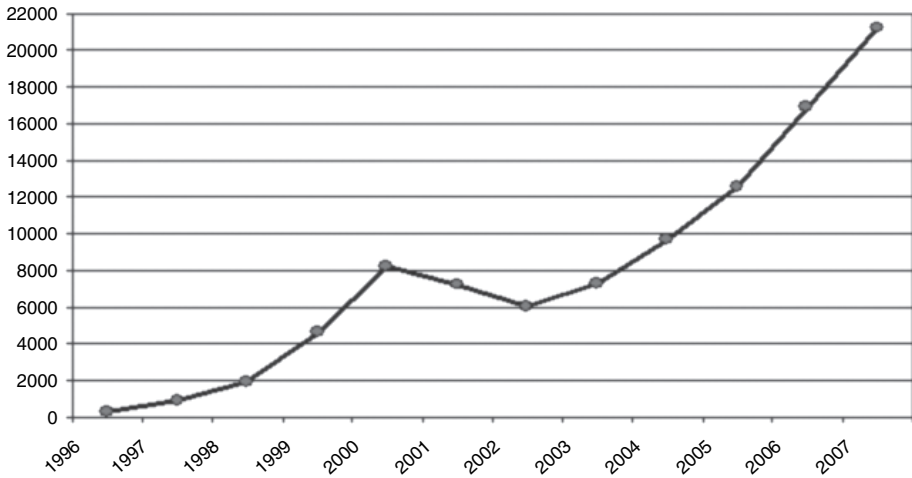
to change and pose new challenges to the process of audience manufacture. The increasing supply of content, due to the spread of technologies such as satellite, cable and digital television, has generated a process of audience fragmentation that is difficult to account for, especially when measurement relies on the use of samples. In addition, the ever-greater control of audiences over the use of broadcasting media has become a threat to audience measurement operations. During the 1980s, the possibility of switching channels using remote controls and the ability to conduct time-shifting by using videocassette recorders generated anxiety in the audience manufacturing system (Ang, 1991). This anxiety has only grown with the increasing use of personal video recorders, which allow for an unprecedented control of viewers over their television diet (Carlson, 2006). In response to these developments, commercial interests have intensified their push to gather information on audiences and consumers. The result is an ever-growing tension between the elusiveness of the audience and the eagerness of audience producers to measure it, a tension that is creating cracks in the foundation of audience research (Turow, 2006) and seems to be diminishing the quality of the audience product (Napoli, 2001).

THE CHALLENGE OF ONLINE AUDIENCES

Beginning at the end of the 1980s, a progressive process of privatization and commercialization of the internet took place. This process was completed by the mid-1990s and affected all levels of online communication, from the management of the network's infrastructure to the facilitation of access; from the hardware and software tools required to use the network to the specific activities that took place over it. At that point, the ground was set for online advertising.

For the advertising industry, the starting shot was fired by Edwin Artzt, then chair and chief executive officer of Procter & Gamble, on 12 May 1994. Artzt delivered a speech under the title 'The Future of Advertising' at the annual meeting of the American Association of Advertising Agencies. In his speech he warned the advertising industry of the dangers of new media, remarking that brand loyalty would suffer if the advertising industry failed to influence and harness these new media (Yahn, 1994). He finished his speech with a call for action: 'Let's grab all this new technology in our teeth once again and turn it into a bonanza for advertising' (Artzt, 1994: 24). Even though Artzt's speech focused on interactive television, his point could be (and actually soon was) applied to the internet, especially to the world wide web, which was at that particular time acquiring its outstanding prominence. In 1995, what is commonly considered to be the first internet advertising banner appeared on the site of *HotWired* magazine. As Figure 1 shows, the floodgates had been opened.

According to the Interactive Advertising Bureau, the internet's ability to attract advertising dollars from 1995 to 2007 has widely surpassed that of broadcast and



• Figure 1 US Online Advertising Revenues, 1996–2007. \$ Millions
Source: Interactive Advertising Bureau (IAB)³

cable television in their first 12 years as advertising vehicles (Interactive Advertising Bureau, 2007). Internet advertising revenues for the USA have undergone impressive growth, surpassing the \$21 billion mark in 2007. If this tendency is to continue, it is just a question of time before the internet surpasses all other media and becomes the preeminent advertising venue.⁴

However, in order to sustain this booming advertising market, further steps were required. The advertising industry was fully aware that the creation of a generally accepted ratings system was a necessary requirement to fuel new media advertising expenditure (Turow, 1997). This system began to take shape in the spring of 1995 (Bermejo, 2007). In the space of a few months, an array of companies and organizations decided to create research services focused on the study of online audiences. And even though the history of the online ratings industry is rather short, it is already possible to see how the overarching dynamics that shape this new industry have been similar to the ones manifest in broadcasting. The online audience measurement industry has been ruled by the search for a standard source of measurement, and has leaned towards syndicated studies conducted by independent third parties. Moreover, some of the strategies followed by industry players have been replicas of the ones used in broadcasting audience measurement. For example, the use of patents over meter technology to obtain a dominant position in the market and raise barriers to entry for competitors, the use of the ‘fast second’ strategy (see Buzzard, 2002, 2003), and the introduction of methodological innovations to promote the advantages of some measuring operations over others, have all

played a relevant role in the evolution of the manufacture of online audiences (Bermejo, 2007). In spite of these similarities, the online ratings industry has not been able to achieve the level of stability reached in the broadcasting ratings industry through the creation of a standard and widely accepted measuring operation. Although this lack of consolidation might in part be due to the youth of the online industry, it is more likely the consequence of the measurement challenges posed by the technological and usage peculiarities of the internet that have led to extreme variation among the methodological approaches taken to account for online use.

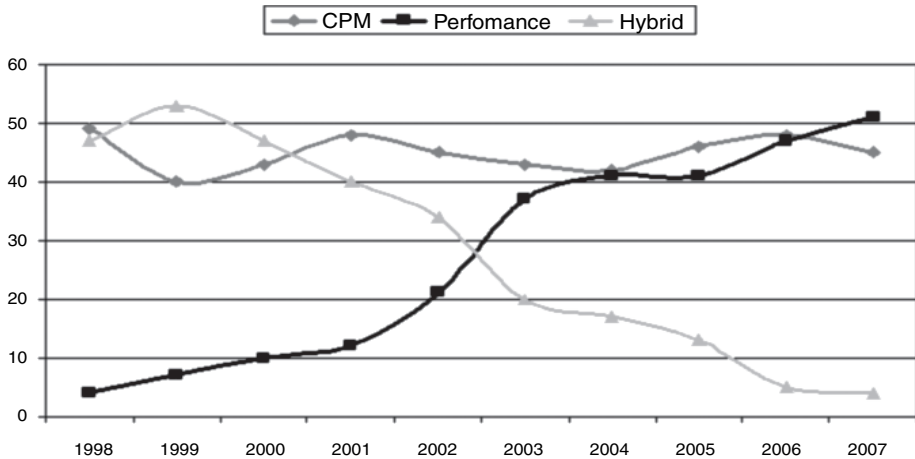
In terms of the issues under discussion here, perhaps the most relevant technological peculiarity of the internet is its ability to generate a trace. A record of online activity is generated routinely and automatically collected as part of the activity itself, and this record can be used to monitor online activity. The analysis of that information, however, turns out to be a rather complex task. In terms of audience measurement, two main techniques have been applied to make use of all this information: logfile analysis and tags. Logfiles are text files stored in internet servers, in which all the activity of the server is recorded. The process of cleaning and refining all the information items collected in them is a rather fastidious process. This process is simplified greatly by the use of tags: tiny invisible electronic markers that identify each webpage. When requesting one of these pages, its tag needs to be provided by a specific server which counts the number of requests and collects information on the computers placing them. Even though some elements in the complex technological features of the internet can generate problems when analyzing these records, logfile analyses and tags can yield precise information on online activities. However, when used as a tool for audience measurement, they encounter an insurmountable obstacle: except for some exceptional cases, they cannot connect the information on online activity with the users that generate that activity, with the audience. That is, they can estimate the number of times that a page has been viewed, but they cannot say much about the number of people who have viewed it and about their profile (see Bermejo, 2007).

In light of these obvious limitations, other methodological approaches have been tried out in order to account for online audiences. These alternative approaches have followed, with minor adaptations, the model of broadcasting audience measurement. Surveys have faced the problems of recall and sample size which, even though common in many applications of the technique, are clearly accentuated when dealing with such a complex and fragmented medium as the internet. This has led surveys to play a marginal role in attempts to measure online audiences. The problem of recall has been solved, as was the case with broadcasting audience measurement, with the use of meters. However, the creation of online

metered panels, clearly following the model of television metered panels (Buzzard, 2003), has opened the door to new methodological problems. Most of these problems have to do with sampling, particularly with how samples can account for the use patterns, global reach and vehicle fragmentation of the web. First, while television is a medium closely bounded to the home, this is not the case for the internet, and therefore there is a need for samples that represent online activity at home, at work and at 'third' places – a truly challenging task. Second, unlike any other previous medium, the reach of the internet is global in nature, and this seems to demand global representative samples. Third, the huge number of online vehicles poses a problem of sample size if the goal is to offer stable data on audience size and composition. As a result, companies who use the metered panel method have had to choose between trying to solve these limitations by complementing panel data with data obtained through other methods – as has been the case with Nielsen – or compromising representativeness in order to obtain extremely large international samples, as has been the case with ComScore.

An additional methodological challenge posed by online media has to do with the issue of time. The internet takes neither the form of a flow (as is the case with broadcasting) nor the form of a finished product with a fixed periodicity (as is the case with the press). This ambiguity is reflected in a measurement unit which has become common currency in online audience measurement: the visit. The idea of the visit is a somewhat misplaced metaphor, wrongly implying that users actually go somewhere and then leave, so that the length of the visit can therefore be measured easily.⁵ It is also a mix of an element taken from the press (i.e. the idea of the page) with an element taken from broadcasting (i.e. time), since it is defined as a series of consecutive page requests made by the same user to a website, whose end is marked by a specified period of inactivity on the part of the user. In spite of this ambiguous status, the visit has become a standard unit in reports of online audience measurement, together with the page (in terms of pages requested, pages served and pages viewed) and the user (the currently preferred unit of measurement, especially in its 'holy grail form' of unique users).

The strange nature of the visit as a unit of measurement is perceived even more clearly when the pricing models currently used in online advertising are examined, since none of them seems to take into account time as a criterion for setting prices. Flat-fee pricing, in which a fixed price was paid for a given period of time, was the earliest pricing model used in online advertising. However, once audience measurement began, exposure models using CPMs became the pricing of choice. This model was complemented soon with performance models in which interactivity played a part. Among the models based on performance, cost-per-click has been most commonly used. In this model, advertisers pay for every click on their adverts, not for every person exposed to them. However, the



• Figure 2 Share of online advertising pricing models, US *Source: IAB*

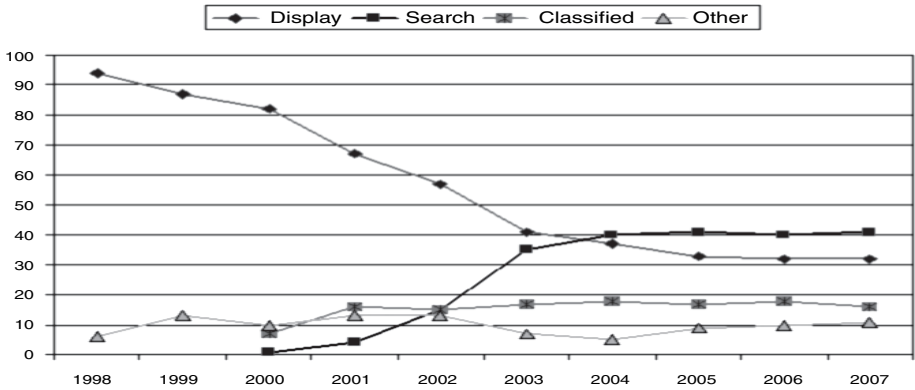
use of interactivity-related pricing models can be extended beyond clicks to take into account further issues such as lead generation, time spent on advertisers' sites and even purchases. All these possible pricing models can be grouped under the label of cost-per-action. To complicate things further, a combination of pricing models can be used, opening the way to hybrid models. In Figure 2, we can observe the evolution in the use of these different online advertising pricing models and their relative use.

While the relative use of CPMs as a pricing model has remained quite stable, the early relevance of hybrid models clearly has diminished to give way to pure performance models. No doubt the demise of hybrid models has something to do with the complexity of these models, but it can only be understood in relation to the evolution of the different types of online advertising – in particular, the surge of search-related advertising that uses a pricing model based solely on performance.

THE NEWNESS OF SEARCHING

Online advertising can take many different forms (Faber et al., 2004), and examining their use can be a useful pointer for understanding changes in the online economic landscape. Figure 3 summarizes the evolution of online advertising types in terms of their relative use.

As we can see, very different types of advertising coexist in the internet, from the more traditional, such as display ads – a category that includes banners, sponsorship, interstitials and rich media ads – and classifieds, to 'a wholly new kind of search-linked advertising that has no direct analogue in other media' (Van Couvering, 2004: 11). It is precisely the rise of this search-related advertising that constitutes the most outstanding development in online advertising in recent years.



• Figure 3 Share of online advertising types, US Source: IAB

Finding information online had become a serious problem in the early days of ARPANET (Abbate, 2000). As the amount of information available online grew over time, search engines became an indispensable tool for locating specific items and making use of this endless amount of data. Automated search engines are composed of an automated program – a ‘robot’ or ‘spider’ – that explores the web and finds pages; a database of information about those pages that is susceptible to queries; and a user interface to allow queries and present the results in a given order. All three elements play a relevant role in serving the needs of information seekers (see Introna and Nissenbaum, 2000), but perhaps the one that has influenced the fate of the different search engines most deeply has been the criteria used for retrieving and ranking query results. The frequency with which a word appears in a document, and the location and prominence of these occurrences, were definitive early criteria. However, this system did not constitute any guarantee of content quality. In addition, there was the issue of keyword spam: attempts at tweaking search results by filling websites with words that often had nothing to do with the actual website content (Li, 1998). These problems hindered the success chances of search engines, and new approaches were required to improve their quality. The approach of Google’s founders to searches (see Brin and Page, 1998) included another element that fuelled their search engine’s success: backlinks. They decided that the number of links to a page and the relevance of these linking pages had to become an essential element of any attempt at ranking search results.

As Brin and Page would soon discover, ‘search provision is a capital-intensive industry’ (Van Couvering, 2004: 9), and after the almost unavoidable round of venture capital, advertising would become an attractive source of capital. After all, searches and advertising seem like a natural fit. If the role of advertising is to show consumers what they do not have, and convince them that they should have it, search is a means for users towards getting what they

do not have: information, products, etc. In the process of searching, what is being sought is manifest in the keywords used. As an executive working for a pioneer firm in search advertising pointed out, search-related advertising is 'about as efficient as you can get because a consumer is declaring their interest' (quoted in Elkin, 2003: 42).

However, the form of the relationship between advertising and online information seeking was not always this clear, and it has evolved quickly in recent years. As soon as online advertising became a possible source of revenues, directories such as Yahoo! relied on it from the outset. Their business model had clear parallels with that of previous media, and their goal was to attract as large an audience as possible and keep it on their site for as long as possible. That is why these directories began to add more and more tools and information. They became portals, but their goal was not so much to serve as entry points to the wider internet as it was to keep users' attention. Search engines, in contrast, were actual doors to the wider internet, but they were seen for some time as a technology business. As a venture capitalist involved in Google's early stages recalled, its founders' 'original business idea had nothing to do with advertising. It was aimed at licensing the technology to a variety of other internet companies and enterprises' (quoted in Vise and Malseed, 2006: 64). However, they had problems doing this, and when they tried to sell the technology to Yahoo! it was rejected in part 'because the firm wanted computer users to spend more time on Yahoo!' (Vise and Malseed, 2006: 42). That is, Yahoo! was thinking of a traditional commercial media model. Search engines had to find their own business model.

The first source of revenue sought by some search engines was in the form of a fee for indexing a particular site and giving it a chance to show up in search results. In 1998 the next step towards a search engine business model was taken by Bill Gross, founder of GoTo – later renamed Overture. His core insight, 'the one that now drives the entire search economy, is that the search term, as typed into a search box by an internet user, is inherently valuable – it can be *priced*' (Battelle, 2005: 106; emphasis in original). He designed a pay-per-placement system, in which the placement in the results' ranking depended on how much companies were willing to pay for each of the clicks generated through search results of specific words. To many observers, pay-for-placement 'was in clear violation of every ethical boundary known to media. GoTo was putting the advertising peanut butter into the editorial chocolate' (Battelle, 2005: 111).⁶ Google would take the next step, clearly separating advertising from search results and distinguishing between organic, algorithmic or editorial search results and sponsored links. Google's founders had 'an instinctive aversion to advertising, coupled with a deep-seated fear that it would corrupt search results' (Vise and Malseed, 2006: 47). However, they decided to compromise, and accepted an advertising system that would not corrupt search results. Under their

AdWords program, started in 2000, they would allow advertisements on Google's page results, not on its homepage. The ads would be text-only, and they would be separated from search results.⁷ They basically followed the information media model, which tries to establish a strict separation between information and advertisements.

When AdWords⁸ was created in 2000, it followed exposure-based pricing models. However, beginning in 2002, performance became a central feature of Google's pricing system. Google introduced a cost-per-click pricing model coupled with a system of keyword auctions. This system was so similar to Overture's pay-per-placement model that Gross's company filed a patent infringement lawsuit that was settled when Overture had been bought by Yahoo!. Still, there was an extra step taken by Google's Adwords program to make the cost-per-click model viable. Providers of content that act as advertising vehicles have shown misgivings regarding pricing models (such as cost-per-click) based on issues other than exposure. In exposure pricing models, content providers are paid for giving an advert the opportunity to be seen. As long as they provide audiences, the media get paid in return. However, in performance pricing models, revenue for content providers is generated only when the audience not only shows up, but also does something: clicking, providing or asking for information, purchasing, etc. These activities are not under the media's control, they depend mostly on the quality and pricing of the product advertised and the creative work of the agency (Bermejo, 2007; Hoffman and Novak, 2003). Google devised a system to circumvent this problem. Beginning in 2003, the order in which adverts are shown, and even the chances of an advert being shown at all, not only depend on the price that advertisers are willing to pay but also on the previous performance of adverts. That is, the more successful a particular advert linked to a particular keyword is in generating clicks (and revenue for Google), the more prominent it will be in successive appearance on the search results page. If the performance of an advert falls below a certain level established by Google – usually a 0.5 percent click-through rate – the ad might never be displayed again as a result of a keyword search (Davis, 2006). With this system the very action, the click, that generates an economic transaction is used automatically and immediately to improve the chances of generating an ulterior transaction.⁹ This system was improved in 2005 with the introduction of 'quality scores', a measure that includes not only the past performance of the advert but also the relevance of the advert to the keyword that it is linked to and the quality of the landing page. In this sense, Google is solving a fundamental obstacle to the acceptance of price models based on performance: the media's lack of control over the advertising and sale process. While still unable to control the quality of the advertised product, it is at least able to judge the quality of the advert and the environment where the sale is supposed to take place: the landing page.

CONCLUSION

In 1993, Eileen Meehan wrote: ‘By looking first at Smythe’s formulations in light of political economic research on the ratings industry, one finds that Smythe’s basic claims have survived the tests of time and research’ (1993: 379). If we take Smythe’s basic claims to be that ‘the mass media of communications are *simultaneously* in the superstructure *and* engaged indispensably in the last stage of infrastructural production where demand is produced and satisfied by purchases of consumer goods’ (1977: 3; emphasis in original), and that in order to understand this role of media the economics of audiences need to be closely examined, then it is possible to agree with Meehan. However, even if some of the basic claims put forward throughout the blindspot debate remain valid, there are certain specifics of that debate that need to be re-examined in light of the changes which have occurred in the media landscape over the last decade and a half.

One issue that requires examination is that regarding the status and role played by the ratings industry in the functioning of commercial media systems. While audience measurement has for decades played a fundamental role in the institutional arrangements of broadcasting media, it seems to have lost part of its relevance in the world of online advertising, to the point of being totally irrelevant for understanding the economics of search engine advertising. Even though the advertising and ratings industry has attempted to replicate the procedures used in broadcasting for manufacturing online audiences, the peculiarities of the internet seem to have led to a constant state of crisis in the ratings industry, one which seems to be affecting all forms of measurement, since ‘nearly every metric for measuring audience is now under challenge as either flawed or obsolete – from circulation in print, to ratings in TV, to page views and unique visitors online’ (Project for Excellence in Journalism, 2007).

Another issue that deserves attention is the specification of the actual work performed by the audience. While it can be argued that the audience is working to create the demand for advertised goods, the specific work performed by the audience has changed, or at least has become more complex. Clearly, this change is reflected in the different pricing models used currently in online advertising. While pricing models based on exposure still account for a significant portion of online advertising revenues, performance models account for a similar share of those revenues. Thus, watching ‘extra’ – that is, being exposed to advertising – cannot be considered as the only work of the online audience that is appropriated by the media; activities such as clicking and typing also should be considered as labor. In this sense, we can say that we are witnessing a process of appropriation – commercialization or commodification – of interactivity.¹⁰

Finally, we need to revisit the answer to the commodity question. For Smythe (1977), the answer was simple: audiences. However, could we say that

the commodity produced by search engines is audiences, or even ‘users’? There is no question that audiences (or users) are essential for the economic functioning of any commercial media, including search engines. However, if we want to be precise, perhaps we need to provide a more complex answer. If, as subsequent contributions to the blindspot debate have specified, we take the watching time of particular audiences as the product being sold by advertiser-supported media, online advertising seems to challenge previous assumptions. First, time has an ambiguous status in online ratings systems, reflected in both the difficulty of measuring it and the use of performance pricing models in which it is the specific actions of online users that are valuable, not the time that they are exposed to a particular advertising vehicle. Second, while the online ratings system still attempts to provide advertisers with audiences – even if the time component is missing – search engines seem to have found their business model by shifting gears. Instead of taking watching time as a measure of exposure, which is a substitute for audience attention, keyword advertising takes the language used in searches as a proxy for people’s interests, needs or cravings. In this context, the product that media (i.e. search engines) sell to advertisers is not the watching time of specific audiences, but words. In fact, what we are witnessing is a real market of words that have specific prices set by the bids placed by advertisers in a global language auction.¹¹

In sum, after this historical comparative analysis of audience manufacture, it is possible to conclude that even though the general economic role of advertising and advertiser-supported communication media have not changed significantly over the past decades, some specific features of the economic functioning of media have undergone relevant changes. It is our duty to examine those changes and to test our intellectual tools against them. To the extent that some of the concepts and theories we use as scholars to understand established media forms do not apply directly to more recent developments surrounding communication media, we can assert that there is something new about these developments. However, newness is a relative concept, and thus once we reshape our scholarly tools to account for these puzzling phenomena, we will no longer be able to consider them new. It is at this point that the search for newness begins all over again. It is this fruitful back-and-forth between our concepts, ideas and theories and the phenomena to which we apply them that makes this pursuit a lively and interesting one.

Notes

- 1 Considering watching as working is, of course, one of many possible ways of conceptualizing what the audience does with the media; a way that does not account for the whole complexity of audiencehood, but is in line with the political economy’s approach to communication.

- 2 The success of audimeters also meant a change in what was actually measured. While questionnaires in their different forms had problems associated with faulty recall, at least they tapped into people's ability to remember what they had listened to or watched. The audience had to have paid attention to media content if they were to remember. Audimeters, on the other hand, were precise and consistent in measuring exposure time, but said nothing at all about the quality of the audience's exposure.
- 3 The data that make up this and subsequent figures are taken from the Interactive Advertising Bureau's annual Internet Advertising Revenue Reports for 1996 to 2007. All these reports are available at <http://www.iab.net>.
- 4 According to the Project for Excellence in Journalism (2008), some analysts predict this will happen as soon as 2011. In fact, not only has advertising become a copious source of revenue, it seems that it has become the predominant source of revenue for online content providers. While in 2005, in the USA, the revenues generated by pay-per-content were \$2 billion (Online Publishers Association, 2006), advertising revenues were \$12.5 billion (Interactive Advertising Bureau, 2006).
- 5 Eating at a restaurant is not the same as ordering food from home: in the restaurant, the waiters will know when we arrived, how long we took to eat and when we left; in ordering food, the restaurant will know when we ordered and the delivery person will know when we got the food, but none of them will know how long we took to eat it. On the internet, we usually 'order in'.
- 6 According to Goh and Ang (2002), in 2001 Overture used to display a label saying 'Cost to advertiser' next to paid results in order to distinguish them from unpaid listings. However, this practice was not followed by other pay-per-placement search engines.
- 7 In spite of this separation, according to a study by the Pew Internet & American Life Project (2005), only a little more than one-third of search engine users are aware of the difference between paid or sponsored links and unpaid or 'organic' results, and only one in six searchers can distinguish consistently between them.
- 8 Space limitations do not permit us to examine here the other side of Google's advertising programs, AdSense.
- 9 In fact, Google's approach makes economic sense. Rather than favoring those advertisers who are willing to pay more for every click, it is actually favoring those who can generate more revenue for Google, and this is calculated by multiplying the price that advertisers are willing to pay for a click on their advert by the estimate of the likelihood the advert has of generating a click.
- 10 This appropriation of interactivity by search engines can be placed in the wider context of what Gandy (1993) calls the panoptic sort. The growing use of digital technologies by consumers and companies has created new opportunities for developing surveillance mechanisms to collect information on our interactions with media, corporations and the administration, and for using data-mining techniques in order to make commercial use of that information. Nonetheless, a proper contextualization of search engine advertising within these developments exceeds the scope of this article.
- 11 As a consequence, conflicts over the ownership of words have erupted in recent years and Google has been taken to court repeatedly on trademark violation charges.

References

- Abbate, J. (2000) *Inventing the Internet*. Cambridge, MA: MIT Press.
- Ang, I. (1991) *Desperately Seeking the Audience*. London: Routledge.

- Artzt, E. (1994) 'P&G's Artzt: TV Advertising in Danger; Remedy is to Embrace Technology and Return to Program Ownership', *Advertising Age*, 23 May, p. 24.
- Battelle, J. (2005) *The Search: How Google and its Rivals Rewrote the Rules of Business and Transformed Our Culture*. New York: Portfolio.
- Beniger, J. (1986) *The Control Revolution: Technological and Economic Origins of the Information Society*. Cambridge, MA: Harvard University Press.
- Bermejo, F. (2007) *The Internet Audience: Constitution and Measurement*. New York: Peter Lang.
- Beville, H.M. (1988) *Audience Ratings: Radio, Television, and Cable*. Hillsdale, NJ: Lawrence Erlbaum Associates.
- Brin, S. and L. Page (1998) 'The Anatomy of a Large-scale Hypertextual Web Search Engine', URL (consulted April 2008): <http://infolab.stanford.edu/~backrub/google.html>
- Buzzard, K. (1990) *Chains of Gold: Marketing the Ratings and Rating the Markets*. Metuchen, NJ: Scarecrow Press.
- Buzzard, K. (2002) 'The People Meter Wars: A Case Study of Technological Innovation and Diffusion in the Ratings Industry', *Journal of Media Economics* 15(4): 273–91.
- Buzzard, K. (2003) 'Net Ratings: Defining a New Medium by the Old, Measuring Internet Audiences', in A. Everett and J.T. Caldwell (eds) *New Media: Theories and Practices of Digitextuality*, pp. 197–208. New York: Routledge.
- Carey, J. (2005) 'Historical Pragmatism and the Internet', *New Media & Society* 7(4): 443–55.
- Carlson, M. (2006) 'Tapping into TiVo: Digital Video Recorders and the Transition from Schedules to Surveillance in Television', *New Media & Society* 8(1): 97–115.
- Davis, H. (2006) *Google Advertising Tools*. Sebastopol, CA: O'Reilly.
- Elkin, T. (2003) 'Marketers Key in to Search: Companies Find the Tool Efficient to Reach Customers', *Advertising Age*, 14 April, p. 42.
- Faber, R.J., M. Lee and X. Nan (2004) 'Advertising and the Consumer Information Environment Online', *American Behavioral Scientist* 48(4): 447–66.
- Gandy, O. (1990) 'Tracking the Audience', in J. Downing, A. Mohammadi and A. Sreberny-Mohammadi (eds) *Questioning the Media*, pp. 166–79. Newbury Park, CA: Sage.
- Gandy, O. (1993) *The Panoptic Sort: a Political Economy of Personal Information*. Boulder, CO: Westview Press.
- Gitelman, L. and G.B. Pingree (2003) *New Media, 1740–1915*. Cambridge, MA: MIT Press.
- Goh, D.H. and R.P. Ang (2002) 'Are Pay for Performance Search Engines Relevant?', *Journal of Information Sciences* 28(5): 349–55.
- Hoffman, D.L. and T.P. Novak (2003) 'Advertising Pricing Models for the World Wide Web', in B. Kahin and H.R. Varian (eds) *Internet Publishing and Beyond: The Economics of Digital Information and Intellectual Property*, pp. 45–61. Cambridge, MA: MIT Press.
- Interactive Advertising Bureau (2006) 'IAB Internet Advertising Revenue Report', URL (consulted April 2008): http://www.iab.net/media/file/resources_adrevenue_pdf_-_IAB_PwC_2005.pdf
- Interactive Advertising Bureau (2007) 'IAB Internet Advertising Revenue Report', URL (consulted April 2008): http://www.iab.net/media/file/resources_adrevenue_pdf_-_IAB_PwC_2006_Final.pdf
- Introna, L. and H. Nissenbaum (2000) 'Shaping the Web: Why the Politics of Search Engines Matters', *The Information Society* 16(3): 1–17.

- Jankowski, N., S. Jones, R. Samarajiva and R. Silverstone (1999) 'Editorial', *New Media & Society* 1(1): 5–9.
- Jhally, S. (1982) 'Probing the Blindspot: The Audience Commodity', *Canadian Journal of Political and Social Theory* 6(1–2): 204–10.
- Jhally, S. and B. Livant (1986) 'Watching as Working: The Valorization of Audience Consciousness', *Journal of Communication* 36(3): 124–43.
- Li, Y. (1998) 'Toward a Qualitative Search Engine', *IEEE Internet Computing* 2(4): 24–9. (Available online at: <http://computer.org/Internet>)
- Lievrouw, L.A. and S. Livingstone (2002) 'Introduction: The Social Shaping and Consequences of ICTs', in L.A. Lievrouw and S. Livingstone (eds) *The Handbook of New Media*, pp. 1–15. London: Sage.
- Lister, M., J. Dovey, S. Giddings, I. Grant and K. Kelly (2003) *New Media: A Critical Introduction*. London: Routledge.
- Livant, B. (1979) 'The Audience Commodity: On the "Blindspot" Debate', *Canadian Journal of Political and Social Theory* 3(1): 91–106.
- Livant, B. (1982) 'Working as Watching: A Reply to Sut Jhally', *Canadian Journal of Political and Social Theory* 6(1–2): 211–15.
- McChesney, R. W. (2000) 'The Political Economy of Communication and the Future of the Field', *Media, Culture and Society* 22: 109–16.
- McGinn, M. (1997) *Wittgenstein and the Philosophical Investigations*. London: Routledge.
- Mansell, R. (2004) 'Political Economy, Power and New Media', *New Media & Society* 6(1): 96–105.
- Marvin, C. (1988) *When Old Technologies Were New: Thinking about Electronic Communication in the Late Nineteenth Century*. New York: Oxford University Press.
- Meehan, E. (1984) 'Ratings and the Institutional Approach: A Third Answer to the Commodity Question', *Critical Studies in Mass Communication* 1(2): 216–25.
- Meehan, E. (1993) 'Commodity Audience, Actual Audience: The Blindspot Debate', in J. Wasko, V. Mosco and M. Pendakur (eds) *Illuminating the Blindspots: Essays Honouring Dallas W. Smythe*, pp. 378–97. Norwood, NJ: Ablex.
- Meehan, E. (2007) 'Understanding How the Popular Becomes Popular: The Role of Political Economy in the Study of Popular Communication', *Popular Communication* 5(3): 161–70.
- Miller, P. (1994). 'Made-to-order and Standardized Audiences: Forms of Reality in Audience Measurement', in J. Ettema and C. Whitney (eds) *Audience Making: How the Media Create the Audience*, pp. 57–74. Thousand Oaks, CA: Sage.
- Mosco, V. (1996) *The Political Economy of Communication*. London: Sage.
- Murdock, G. (1978) 'Blindspots about Western Marxism: A Reply to Dallas Smythe', *Canadian Journal of Political and Social Theory* 2(2): 109–19.
- Napoli, P. (2001) 'The Audience Product and the New Media Environment: Implications for the Economics of Media Industries', *International Journal on Media Management* 3(2): 66–73.
- Napoli, P. (2003) *Audience Economics. Media Institutions and the Audience Marketplace*. New York: Columbia University Press.
- Online Publishers Association (2006) 'Entertainment Spending Fuels Another Record Year for Paid Online Content, According to Online Publishers Association 2005 Report', URL (consulted April 2008): <http://www.online-publishers.org/newsletter.php?newsId=29&newsType=pr>
- Pew Internet & American Life Project (2005) 'Search Engine Users', URL (consulted April 2008): http://www.pewInternet.org/pdfs/PIP_Searchengine_users.pdf

- Project for Excellence in Journalism (2007) 'The State of the News Media', URL (consulted April 2008): <http://www.stateofthenewsmedia.org/2007/>
- Project for Excellence in Journalism (2008) 'The State of the News Media', URL (consulted April 2008): <http://www.stateofthedia.org/2008>
- Silverstone, R. (1999) 'What's New about New Media?', *New Media & Society* 1(1): 10–12.
- Smulyan, S. (1994) *Selling Radio: The Commercialization of American Broadcasting 1920–1934*. Washington, DC: Smithsonian Institution Press.
- Smythe, D.W. (1977) 'Communications: Blindspot of Western Marxism', *Canadian Journal of Political and Social Theory* 1(3): 1–27.
- Smythe, D.W. (1978) 'Rejoinder to Graham Murdock', *Canadian Journal of Political and Social Theory* 2(2): 120–9.
- Turow, J. (1997) *Breaking Up America: Advertisers and the New Media World*. Chicago, IL: University of Chicago Press.
- Turow, J. (2006) *Niche Envy: Marketing Discrimination in the Digital Age*. Cambridge, MA: MIT Press.
- Van Couvering, E. (2004) 'New Media? The Political Economy of Internet Search Engines', paper presented at the International Association for Media and Communication Research Conference, Porto Alegre, 25–30 July.
- Vise, D.A. and M. Malseed (2006) *The Google Story: Inside the Hottest Business, Media and Technology Success of Our Time*. New York: Delta.
- Webster, J.G., P.F. Phalen and L.W. Lichty (2000) *Ratings Analysis: The Theory and Practice of Audience Research*. Mahwah, NJ: Lawrence Erlbaum Associates.
- Wittgenstein, L. (2001[1953]) *Philosophical Investigations*. Malden, MA: Blackwell.
- Yahn, S. (1994) 'Advertising's Grave New World: P&G Chief Artzt Rocks 4'As with Specter of TV without Ads', *Advertising Age*, 16 May, p. 1.

FERNANDO BERMEJO teaches communication at the Universidad Rey Juan Carlos in Madrid. His interests include, among other topics, audience research and the process of commercialization of the internet. He is the author of *The Internet Audience: Constitution and Measurement* (Peter Lang, 2007) and editor of *On Communicating: Otherness, Meaning and Information* (Routledge, 2009).
Address: Universidad Rey Juan Carlos, Camino del Molino s/n, 28943 Fuenlabrada, Madrid, Spain. [email: fernando.bermejo@urjc.es]
