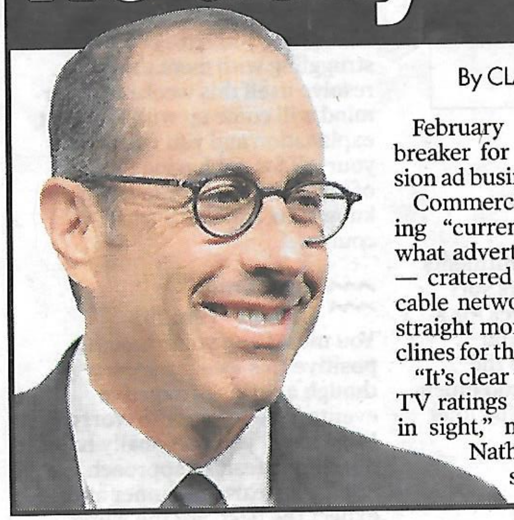
No denying climate change in TV ad$



By CLAIRE ATKINSON

February was another heartbreaker for the $65 billion television ad business.

Commercial ratings — the viewing "currency" that determines what advertisers pay for TV time — cratered across broadcast and cable networks, marking the fifth straight month of double-digit declines for the industry.

"It's clear the downward spiral in TV ratings continues with no end in sight," media analyst Michael Nathanson wrote in a research note on Friday.

Overall prime-time broadcast network ratings were off 12 percent last month compared with a year ago, while cable networks dropped 11 percent, according to his report.

Nathanson looked at so-called C3 ratings, which come in later than traditional ratings. They measure average commercial viewership in shows up to three days after the original air date via DVR playback.

While a couple of networks that carried the Super Bowl and the Olympics last year clearly suffered because of tougher comparisons, almost every channel was hurting.

Looking at total-day C3 ratings, only three networks boosted their audience: HGTV, Discovery and TBS, while TNT, History and Nickelodeon fell the most.

The numbers underscore the rapid changes in how TV viewers are consuming content.

Americans are increasingly watching TV shows on Netflix, Hulu, Amazon streaming and other services. Some 40 percent of households now have subscription video service, Nielsen reported earlier this week.

Those same services are flexing their muscle and competing for content. Yahoo, Amazon and Hulu are among the bidders for the streaming rights to episodes of "Seinfeld," WSJ.com reported Friday.

Typically, TV ad sales executives can increase prices to compensate for a ratings decline, citing scarcity. But Nathanson said seismic changes are pressuring networks to hold the line on pricing.

Although some of the ratings declines can be blamed on changes to Nielsen's measuring methods, among other changes, "we believe these terrible ratings trends are also indicative of changing viewership habits," he wrote.

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