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By

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ABSTRACT

**ASSESSMENT OF PAY-PER-VIEW USE:
CONSUMER PERCEPTION AND CHOICE**

By

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Rapid technological development in the video entertainment industry has increased the number of distribution channels. Although it is a new method of delivery, pay-per-view has great potential for changing media consumption patterns of audiences with the development of such technologies as video-on-demand. This dissertation investigates how consumers perceive pay-per-view as a video distribution channel and use it to satisfy video entertainment needs. There are three main research questions in the study: 1) How does the audience perceive pay-per-view as a distribution channel? 2) What is the relationship between perception and use of pay-per-view? 3) What are the main factors in purchasing a pay-per-view program? Based on expectancy-value theory and program choice theory, this study examines such theoretical dimensions as expectancy-value attitudes, viewer availability, viewer awareness, and channel repertoire.

This study combined in-depth interview and telephone survey to answer the research questions. In-depth interviews were conducted by using USENET on the Internet and electronic mail. Interviewees were recruited from cable TV and video entertainment related interest groups on USENET. Forty-eight people across the nation participated in the interview by answering open-ended questions via electronic mail. Based on the interview results, the telephone survey questionnaire was developed. The telephone survey was conducted for cable TV subscribers in the East Lansing area, which produced 419 completed subjects.

The investigation showed that consumers perceive pay-per-view as a convenient and spontaneous medium for entertainment. While they appreciate the convenience of pay-per-view, consumers pointed to the high price, lack of variety in titles, no control over programs and late window for movies as negative attributes. Expectancy-value attitude was found to be a good predictor of using pay-per-view. The study also found that viewer awareness and channel repertoire are related to the use of pay-per-view while viewer availability becomes less important in predicting use. This study also provides evidence that pay-per-view would gain more users with improvements in scheduling, consumer control of programs, and the ordering process.

Dedicated with respect to my parents and wife Inkyung

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Chapter 1

INTRODUCTION

Statement of the Problem

Rapid technological development in the video entertainment industry in the last decade has brought about a dramatic increase in the number of distribution channels. This development has brought more distribution outlets to the video entertainment industry and consumers are provided with more options to choose from for video entertainment. Further technological development could bring more fundamental changes to the media consumption pattern of the audience as well as to the economics that govern the video entertainment industry.

Currently, broadcast TV still offers the most popular programming to the mass audience in the United States. Cable TV has increased its penetration rate in the nation, and now it reaches about 56 million households (U.S. Department of Commerce, 1995). The penetration rate of video cassette recorders has grown consistently, and video cassette sales and rentals now generate more revenue than pay TV and theater outlets for movie studios (U.S.

Department of Commerce, 1995, p.572, 577). Pay-per-view is the most recent video delivery method based on cable technology and direct broadcast satellite (DBS). Consumers pay per program watched rather than paying for packaged programming.

The multichannel television environment with its abundant channel capacity has changed the way that programming is delivered to the audience. Webster (1986) correctly predicted this change by indicating that

> increasingly diverse programming will be offered via the television set, that much of this material will be organized into channels specializing in relatively narrow forms of content, and that each channel will be available to some but not all members of the public.

Moreover, consumers now can choose a material per program basis with the development of pay-per-view.

Currently pay-per-view produces a relatively small amount of revenue for both cable system operators and movie producers in Hollywood. The prerecorded home video cassette market produces significantly more revenue than pay-per-view. However, with the development of technology such as video-on-demand, which brings more convenience to consumers, pay-per-view has great potential to change current media consumption patterns of the audience and to outperform the video cassette rental market.

Because pay-per-view is a relatively new channel of video distribution, an examination of how audiences use pay-

per-view is needed to have a better understanding of this channel. Moreover, there are qualitative differences between pay-per-view users and people who go to theaters or rent prerecorded video cassette for satisfying their entertainment needs. Baldwin (in press) noted that there are movies that earned less than $10 million at the box office which outperformed many box office blockbusters when introduced in a number of cable systems.

At this point there are few studies about the audience use of pay-per-view (LaRose & Atkin, 1991; Childers & Krugman, 1987; Baldwin, Wirth, & Zenaty, 1978). It is necessary and important to know more about how people use pay-per-view to satisfy their entertainment needs. Careful examination of pay-per-view use could provide valuable information for understanding media or the programming choice process in a multichannel environment. It is also important to analyze audience behavior in this new media environment where they are expected to play a more active role.

Research Purposes

This dissertation investigates audience use of pay-per-view in consuming video entertainment. The purpose of this study is to gain understanding of how pay-per-view as a distribution channel is perceived and used. This research

examines the new media technologies in the realm of function or utility studies, drawing inferences from use. Communication needs may be better defined through examining changing human-and-media interactions.

By investigating important factors that affect the audience use of pay-per-view, the study tries to better understand how people perceive and use pay-per-view to satisfy video entertainment needs. Gratification that the audience gets from pay-per-view is examined based on uses and gratifications perspectives. This study also investigates audience attitude toward pay-per-view. Based on expectancy-value theory, this study examines how consumers evaluate attributes of pay-per-view as a distribution channel.

This study also investigates such theoretical dimensions as viewer availability, viewer awareness, and value perception in relation to the decision to use pay-per-view. Program choice theory provides the theoretical background for addressing these issues.

Finally, this dissertation examines how technological improvements would affect consumers' buying intentions for pay-per-view.

Industry Background

In this section the economics of the video industry are briefly reviewed to evaluate the importance of pay-per-view in the future multichannel environment. The review focuses on the relationship between characteristics of video distribution channels and consumer sovereignty. The abundant channel capacity will make the scarcity assumption no longer appropriate and bring broad changes into the video entertainment industry. This section will analyze how the economics will change the distribution window for video programming and how consumers will react to these changes.

Cable television has brought a multitude of channel and programming options to consumers. New distribution technologies have changed the economic structure of the industry. Before cable television became a significant factor in the industry, broadcasting networks were the main source for video entertainment. The main economic support for broadcasting network television is advertising. Networks sell their audience to advertisers. Because the advertising rate is determined by the size of the audience watching a specific program, network television mainly produces popular, lowest-common-denominator programming which can capture the largest audience possible. While the audience can get mass-appeal programming without paying, they do not have control over what they can watch on their

television set. People who want to watch minority taste programs rarely get what they want.

Cable television groups channels into packages and provides a multitude of channels to the consumers who subscribe to the service. Unlike broadcasting programming, cable television provides various and also segmented programming to an audience which is willing to pay for it. Cable television system operators offer different tiers of programming. Although some cable system operators offer "a la carte" channels, most popular cable programming is packaged together. Although this means that the audience can have a variety of options upon payment, they still pay for programming they do not want. In other words, with cable television subscription, the audience can have superior consumer sovereignty compared to broadcasting network programming, but the plan is still not perfect.

Cable system operators also provide premium movie channels such as Home Box Office (HBO), Showtime, Cinemax, and The Movie Channel. These pay channels are sold on an a la carte basis and carry unedited movies without advertising interruption. Due to the limited number of box office hit movies, these channels mix recently-released quality movies, low budget movies, and movies from bygone eras like the 50's and 60's. Subscribing to a pay channel gives the

subscribers more control over programming but subscribers still get some movies they do not want.

Pay-per-view provided by cable system operators sells an individual program to the consumer. Currently, the programming for pay-per-view consists of two main categories: movies and special events. A consumer can order a movie by making a telephone call or by using remote control (impulse system). Pay-per-view allows consumers to have a higher level of program sovereignty, because pay-per-view is the most efficient mechanism in which consumers can clearly show their support for the programming via direct programming (Do & Litman, 1994). It is also possible that pay-per-view could enhance minority taste programs with a specialized audience. Pay-per-view can make such programming economically viable by generating a large enough national audience willing to express its high intensity demand for the programming.

The Future of the Pay-Per-View Industry

The pay-per-view industry is experiencing a couple of obstacles to further development. Currently, pay-per-view is available on a limited scale, only for subscribers whose cable system is equipped with addressable converters.[1] The limited availability of addressable converters essentially

[1]As of 1994, only 21.5 million American homes have addressable converters (Showtime Event Television, 1994).

blocks access to the potential audience. Another major problem is inferior position of pay-per-view in "windowing" for newly released movies, compared to the video cassette recorder industry. Home video rental shops have the new premiere movies 45 to 60 days before these movies are shown on pay-per-view. At present. pay-per-view is also suffering from insufficient channel capacity on cable television systems. However, technological innovations on the horizon such as video signal compression technology, or the deploying of fiber optics, may bring a broad range of opportunities for pay-per-view.

With abundant channel capacity, a pay-per-view programmer could transmit a box-office hit several times each night, with starting times every fifteen minutes or half hour of prime time. Because viewers would not have to wait very long for their chosen movie to begin, this service can be characterized as "near video-on-demand," sort of an interim step before full video-on-demand.

The ultimate form of pay-per-view is video-on-demand, in which consumers can order a program whenever they want. If pay-per-view can provide a program library comparable in size to that of video rental stores, video-on-demand would be a paradise in terms of consumer sovereignty. Theoretically, all the available programming, including not only movie and sports events but also broadcasting

programming, could be ordered on demand. Hollywood studios would prefer pay-per-view over video rental store release if it could reach most of the population in the nation. "First Sale Doctrine" can serve as an economic reason for this preference. Under the "First Sale Doctrine" of the Copyright Act, video rental retailers have been able to keep the sizable revenues generated from rentals for themselves without paying any additional royalties to movie studios.

Consumers also could have more convenient access to the programming that they want. They do not need to make a trip to the video store and make another trip to return the tape. They do not need to worry about whether the tape they want is on the video store shelf. But pay-per-view does not give the same control that the video cassette recorder gives to consumers at this point. Consumers can rewind, fast-forward or pause the tape when they want. They can watch the movie twice or more if they want. There is also a concern that there could be an audience which would not actively seek information it wants.

Research Questions

This dissertation examines audience perception and use of pay-per-view. The following research questions are investigated in this study.

1) How does the audience perceive pay-per-view as a distribution channel?

2) What is the relationship between perception and use of pay-per-view?

3) What are the main factors in ordering a pay-per-view program?

Chapter 2

LITERATURE REVIEW

Normative Images and Functional Alternatives

Consumers have been provided various distribution channels in the new media environment. There are several distribution channels available for people to satisfy their video entertainment needs. Consumers choose a different medium based on how they perceive the characteristics associated with it. In other words, consumers consciously select a medium and show specific patterns in using that medium. Because this study examines how consumers perceive and use pay-per-view, it is essential to understand the procedures by which people evaluate available media to satisfy their needs.

Perse and Courtright (1993) provided a theoretical framework regarding how people perceive and use the media. They pointed out that communication channels possess "normative images," that is, widely shared perceptions about a medium's typical usage, which are based on the functions that they serve. They also noted that normative images of different channels vary because some channels are better

than others for satisfying different communication needs. They indicated that cable TV and video cassette recorders are thought to satisfy similar communication needs, such as entertainment, passing time and relaxation.

There are studies (Adoni, 1985; Salomon, 1984) that point out that communication media differ along several dimensions: characteristic content, modes of transmission, modes of reception, ease of use, and patterns of use. For example, print media and television differ in ease of use, as watching television usually requires less intellectual effort than reading print media. This study tries to examine how pay-per-view with different mode of transmission and ease of use can affect the audience's video consumption pattern.

Research has noted that certain channels are functional alternatives, that is, there are channels that fill similar needs and have similar normative images (Lichtenstein & Rosenfeld, 1984). Williams and Rice (1983) pointed out that cable TV and video cassette recorders were seen by college students as filling the same needs as television. Cohen, Levy, and Golden (1988) indicated that Israeli children found video cassette recorders indistinguishable from cinema and recorded music. Perse and Courtright (1993) indicated that cable TV and video cassette recorder are quite clearly functional alternatives to television and movies. Content

attributes were considered a main reason for the common normative image for cable TV and video cassette recorder. For example, the video cassette recorder's time shift function allows it to provide the same content as cable TV or broadcast television. In this vein, pay-per-view could be considered a functional alternative to video cassette recorder, because movies are the main content for pay-per-view and video rental.

Henke and Donohue (1989) pointed out that the introduction of a new electronic medium tends to cause a reconstruction of the way consumers perceive the existing media. The research indicated that new media may displace existing media at a societal level because they are able to deliver services, content, and entertainment more efficiently, attractively, or conveniently.

In terms of convenience, pay-per-view has great potential to deliver video programming to the audience and currently competes with the home video cassette recorder industry. It has been argued that a strong marketing point for pay-per-view is convenient access to movies. If consumers perceive pay-per-view as a functional alternative to video movies, it can displace existing media such as video cassette recorders or pay cable service. Therefore, it is necessary to examine how people perceive pay-per-view and video cassette recorder as video distribution channels.

The research will examine factors which lead people to use pay-per-view over other video delivery modes.

Predicting the displacements in reality has not been easy. There are many factors that can influence the adoption of new technology. There are factors associated with macro-level (industry structure), providing access to technology, setting a price, and making the product available to consumers. Micro-level factors associated with individual media consumption patterns also affect the use of new media. An examination of micro-level factors can provide a fundamental explanation for how the displacement process will proceed. In the communication field there is a fair amount of research that deals with the use of media based on individual media consumption behavior.

Albarran and Dimmick (1993) examine competition among video industries by combining ecological theory of niche and the uses and gratifications approach. In the study, media industries were conceptualized as populations that compete for the utilities derived by the audience. In their study, niche breadth measured the extent to which a medium serves a broad or narrow range of audience satisfaction. How niche overlaps across broadcast TV, cable TV, video cassette recorder, premium cable TV, and pay-per-view were also measured. Factor analysis produced two gratification attributes: affective factor and cognitive factor. The

study indicated that broadcast television was the most diverse in serving the cognitive gratifications of the audience, while cable TV and video cassette recorder were the most diverse in serving affective needs and gratification opportunities. Premium cable TV shows the highest diversity on the gratification opportunities dimension, while pay-per-view exhibited little diversity in serving audience needs. In this study, cable TV and video cassette recorder are considered superior in providing audience utilities across dimensions when compared to premium cable TV and pay-per-view.

There are studies that indicate how consumers make a choice among these many distribution channels among the multitude of new media. LaRose and Atkin (1991) indicate that ultimately the displacements are the result of individual consumer choices favoring one distribution modality over another. Atkin and Litman (1986) point out that network television shares decline as the audience is exposed to other video outlets such as cable television and home video. The notion of cannibalization suggests that the pay channel audience can be eroded by pay-per-view viewing (Baldwin & McVoy, 1988, p.142). There are a few studies that investigated the incident of substituting for old media with new media (Grotta & Newsom, 1983; Becker, Dunwoody, & Raphaeli, 1983; Webster, 1983, 1986). While this research

generally examines substitutions among audience, it does not analyze the factors that lead to the choice of one medium over the other.

LaRose and Atkin (1991) found that attitudes toward both complementary and competing distribution modalities make contributions to the prediction of the usage of the specific medium. They indicated that the dynamic range of choices available in home video environment calls for reasoned decisions, in the absence of stable generalized attitudes towards the various distribution channels. In their study, movie theater attitude, pay cable TV attitude, and commercial TV attitude were used to predict the intention for using pay-per-view.

Most of the previous literature applied uses and gratifications approach in order to examine individual use of media. Uses and gratification perspectives have been widely used to explain the motives for people to use the media.

Uses and Gratifications Perspectives

Active Audience

The uses and gratifications perspective assumes that people communicate to satisfy personal goals (Katz, Blumler, & Gurevitch, 1974). The notion that an individual engages in a media experience on a conscious, goal directed basis

is the underlying principle of the uses and gratifications approach to media research. Concerned primarily with understanding the media audience's experience, proponents of the uses and gratifications approach focus on what people do with media (Palmgreen, Rosengreen, & Wenner, 1985). This approach to mass media research views people as active communicators because they are aware of their needs, evaluate various communication channels and content, and select the mass or interpersonal channel that they believe will provide the gratifications they seek. People are also aware of functional alternatives, or different channels that can fill similar needs (Perse & Courtright, 1993).

Implicit in the uses and gratifications approach is the assumption that the media audience takes an active role in constructing meaning from the media experience. Variations in media experience result from the interaction between individual characteristics, social circumstances, and patterns of media consumption (Blumler, 1979). Palmgreen, et al.(1985) summarized media gratifications research into the following model, which emphasizes the social psychological nature of the media experience:

> the audience is active, thus much media use can be conceived as goal directed, and competing with other sources of need satisfaction, so that when substantial audience initiative links needs to media choice, media consumption can fulfill a wide range of gratifications. Although media content alone cannot be used to predict patterns of gratifications accurately because media characteristic structure the degree to which needs may

> be gratified at different times, and further because gratifications obtained can have their origins in media content, exposure in and of itself and/or the social situation in which exposure takes place (p14).

Thus, by taking into account the personal, social and communication components of the media event, we can gain a greater understanding of the media audience's experience.

Williams, Phillips, & Lum (1985) pointed out that uses and gratifications theory has historically been applied to mass media and incorporates concepts that provide a foundation for developing a framework for research into the adoption of new technologies. There is more opportunity for people to interact with the media. Such structural considerations are important in deciding the path a person will take to gratify a communication need. People make trade-offs between various media according to what is available and accessible to serve a particular perceived need (Williams et al.). There is the question of how or whether new technologies will change environmental alternatives for media gratifications.

Both pay-per-view and video cassette recorders are good indicators of which use can be examined by the uses and gratifications framework. People make judgments about the two technologies according to what is convenient and accessible to meet perceived needs. The two technologies make people actively participate in the communication

process. People are supposed to initiate the communication process by selecting what they want to watch. Then, people should order a movie by making a phone call or use a remote tuner for pay-per-view viewing. For video cassette recorder viewing, people should make a trip to a local video store to rent a tape and make another trip to return it.

Uses and Gratifications for New Media

Consistent with the psychological perspective, uses and gratifications researchers seek to explain media effects in terms of purposes, functions or uses as controlled by the choice pattern of receivers (Fisher, 1978). Rubin and Bantz (1989) summarized uses and gratifications as follows: First, people are motivated and purposeful in their communication behavior. Second, people take the initiative to select and use communication media and messages to satisfy felt needs or wants. Third, individuals are influenced by social and psychological factors when seeking to communicate and selecting among communication alternatives. Fourth, the media compete with other forms of communication for attention, selection, and use. Fifth individuals are able to articulate their reasons for using media.

Katz, Blumler and Gurevitch (1974) indicated that the uses and gratifications approach is concerned with:

> (1) the social and psychological origins of (2) needs, which generate (3) expectations of (4) the mass media

> or other sources which lead to (5) differential patterns of media exposure (or engagement in other activities), resulting in (6) need gratifications and (7) other consequences, perhaps mostly unintended ones.

A number of media researchers (Greenberg, 1974; Katz et al., 1973; Lometti, Reeves, & Bybee, 1977) emphasized the need to distinguish between the motives for media consumption or gratifications sought (GS) and the gratifications perceived to be obtained (GO). There has been an increasing amount of literature which adopted this framework (Levy & Windahl, 1984; McLeod & Becker, 1981; Wenner 1982, 1983). One major finding of this research is that individual gratifications sought display moderately strong correlation with corresponding gratifications obtained.

In order to understand how the uses fit together and how media are used to satisfy needs, we must look to the individual's media environment. Changes might have been seen as initially structural in that there are many more alternatives from which to choose. But they can also be seen in terms of specific modifications of choice, as, for example, in how the introduction of pay cable services have altered the uses of other media. As a result, media use may become more highly differentiated in serving communication needs. For example, some uses of cable may substitute for uses previously assigned to broadcast television, but new

uses will also appear that are complementary with, and not substitutes for, old media uses.

This study tries to examine how pay-per-view viewing is related to video cassette recorder viewing behavior. Pay-per-view may change the video cassette recorder using pattern, if people perceive it as an alternative.

In this study no specific hypothesis is formulated for the main motives for using pay-per-view, because the research question of asking motives associated with using pay-per-view has an exploratory nature. Instead, this study explores the major motives for using pay-per-view by asking questions related to uses and gratifications perspectives.

Expectant-Value Theory

In the new media environment, it is important to examine the dynamics of media and content selection from among a greatly-increased array of choices. Van Leuven (1981) presents a two-level expectancy theory "capable of handling media and message selection processes at once." This type of theory, originally suggested by McQuail and Gurevitch (1974), is an action/motivation theory focusing on individual users, their choices of media behavior, and on the meanings and expectations they attach to those choices.

Expectancy-value theory is especially well suited to study the determinants of the level of a particular activity

such as level of exposure. The analyses indicate that expectancy-value judgments are related to exposure levels (Galloway & Meek, 1981; McLeod & Becker, 1981), but the relationship is indirect and complicated by other forces (Babrow, 1989; Palmgreen & Rayburn, 1982, 1985). As a general model of volitional action, expectancy-value theory (Edwards, 1954; Fishbein & Ajzen, 1975; Triandis, 1977, 1980) can be useful for the study of audience exposure levels. This is not to say that exposure behavior is always or ever completely volitional. Habit may compel audience exposure at certain times (Babrow, 1988; Babrow & Swanson, 1988; Weibull, 1985). Social-structural variables may constrain behavior (Webster & Wakshlag, 1983; Weibull, 1985). But to the degree that exposure is under volitional control, expectancy-value theory offers a view of the social psychological forces at work. In other words, to the extent that behavior is neither completely habitual nor situationally constrained, it is dependent on intention and intention's precursors.

The basic foundation for expectant-value theory is the proposition that behavior is guided by actors' perceptions of the probability and value of potential consequences (Edwards, 1954; Fishbein & Ajzen, 1975; Tolman, 1932; Atkinson, 1957; Fishbein, 1963; Rotter, 1954; Vroom, 1964). While the various theories put emphasis on slightly

different factors, all of them consider either behavior, behavior intentions, or attitudes - or all three- as a function of expectancy (or belief) and evaluation (Palmgreen, & Rayburn, 1982). Palmgreen and Rayburn indicated that the expectancy is considered the probability that an attitude object possesses a particular attribute or that a behavior would have a particular consequence while the evaluation indicates the degree of affect, positive or negative toward an attribute or behavioral outcome.

Two major expectancy-value models, Fishbein and Ajzen's theory of reasoned action (1975) and Triandis's theory of interpersonal behavior (1977, 1980) assert that volitional behavior is directly determined by intention. According to Fishbein and Ajzen (1975), intention, or the actor's perceived likelihood of performing a behavior, is the sole direct psychological determinant of action. Perceived characteristics of the target and expected outcomes of exposure combine to determine attitude toward exposure, attitude and perceived social norm determine behavioral intention, and intention determines exposure behavior.

The literature shows that expectancy-value theory has been widely reviewed in the research with the uses and gratifications approach (Babrow & Swanson, 1984; Blood and Galloway, 1983; Galloway and Meek, 1981; Palmgreen & Rayburn, 1982, 1983, 1984; Rayburn & Palmgreen, 1983, 1984;

Rosengren & Windahl, 1977; Van Leuven, 1981). This research tried to derive an expectancy model of media exposure in the framework of uses and gratification research, a model which utilizes expectancy-value measures of audience gratifications in order to be able to predict subsequent levels of exposure to media. The development of broad-based theoretical frameworks has yielded to more explicit theoretical constructions concerning expectancy-value relationships to gratifications.

While expectancy-value theory has been incorporated in several gratifications models (Galloway & Meek, 1981; Van Leuven, 1981), Palmgreen and Rayburn (1982, 1983, 1984, 1985) have provided the most comprehensive applications. Palmgreen and Rayburn's model suggests that exposure to mass communication is determined by gratifications sought from the viewing experience and attitude toward the object of exposure. This can be presented as the following equation:

$$\text{Exposure}_x = w1\left(\sum_{i=1}^{n} GSi\right) + W2(Ax)$$

where X is some medium, program, or content type. ΣGSi is a generalized orientation, tendency, or motive to seek various gratifications from X (and GS_i is the ith gratification sought from X), A_x is attitude toward X, and w1 and w2 are empirically derived weights.

In turn, Palmgreen and Rayburn propose that gratifications sought arise from the combination of expectancy and value judgments. In equation form:

$$\sum_{i=1}^{n} GS_i = \sum_{i=1}^{n} g_i e_i$$

where g_i is the belief (subjective probability) that some object of exposure possesses some defining attribute, i, or exposure to the media object will result in consequence I, e_i is the evaluation of attribute of consequence I, and ΣGSi is as defined above. Palmgreen and Rayburn (1982) also suggest that expectancy-value judgments give rise to attitude toward the object of exposure.

Application of Expectant-Value Theory

The expectancy-value theory can be applied to examine the use of pay-per-view. The following equation shows the conceptual relationship between pay-per-view use and gratifications associated with it:

$$Exposure_{PPV} = p\Sigma GSi + A_{ppv}$$

where $p\Sigma GSi$ indicates a generalized tendency to seek gratifications from pay-per-view; A_{ppv} is attitude toward pay-per-view. Based on this notion, the following hypothesis is proposed;

H1: The frequency of pay-per-view use would be positively related with expectancy-value attitude toward the medium.

Program Choice Process Model

Besides the uses and gratifications approach, program choice theories can provide important theoretical dimensions in examining pay-per-view use. The era of cable television has demanded somewhat changed theoretical approaches regarding program choice, compared to the broadcasting-networks-only-environment. The most common assumption for program choice research has been that, "when viewers select a program to watch, they evaluate all program options available at the time, and select that best fits some criterion" (Heeter & Greenberg, 1988). This presumption may hold in the environment where only three broadcasting networks exist. But this assumption becomes questionable in a multichannel environment where more than thirty or forty channels are available at the same time.

Heeter and Greenberg pointed out that scheduling factors (such as program type availability at any given time, program length, channel, and day of week) confounded any observed relationships between program preference and viewership.

Webster and Wakshlag (1983) synthesized much of the divergent program choice research into a more comprehensive

model of program choice. They presented theoretical factors in program choice which include viewer availability, viewer awareness, channel loyalty, channel repertoire and value perception of programming. In this study these factors are considered to investigate the program choice process for pay-per-view viewing.

Viewer Availability

Viewer availability has been considered the important factor in predicting viewership in the broadcasting-networks-only-environment (Gensch & Shaman, 1980). Because a certain program is available only at a certain time slot of the day, viewership depends on whether a viewer is available at the time when the program is on. However, cable television, with more consistent program availability structure decreases, the importance of viewer availability to watch television, and should increase the importance of program-type preference in predicting program choice (Heeter & Greenberg, 1988).

Because movies on pay-per-view are available at several time slots throughout the day, viewer availability will not have significant relation to the use of pay-per-view. Cable television changes the available program structure, extends program options, and creates more consistently available content types. Moreover, pay-per-view makes movies

available to viewers at several different time zones in a day. The following hypothesis can be produced based on this notion:

> H2: Viewer availability will not be significantly related to the frequency of pay-per-view use.

Channel Repertoire

Heeter and Greenberg (1985) indicate that , given a variety of different entertainment options in cable television, viewers tend to choose a subset of channels to which they regularly attend. The subset of channels is called 'repertoire.' The results of research by Ferguson and Perse (1992) supported the channel repertoire concept indicating that the repertoire is small (an average of 9.96 channels per person) and that an 'active,' top-of-the-mind set is even smaller (an average of 6.93 channels per person). In other words, cable television viewers may watch more diverse channels, but they watch far fewer channels than the total number of channels available. Heeter (1988) found that only the three local network affiliates were regularly watched by 50% or more of the cable subscribers surveyed. HBO, WTBS, and a local independent were watched by 40% - 50%. Nine of the 22 other channels available only with cable were watched by one-tenth to one-third of viewers.

This means that viewers have different viewing patterns and different repertoires for cable television. Some cable subscribers may consider pay-per-view as a last option to watch for a couple of reasons. They might not like the high price for movies, the limited selection of movies and the lack of control. These people may turn to pay-per-view channel only after they have searched every other option available at a given time. If they are not satisfied with other programming options because they cannot find what they want or they have already watched the programming before, then they would consider pay-per-view as a last resort. In this case, people are likely to order pay-per-view programming on the spur of the moment.

There are also some people who include pay-per-view under their favorite subsets of channels available. They are more likely to check the programming schedule for pay-per-view in advance. They often check pay-per-view programming by using a printed guide or scanning preview channels. Sometimes, they select pay-per-view as their first option, if they find programming that they really want to watch in advance. By taking pay-per-view as one of the preferred search sets, they tend to be the heavy users of pay-per-view.

Therefore, whether a viewer includes pay-per-view in his or her repertoire would be an important factor in using

pay-per-view. From this notion the following hypothesis is generated:

> H3: Inclusion of pay-per-view in channel repertoire will be positively related to the frequency of pay-per-view use.

Viewer Awareness

In a multichannel environment viewers are faced with more constant program structure. In other words, cable television provides channels that specialize in certain types of programming. Some channels have specialized content 24 hours day. For example, people who want to watch news can turn to CNN at any time of the day, or people can watch ESPN for sports programming. Heeter and Greenberg (1988) noted that the presumption that whenever viewers select a program they are aware of and weigh all program alternatives to select a most preferred option is implausible. In this situation viewer awareness for certain channels and programming becomes important, while viewer availability becomes less important.

For pay-per-view viewing, viewer awareness of a pay-per-view channel is essential to order a movie. There is nothing on a pay-per-view channel until programming is ordered. Most of all, people first have to be aware of what kind of programming is available on pay-per-view. There are two ways of becoming aware of pay-per-view programs; using a

printed channel guide and scanning channels themselves. Heeter (1988) noted that guide use with cable is bimodal, with one-third of viewers almost always checking a guide before watching television, and one-third never doing so.

The other means of becoming aware of pay-per-view programming is scanning channels.[2] Cable systems that provide pay-per-view have a preview channel for schedule information for pay-per-view programming. People can be aware of what kind of programming is available on pay-per-view by tuning into a preview channel. People can search channels in numerical order or in a purposive and regular order other than numerical. The first case is considered automatic processing and the second case is considered controlled processing (Shiffrin & Schneider, 1977). In terms of search repertoire, people can have an elaborated search pattern or a restricted search pattern. With an elaborated search pattern, people search all or most channels. People search a limited number of channels when they are engaged in a restricted search pattern (Heeter, 1988). Regardless of whether people have automatic or controlled processing in searching channels, whether people have an elaborated search pattern or a restricted search

[2] 47% of basic cable, 49% of single-pay and 52% of multi-pay subscribers reported almost always of often scanning channels before deciding what to watch (Television, 1983).

pattern, checking a preview channel would have a positive relation with the use of pay-per-view.

The following hypotheses are generated ;

H4: People who use a printed guide to check pay-per-view programming are more likely to order pay-per-view programming.

H5: People who check preview channels regularly are more likely to order pay-per-view programming.

Value Perception of Pay-Per-View

Because people have to pay for an individual program on pay-per-view, the use of pay-per-view would depend on how people perceive the value. Due to its unique economic support system, which is direct payment, people can clearly show their preference for the programming. In other words, people will pay for a pay-per-view program, only when they perceive pay-per-view can provide the value that it is supposed to offer. The value for pay-per-view, whether it is a convenience or quality movie, would be related to the use of pay-per-view.

A couple of industry studies (Haugsted, 1993; Stump, 1993) show that pay-per-view has price elasticity. The study results suggest that people perceive pay-per-view as one of the distribution channels with higher price. Although pay-per-view provides unique convenience to consumers, it seems that this convenience does not justify the current higher

price for pay-per-view. In other words, lower price for pay-per-view would improve a buy rate for pay-per-view. Therefore, the following hypothesis is produced :

> H6: The lower price for pay-per-view would be positively related to the higher buy rate.

Demographic Factor

Demographic characteristics of the adopters were the main focus of the studies that examined the adoption of new media. Many studies examined the adoption of cable television (Collins, Reagan, & Abel, 1983; Sparkes & Kang, 1986; Dutton, Rogers, & Jun, 1987; Duecy, Krugman, & Eckrich, 1983; Webster, 1983), suggesting sets of demographic factors that predict new media adoption.

Using the new media is related to age, gender, and income. For example, different audience groups use video cassette recorders for different content and different purposes. Rubin and Bantz (1987) noted that motives for using video cassette recorder are related to users' demographic factors such as age and gender. Some people mainly use video cassette recorder for watching video rental movies while others could use it to record the programming on TV. In their study of predicting premium cable subscribership, Ducey, Krugman, and Eckrich (1983) indicated that age is the most important demographic factor. The study also revealed that higher income households with more

children and greater orientation toward movies are more likely than others to be HBO subscribers. This suggests that understanding of the differentiation among users, based on social and psychological factors of the members of the group and the types of choice made, is essential to assess pay-per-view viewing.

This study expects that socio-economic status has relation with use of pay-per-view. From this notion, the following hypothesis is proposed;

H7: Socio-economic status is positively related to use of pay-per-view.

Home VCR and Pay-Per-View Use

Communication researchers have produced a sizable amount of study regarding video cassette recorder use, as it began to have a high penetration rate in mid 1980's.[3] These studies are worthwhile to review in this research because the findings about video cassette recorder use can provide theoretical implications for pay-per-view research. Based on the research findings from video cassette recorder studies, this study compares use of pay-per-view and video cassette recorder.

Many studies applied the uses and gratifications approach to assess the motivations and use associated with

[3] Movie rentals have increased dramatically, as movie studios release major box office hits six months after theater release. The estimated movie rental for 1994 was $9,629 million in the United States(U.S. Department of Commerce, 1995).

video cassette recorders (Levy, 1978; Levy, 1983). There are some studies (Levy & Fink, 1984; Levy & Gunter, 1988) focused on the utility that video cassette recorders offer to audience activity. Rubin and Bantz (1989) noted that the video cassette recorder is one medium that invites greater audience activity. Video cassette recorder accommodates heightened utility, intentionality, and selectivity. The video cassette recorder technology offers a plethora of content options and allows greater communicative choice, participation, and control. The video cassette recorder is a "permissive medium that can be used and managed in different ways, transmit different messages, satisfy different needs and achieve different purposes" (Wang, 1986, p. 378). Levy (1980) also found that video cassette recorder households exhibit strong patterns of program preference and that video cassette recorder users specialize in the type of program they choose to watch.

Rubin and Bantz (1989) defined utility associated with video cassette recorder use in terms of eight identified motives: library storage, music video, exercise tapes, movie rental, child viewing, time-shifting, socialization, and critical viewing. They also found clear patterns of association between these video cassette recorder utility motives and audience demographics and media experience. The research indicated that time-shifting and convenience are

two major uses of the video cassette recorder. The notion of time-shifting and convenience directly reflect the more instrumental manner in which the video cassette recorder is used. People perceive the convenience that makes certain programs and movies not currently on television or theaters available at home by recording in advance or renting the tape. This means that using a video cassette recorder can allow people to choose the program intentionally and selectively.

Agostino (1980) also indicated that time shifting was the principal video cassette recorder use. Drawing similar, but more restrained conclusions, Levy (1980, 1981) observed that video cassette recorders make television watching more convenient, that the primary video cassette recorder use for time shifting may augment the size of the viewing audience, and people used video cassette recorders to complement, and not to replace, regular viewing patterns. While time shifting was a primary reason for having the video cassette recorder at the first stage, renting prerecorded movies became more popular (Secunda, 1990). After the prerecorded video cassette industry started in 1978 and gained consumer acceptance, renting prerecorded movie tapes became a more important purpose than time shifting (Komiya & Litman, 1990).

Home VCR Viewing Pattern

Krugman and Johnson (1991) examined traditional television viewing and video cassette recorder movie rental viewing using focus groups, mail surveys, and in-home observations. The study indicated that consumers structure their viewing environment to accommodate different forms of programming and that video cassette recorder movie rentals are associated with more active viewing. Compared to other kinds of viewing, video cassette recorder provides greater control over both program selection and scheduling (Kim, Baran, & Massey, 1988; Krugman & Childers, 1989; Murray & White, 1987).

There are studies indicating that video cassette recorder rental movies can provide a qualitatively different viewing experience than that of traditional broadcasting programming. On a general level, Harvey and Rothe (1986) found that video cassette recorder owners felt the video cassette recorder had improved the quality of television viewing. Lull (1988) noted that a video cassette recorder movie has much greater status as a viewing event than does regular television. Video cassette recorder movie viewing has been associated with socializing (Morgan, Alexander, Shanahan, & Harris, 1990; Rubin & Bantz, 1987). The opportunity for greater socializing is confirmed by the fact that more individuals are in the room for a movie rental

than for traditional television or home-recorded video cassette recorder tapes; people meter data indicate an average of 1.69 person in the room for traditional television, 2.15 persons in the room for home-recorded tapes, and 2.96 persons in the room for video cassette recorder rentals (Sims, 1989).

Decision Making Process in Video Rental

It is quite possible that video cassette recorder rental movies create a genre of viewing that is different from traditional broadcast viewing or standard cable viewing. Video cassette recorder movie rentals require a shopping behavior not required of traditional broadcast and most cable services. In almost all instances, someone must go to a store to select the program. The opportunity for both joint decision-making and shopping for video cassette recorder movie rentals represents a potentially more active viewing process. A couple of studies (Krugman & Johnson, 1991; Kim, Baran, & Massey, 1988) found a high degree of joint decision-making between parents and children in the selection of movies. Because users for pay-per-view service are supposed to go through an active decision making process for ordering too, it is important to review the movie selection process for video cassette movies.

Cohen (1987) investigated the decision making process in a video cassette recorder rental store in Israel. The study examined how people make their film selections, the kinds of information they use in their decision making process, and the forms of behavior they engage in during their visits to the rental store. Cohen combined the general film selection (as theater-movie) factor and the book-library behavior factor to analyze the decision making process in video cassette tape rental. The study focused on two main research questions. The first question dealt with information concerning films that video cassette tape renters report using in deciding which films to borrow. The second question was about the kinds of behavior that people engage in at the video cassette rental store. For the first question the research found that the nature of the film itself is the main factor, including film genre, the actors in the film, and film content. The second cluster is the personal recommendations of friends and family members and from the librarian at the rental location. Film description on the video box was frequently used to make the decision. However, the video library catalogue at the rental store showed relatively weak usage by people. The most common behavior at the rental store was browsing along the shelves, i.e., looking at the side of the cassette boxes on which the title of the film appears. The opposite behavior of

browsing, which is going directly to a particular film on a shelf, removing it, and checking it out, was done only by 10% of renters. The second most frequent behavior was conversations with various people in the library, mostly the librarian. This interaction was mainly in the form of asking the librarian's opinion about certain films, followed by request for a recommended film and by requests to locate a specific film.

Comparing Dimensions for Pay-Per-View and VCR

From the above literature review for video cassette recorder studies, we see that there are two main dimensions considered by most studies of video cassette recorder use: convenience and control. Because each dimension also has implication for use of pay-per-view, we will compare pay-per-view and video cassette recorder use over these two dimensions. Because the comparison has an exploratory nature at this point, no specific hypotheses are generated. We will also investigate how people perceive pay-per-view with future technological improvement. Thus, this study examines how people would perceive near video-on-demand or true video-on-demand in consuming video entertainment.

Convenience: Many studies suggest that people consider the video cassette recorder a convenient medium for watching

a movie. Viewers can set their own time schedule and select movie titles that they want. Convenience has always been the biggest marketing point for pay-per-view. Therefore, it is necessary how people perceive convenience for each technology for watching a movie. There are two main factors that are related to the convenience dimension in watching pay-per-view programming: scheduling and the ordering process.

1. Scheduling Convenience

The scheduling factor has been considered important in improving convenience for users (Baldwin, 1990). Scheduling movies in a reasonably short time period provides more opportunities for people to watch pay-per-view movies. Some people may watch pay-per-view because it is too late to go to a local video store at night or there is no other programming available that they want. With video-on-demand, which is an ultimate form of pay-per-view, people can get access to programming whenever they want. As an interim stage to true video-on-demand, cable systems can provide near video-on-demand where movies are scheduled in fifteen to thirty minute intervals. This study examines how people perceive the scheduling factor in consuming pay-per-view.

2. Ordering Convenience

Providing easier ordering procedures for pay-per-view viewing is also related to the convenience dimension. Some cable systems allow people to order a movie by pressing a button on a remote tuner. In other systems, people make a phone call to order pay-per-view programming. Sometimes cable systems require people to make a phone call thirty minutes or an hour earlier to watch a special event. In this study consumer's perceptions of the ordering process for pay-per-view will be examined.

In order to watch prerecorded video cassette tape, people make trips to the local video rental store. This study will compare this shopping behavior for prerecorded movies for video cassette recorder and ordering movies at home for pay-per-view. Some people might value the shopping concept of renting video tapes while other people consider ordering movies at home as a more convenient option.

Control: For movie viewing, people have more total control with the video cassette recorder than with pay-per-view. At this point, pay-per-view does not provide for functions such as pause, rewinding, and forwarding that a video cassette recorder provides. This study asks how people would perceive pay-per-view with such functions as they can get from a video cassette recorder now.

Currently people cannot browse electronically for movie selections for pay-per-view as they do in local video stores to see what kind of movies are available. As Cohen (1987) indicated, browsing movie selections on the shelves in the video store is the most common practice in deciding movie selection. This study examines how providing electronic browsing capability can improve the ordering process for pay-per-view.

Chapter 3

RESEARCH METHOD

Introduction

This chapter provides an overview of the data collection process and data analysis procedure used in this study. This study combines both a qualitative method and a quantitative method to examine the use of pay-per-view. Interviews were performed among people who have used pay-per-view. Then, a telephone survey, based on the results from the interviews, was administered.

Measurement of Variables

This study investigates the perception and use of pay-per-view. Perception of pay-per-view was measured by asking questions about expectancy-value attitude to the medium. In order to find factors that affect the order of pay-per-view, the program choice model is applied in this study. Key variables in the program choice model include viewer availability, pay-per-view awareness, channel repertoire, the frequency of pay-per-view use, and value perception of pay-per-view. In addition to these variables, demographic

factors were measured to examine the relationship between socio-economic status and use of pay-per-view. Then, this study compares pay-per-view and video cassette recorders in terms of convenience, choice, and control.

Perception of Pay-Per-View

Expectancy-value attitude toward pay-per-view was measured to examine how people perceive the medium. Subjects were asked about the degree to which pay-per-view possesses the following attributes: 1) pay-per-view provides good quality movies, 2) pay-per-view gives good value for the price you pay, 3) pay-per-view is convenient for watching movies, 4) pay-per-view gives better choice of movies to watch, 5) pay-per-view gives something you can do on the spur of the moment, and 6) pay-per-view has a good sound and picture quality.

Each of these belief statements were measured on a scale ranging from "strongly agree" (1 point) to "strongly disagree" (5 point). Subjects were asked to evaluate how important each of these attributes is when they decide among other video outlets for watching movies. This evaluation was measured on a scale ranging from "strongly agree" (1 points) to "strongly disagree" (5 point). Then, these two scales are multiplied and summed to produce expectancy-value attitude toward pay-per-view.

Viewer Availability

Viewer availability was measured by asking subjects how many days per week they watch TV during the period when pay-per-view movies are scheduled.

Pay-Per-View Awareness

People become aware of pay-per-view programming by two means. One is checking the printed guide book and the other is checking the preview channel for pay-per-view. Pay-per-view awareness was measured according to how frequently people check the programming information by using these two means. Respondents were asked the two questions;

"How often do you use a printed guide to check pay-per-view programming schedules?"

"How often do you turn to a preview channel to check pay-per-view programming schedules?"

For preview channel checking, respondents were asked to choose the answer for these questions from the following answers; 1) never, 2) 1-2 times a week, 3) 3-4 times a week, 4) 5-6 times a week, and 5) every day. The following answers were given for the frequency of checking the printed guide; 1) never, 2) 1-2 times a month, 3) 3-4 times a month, 4) 5-6 times a month, and 5) more than 6 times a month.

Channel Repertoire

Definition for channel repertoire is a subset of channels which people regularly watch. In order to find whether people include pay-per-view in their top-of-mind sets the following question was asked.

> "Most people typically have a set of channels that they intentionally turn to. Would you say that you include pay-per-view preview channel under a set of channels that you regularly turn to?"

If people include pay-per-view preview channel under channel repertoire, they are given 1 point. If people do not include pay-per-view under channel repertoire, they are given 0 point.

Preparation for Ordering

Preparation for ordering a pay-per-view movie was measured by when respondents decide to order a pay-per-view before a program starts. The following question was asked.

> "On average, how much in advance of the pay-per-view program do you decide to place your order?"

Respondents chose from among the following answers; 1) on the spur of the moment, 2) 15-30 minutes before, 3) 31-59 minutes before, 4) 1-3 hours before, 5) several hours before, and 6) one or more days in advance.

Frequency of Pay-Per-View Use

In order to find how often people order pay-per-view, the following question was asked.

"On average, how often do you order a pay-per-view movie?"

Respondents were asked to choose an answer for this question from the following; 1) once a week or more, 2) once every 2-3 weeks, 3) once a month, 4) once every 2 months, 5) once or two times every six months, and 6) less than once every six months.

Satisfaction from Pay-Per-View

Overall satisfaction for pay-per-view was measured by asking the following question.

"How well are you satisfied with pay-per-view program service?"

Respondents will be provided a five-level scale (1 if very satisfied, 5 very dissatisfied).

Value Perception of Pay-Per-View

Value perception of pay-per-view was be measured by asking respondents to evaluate price value for pay-per-view. Respondents were asked to compare the value of pay-per-view with that of basic cable TV service, pay TV service, video

rental, and going to theater. The following questions were asked to examine value perception.

"Compared to basic cable TV service, how would you evaluate the price that you pay for a pay-per-view movie?"

"Compared to pay TV service, how would you evaluate the price that you pay for a pay-per-view movie?"

"Compared to video movie rental, how would you evaluate the price that you pay for a pay-per-view movie?"

"Compared to going to theater, how would you evaluate the price that you pay for a pay-per-view movie?"

The answer to these questions was on a five-level scale (1 if much more expensive, 5 if much cheaper).

Another question was asked to test price elasticity of pay-per-view.

"How likely would you be to order a pay-per-view movie if the price for a pay-per-view movie fell below video cassette rental rate?"

The answer to this question was on a five-level scale (1 if much more likely, 5 much less likely).

Demographic Factor

Respondents' demographic information was collected by asking their age, gender, living status, number of children in the household, education level, and income level. The

age of respondents was measured in years. Gender of a respondent was dummy coded (1 if male, 2 if female). Living status of a respondent was dummy coded (1 if a respondent lives alone, 2 if a respondent lives with other people). If a respondent has children, a number of children was recorded. Education level was measured on six-level scale (1 if no high school education, 2 if some high school education, 3 if high school graduate, 4 if some college education, 5 if college graduate, and 6 if beyond college education). Income level was measured on a eighteen-level scale (1 if $8,000 or less, 2 if $8,001 to $10,000, 3 if $10,001 to $15,000, 4 if $15,001 to $20,000, 5 if $20,001 to $30,000, 6 if $30,001 to $40,000, 7 if $40,001 to $50,000, 8 if $50,001 to $60,000, 9 if $60,001 to $70,000, 10 if 70,001 to $80,000, 11 if $80,001 to $90,000, 12 if $90,001 to $100,000, 13 if $100,001 to $120,000, 14 if $120,001 to $140,000, 15 if $140,001 to $160,000, 16 if $160,001 to $180,000, 17 if $180,001 to $200,000, and 18 if $200,001 or more).

Scheduling Convenience

Respondents were asked how they perceive scheduling time for pay-per-view movies. The following questions were asked to examine the perception;

"How convenient are the scheduling time for pay-per-view movies you want to see?"

The answers were given a five-level scale (1 if very convenient, 5 if very inconvenient).

"How often do you miss a pay-per-view movie that you want to watch due to inconvenient scheduling?"

Respondents were asked to answer this question on a five-level scale (1 if always often, 5 never).

Scheduling convenience for near video-on-demand and true video-on-demand was also examined. The following questions were asked to respondents.

"How likely would you be to order a pay-per-view movie if it was scheduled every half hour?"

"How likely would you be to order a pay-per-view movie if you could watch a movie at any time of the day you want?"

The answers to these question was a five-level scale (1 if much more likely, 5 if much less likely).

Ordering Convenience

Ordering convenience for pay-per-view was examined by asking the following questions.

"How convenient is it for you to order a pay-per-view movie by making a phone call?"

The answers were given a five-level scale (1 if very convenient, 5 if very inconvenient). Respondents were asked how a user-friendly-ordering system would encourage them to use pay-per-view more. The following question was asked.

> "How likely would you be to order a pay-per-view movie if you could order a movie by pressing a button on the remote tuner without making a phone call?"

The answers to this question were on a five-level scale (1 if much more likely, 5 if much less likely).

Perception of Choices and Window

Respondents were asked whether more variety of selection for movie titles would encourage them to use pay-per-view more. The following question was asked.

> "How much more likely would you be to order a pay-per-view movie if you could get more variety of titles for movies?"

The answers to this question were on a five-level scale (1 if much more likely, 5 if much less likely).

Then, respondents were asked whether an earlier window for movies on pay-per-view would encourage them to use pay-per-view more frequently. The following question was asked to learn the perception of the window.

> "Currently, major box office hit movies are released at video stores before they are available on pay-per-view.

> How likely would you be to order a pay-per-view movie if major movies were available on pay-per-view at the same time they are released at video stores?"

The answers to this question were on a five-level scale (1 if much more likely, 5 if much less likely).

Control

Respondents were asked whether getting more control over movies on pay-per-view would encourage them to order pay-per-view more. 'Control' of pay-per-view movies would include pausing , rewinding, and fast-forwarding. Another aspect of control in this study was a having electronic browsing capability. The following questions were asked to examine the two perceptions.

> "How likely would you be to order a pay-per-view movie if you could pause, rewind, fast-forward movies at home?"
>
> "How likely would you be to order a pay-per-view movie if you could browse movie selection previews on TV before ordering (which means call up short promotion clips of movies)?"

The answers to these questions were on a five-level scale (1 if much more likely, 5 if much less likely).

VCR Tape Renting

Respondents were asked about how they perceive the procedure for renting a tape from local video stores and returning it. The following questions were used to examine the perception of shopping behavior for rental.

"How convenient is it for you to go out to video stores to rent and return the movies?"

The answers to this question were on a five-level scale (1 if very convenient, 5 if very inconvenient).

Respondents were also asked how often they return movies later than the due date. The following question was asked.

"How often do you pay a late fee for video rental tapes?"

The answer to this question was on a four-level scale (1 if almost every time, 4 never).

The survey also asked how respondents would react to renting movies if the same titles are available on pay-per-view. The following question was asked.

"If you can get the same selection of movies as in the video store on pay-per-view, how likely would you still be to go out to the video store?"

The answer to this question was on a five-level scale (1 if much more likely, 5 if much less likely).

Research Design

This study combined a qualitative method and a quantitative method in examining the perception and use of pay-per-view. For the qualitative part, an in-depth interview was performed among people who have used pay-per-view. The main purpose of the interview was to develop a comprehensive understanding of how people perceive pay-per-view as a video distribution channel. The interview tried to gain some insight into how people use pay-per-view and to evaluate the various attributes of the technology. The findings of the interviews were reflected in preparing the survey questionnaire, which was the next step.

Interview

Procedure

This study used a unique approach in conducting in-depth interviews with people. The interview was conducted through using Internet and electronic mails rather than meeting people personally. Internet provided access to people who have used pay-per-view across the nation. In this way, interviews were possible with people who otherwise would have been hard to contact. Interviewees use pay-per-view in a number of different cable systems in the nation. Some interviewees use Direct Broadcasting Satellite (DBS) to get a pay-per-view program. The diversity in interviewees

provided valuable input to the study. The following procedure was used to conduct interviews with pay-per-view users.

First, a message of recruitment for interview was posted in several USENET interest groups on Internet. The main target USENET groups were related to cable TV and video communication technology (e.g. rec.video.cable-tv, ieee.ces.broadcast.-cable, alt.cable-tv.re-regulate). The message basically looked for people who have used pay-per-view and who were willing to participate in interviews via electronic mail. Sixty two electronic mails were initially received from people who were interested in doing the interview. Then, electronic mail which included the interview questions was sent to the people who agreed to participate in the interview. Forty eight completed answers were returned after a two week interval.

In this interview, interviewees do not represent the characteristics of the whole population. In fact, they are more likely to be considered a group of people with special characteristics. All of them have access to a computer and also read postings on USENET group on Internet. This could mean that these people have more interests in video entertainment and technology compared than average people. Therefore, there is a high chance of receiving answers with biased view points and consumption patterns associated with

pay-per-view use. Because the interviewees were not a representative sample of the pay-per-view user population, it does not make much sense to generalize the interview result. However, the interview provided essential insights regarding how people perceive and use pay-per-view to satisfy their entertainment needs.

All the questions were asked in an open-ended format so interviewees could elaborate on their opinions regarding the questions. Interview results were summarized so that some specific pattern associated with pay-per-view use could be found. The actual findings are presented in the following chapter.

Telephone Survey

Procedure

After the in-depth interviews were performed via electronic mail, a telephone survey was administered among pay-per-view users and non-users. "Pay-per-view users" were defined as "people who have ordered a pay-per-view at least once during the last six months." The survey questionnaire includes items related to uses and gratifications items. These items are designed for the research question which examines the main motives for using pay-per-view. Items were constructed based on two sources: one was previous uses

and gratifications research and the other was results of the interviews conducted before the survey.

Sampling

The sample for this research was selected from subscribers of TCI Cablevision of Mid Michigan, Inc. in the East Lansing area. Six hundred subscribers who have used pay-per-view in last six months and three hundred non-users of pay-per-view were randomly selected from the entire cable subscriber population that TCI Cablevision serves in the East Lansing area.

Pay-Per-View System of TCI

The TCI cable system in East Lansing has five pay-per-view channels. Three pay-per-view channels are dedicated to box office hit movies and two pay-per-view channels are assigned for adult movies. Two movie channels run one hit movie all week while four or five movies are scheduled for one channel. The cable system has a pay-per-view preview channel (channel 6) which shows pay-per-view highlight and scheduling for movies. The cable system requires people to make a toll free phone call to order a movie within an hour of the movie start time and up to 15 minutes after the scheduled start time.

Survey administration

Telephone interviews were performed over a three week period (October 11, 1995 to October 26, 1995) at the Information Technology Service Lab of the Communication Arts building at Michigan State University. Graduate students who were enrolled in a research method course and customer service representatives at TCI Cablevision were trained and conducted the telephone interviews. A free pay-per-view movie coupon was offered to interviewees who completed the survey as an incentive to improve response rate. Before the main survey was performed, a pilot survey was done and the survey questionnaire was edited to clarify a few unclear questions. A minimum number of six call backs were made to reach the phone numbers where interviewers got no answer, a busy signal, or an answering machine.

The three week survey produced 419 completed cases for the research. The completion rate for the telephone survey was 69.6%. A total of 654 phone numbers were called and 52 phone numbers turned out to be non-working numbers. Non-working phone numbers include disconnected phone numbers, business phone numbers, and phone numbers of households that currently do not subscribe to cable TV. Those non-working numbers were excluded from the sampling frame. The response rate of near 70% was considered appropriate for the telephone survey.

Sample characteristics

The general characteristics of the sample are described in Table 1.

Insert Table 1 here.

Four hundred nineteen completed cases include 290 people who have used pay-per-view in last six months and 125 people who have not used pay-per-view. There were a number of people on the user list who replied that they have not used pay-per-view. Possible explanation for these people would be that other family member may have ordered pay-per-view or the previous cable subscribers who have ordered pay-per-view moved out. These people were considered non-users in the study.

The sample consists of 206 males and 207 females. The mean age in the sample is 33.9, and the standard deviation of 14.5. Out of 419 total cases, 167 people replied that they live with children. In terms of education level, the range varies from people with no high school education to people with post graduate degrees. Annual household income level also varies much from $8,000 or less to more than $200,000 with a mode of $20,001 to $30,000.

Table 1. Sample characteristics

Variable

Gender

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
male	1	206	49.2	49.9	49.9
female	2	207	49.4	50.1	100.0
	.	6	1.4	Missing	
	Total	419	100.0	100.0	

Age

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
15-20	1.00	61	14.6	15.2	15.2
21-30	2.00	126	30.1	31.3	46.5
31-40	3.00	90	21.5	22.4	68.9
41-50	4.00	73	17.4	18.2	87.1
51-60	5.00	28	6.7	7.0	94.0
61-70	6.00	16	3.8	4.0	98.0
71-80	7.00	6	1.4	1.5	99.5
81-90	8.00	2	.5	.5	100.0
	.	17	4.1	Missing	
	Total	419	100.0	100.0	

Living alone or with other people

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
live alone	1	83	19.8	20.1	20.1
with other people	2	330	78.8	79.9	100.0
	.	6	1.4	Missing	
	Total	419	100.0	100.0	

Number of children

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	70	16.7	41.7	41.7
	2	60	14.3	35.7	77.4
	3	25	6.0	14.9	92.3
	4	10	2.4	6.0	98.2
	5	1	.2	.6	98.8
	6	2	.5	1.2	100.0
	.	251	59.9	Missing	
	Total	419	100.0	100.0	

Variable

Education level

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
no high school education	1	13	3.1	3.2	3.2
some high school education	2	27	6.4	6.6	9.7
high school graduate	3	42	10.0	10.2	19.9
some college education	4	122	29.1	29.6	49.5
college graduate	5	103	24.6	25.0	74.5
beyond college graduate	6	105	25.1	25.5	100.0
	.	6	1.4	Missing	
DON'T KNOW	8	1	.2	Missing	
	Total	419	100.0	100.0	

Income level

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
$8,000 or less	1	27	6.4	9.2	9.2
$8,001 to $10,000	2	13	3.1	4.4	13.6
$10,001 to $15,000	3	24	5.7	8.2	21.8
$15,001 to $20,000	4	14	3.3	4.8	26.5
$20,001 to $30,000	5	39	9.3	13.3	39.8
$30,001 to $40,000	6	38	9.1	12.9	52.7
$40,001 to $50,000	7	29	6.9	9.9	62.6
$50,001 to $60,000	8	32	7.6	10.9	73.5
$60,001 to $70,000	9	9	2.1	3.1	76.5
$70,001 to $80,000	10	14	3.3	4.8	81.3
$80,001 to $90,000	11	12	2.9	4.1	85.4
$90,001 to $100,000	12	9	2.1	3.1	88.4
$100,001 to $120,000	13	18	4.3	6.1	94.6
$120,001 to $140,000	14	7	1.7	2.4	96.9
$140,001 to $160,000	15	3	.7	1.0	98.0
$200,001 or more	18	6	1.4	2.0	100.0
	.	16	3.8	Missing	
DON'T KNOW	19	63	15.0	Missing	
REFUSED	20	46	11.0	Missing	
	Total	419	100.0	100.0	

Statistical Analysis

Hypotheses Testing

Pearson's product moment correlation was used to test the hypotheses. The alpha level was set at .05 for all tests. Pearson's product moment correlation was used mainly to test the relationship between the frequency of pay-per-view use and other independent variables in the study. Multiple regression is performed to see how independent variables are independent in predicting the use of pay-per-view.

Comparing Users and Non-users

This study makes a comparison between users and non-users of pay-per-view in various aspects. Comparisons are made regarding their use of video cassette recorders, perception of pay-per-view as a distribution channel, and willingness to accept the improvement of pay-per-view technology in the future. A t-test is used to determine whether there is a difference in the two groups in their attitude toward pay-per-view and improvements in pay-per-view.

Chapter 4

STUDY RESULT AND FINDINGS

This chapter presents the findings from the interview and the telephone survey results of the study. The result of the hypotheses testing follow.

Findings from the Interview

The interview was analyzed by summarizing the 48 returned electronic mails, in which most respondents expressed their opinions in detail. Some people made comments on their viewpoint about the subject from their experiences. Because the interview was performed with pay-per-view users across the nation, the answers provided by the respondents sometimes reflect special characteristics of their cable TV systems or the region in which they live. As some people use pay-per-view in cable systems which are equipped with updated technology, it was interesting to compare their opinions with those of others.

There were several people who have access to pay-per-view via Direct Broadcasting Satellite (DBS). At this point, pay-per-view on DBS provides more user-friendly

options for consumers compared to most cable systems in the nation. DBS provides lower price, more frequent start time for movies and remote tuner ordering option. It was interesting to compare these people's answers with those of other cable subscribers. The focus of analysis lies in finding some pattern in respondents' answers. The result is presented under each subject category.

Motives for Using Pay-per-view

Pay-per-view as an access to new movies and special events: Many people replied that the main motive for the use of pay-per-view is to watch newly released movies. Another frequently mentioned motive was to watch special events, such as sporting events and concerts. People replied that sometimes pay-per-view is the only way to see this programming. Actually, pay-per-view sometimes provides exclusive access to certain sporting events and concerts. For certain people, pay-per-view also serves as the only access to currently released movies. These people generally reside in rural areas where video stores do not exist. One pay-per-view user replied that:

> We live out in the country (the nearest video rental place is 15 miles away; the nearest movie theater is 22 miles away). Without pay-per-view, convenient viewing of recent movies would be impossible.

Quick and easy access to current entertainment was also frequently mentioned as a motive to use pay-per-view. Some people mentioned that access to quality programming is the motive for use of pay-per-view. However, there were also people who said that:

> For our family, ordering PPV is usually a reaction to a bad evening line-up on regular channels.

For these people, pay-per-view is considered a last resort for entertainment after they pursued other options from over-the-air channels and other cable TV channels. Therefore, if they find something interesting at that time, they tend to order a pay-per-view movie on the spur of the moment.

Pay-per-view to tape movies: One notable motive in using pay-per-view was to record the movie that they want. A fair amount of interviewees responded that one of the important purposes for purchasing pay-per-view is taping a movie that they want to keep in their private movie library. While they need two sets of video cassette recorders to copy the movies on tape, and sometimes they are copy-protected, pay-per-view can provide a chance to tape movies. For these pay-per-view users, the scheduling factor is not so important. They are not concerned about the lack of control of movies on pay-per-view. Because they tape the movie

which they purchase, the scheduling and control factor did not have much influence for them. They can record the movie starting when they are not available and can have total control of the movies after recording.

Attributes of Pay-Per-View

In their reply, respondents expressed their opinion about the various attributes of pay-per-view as a video distribution channel. Their statements are classified under positive attributes and negative attributes of pay-per-view and are summarized in the Table 2.

Table 2. Attributes of pay-per-view as a distribution channel

Positive attributes	Negative attributes
- impulse buy	- highly priced movies and events
- convenience	- lack of variety in movie titles (no older movies or minority taste movies)
- no need to leave home	- no control over the movie (cannot pause, rewind, and fast-forward movies)
- never out of stock	- inconvenient schedule for the movies
- no need for returning movies	- late window for movies
- no late fee	- privacy problem
- ability to tape movies	
- easy ordering process	
- good sound and picture quality	

Some people mentioned appealing aspects of pay-per-view, and the other people expressed their complaints associated with the unappealing aspects of pay-per-view.

Positive attributes of pay-per-view:

1. Impulse buy

One of the salient attributes of pay-per-view mentioned by respondents was that it allows people to purchase movies on impulse. They said it is very nice to order and watch movies without much hassle. These people replied that they usually do not plan to purchase a pay-per-view movie in advance and rather order it on the spur of the moment. In this case most people could not find something interesting on TV that day and tried pay-per-view. It suggests that these people would appreciate a larger variety of titles and more frequent movie schedule. Unlike people who plan pay-per-view purchases in advance, impulse buyers are more likely to be influenced by the number of available titles at a given time and therefore by the scheduling factor. If there are few titles available when they turn to pay-per-view, or if they find that they would have to wait a long time to see the movie they would like to watch, the probability of purchase is slight. Because many people consider impulse buying capability to be the most important attribute of pay-per-view, improvement in this feature

should lead to more use of pay-per-view. That means providing more titles of movies and more frequent starting times for movies are critical for impulse buyers. In other words, near-video-on-demand or video-on-demand will make more impulse buyers turn to pay-per-view for video entertainment.

2. Convenience

Most people responded that pay-per-view is a convenient medium for watching movies. Interviewees replied that they use pay-per-view instead of going to the video store. They seemed to perceive convenience of pay-per-view when they compare it with renting video movies. The most commonly mentioned convenience is that they can watch movies without leaving home. Especially when they want to watch movies late at night and in bad weather, they said they appreciate the convenience of pay-per-view. Another convenient factor mentioned was they do not have to worry about returning movies to the video store. Some people said that returning tapes on time to avoid a late fee is a hassle and they do not like it. The following statements from respondents showed this notion clearly:

> It's very convenient. I don't have to go to the video store and have to worry about getting the movie turned in on time.

Some people said that they like pay-per-view better than video tape rental because pay-per-view movies are never out of stock. In addition to saving trips to video store and late fees, people said that unlike the video movie rental they do not worry about whether there is a copy of the movie that they want to watch on pay-per-view. Because block buster hit movies are frequently rented and video stores have a limited number of copies, people sometimes find that a movie that they want to watch is out of stock when they get to the video store.

Ordering by phone is considered an easy way to access the movie. People said that it is quite convenient to order movies by making a phone call. While people sometimes have to wait in line in the video store, ordering by phone and getting the bill for it later is considered a better transaction mode. Some people also mentioned good picture and sound quality as a positive aspect of pay-per-view.

Negative attributes of pay-per-view:

1. High price

The most frequently mentioned complaint about pay-per-view was the high price for movies and events. Many people replied that the current price for pay-per-view movie is expensive for its value. They said that they appreciate the convenience of pay-per-view but the price is too high for

the merit. Most people who do not purchase pay-per-view mentioned that the high price is the biggest concern for them. Many people said that they would be more likely to order pay-per-view programs if the price fell. For questions asking what kind of improvement would make them buy pay-per-view more often, most of pay-per-view users replied that lower price would be the most important factor. Some people suggest that it would be nice to have different pricing tiers for first run movies and second run movies. The interview result supports the notion that pay-per-view has price elasticity. Because most people have easy access to other video entertainment substitutes, the price for pay-per-view should be competitive to encourage more people to use it.

2. Limited variety of titles

Limited selection of movies turned out also to be a major problem with current pay-per-view. Many people said that they would like to see movies other than major box office hits on pay-per-view. They like to see old movies and minority taste movies. They replied that when they want to watch movies which are not mainstream, they go to video stores where they can find more titles. Following are some of a respondent's answer regarding how they like the variety of titles on pay-per-view:

> I watch a lot of 1970's and 1980's video stuff and I have to go to a video store for them.
>
> I was in the mood for comedy one day and no such movies were available on pay-per-view that night.

Having more variety of titles is a critical point in the marketing of pay-per-view in the future.

3. Lack of control over movies

People are concerned about the lack of control over what they are watching on pay-per-view. They like to have functions like rewind, pause, and fast-forward as in a video cassette recorder. They replied that providing these functions would make them use pay-per-view more frequently. Some respondents expressed their complaints as follows:

> I'm a parent and the usual reason for not even getting premium cable channels is that my wife and I are very likely to get interrupted by small children while watching. So we will end up missing something.
>
> Why should I pay for an unstoppable video when I can spend equivalent sums for a video rental that I can start/stop/watch anytime. The only answer is that sometimes I don't want to wait (or am too lazy) to go to the video store. OR the store is closed. That's happened.
>
> I like the ability to start, stop, pause, rewind, and replay the video. However, going out to get the video is sometimes worse, and returning the video is a hassle. I choose to take those hassles over the hassle of HAVING to watch the movie from beginning to end.

It seems that inability to control movies is one of the main obstacles to competing with video rental at this point,

along with high price. Consumers certainly like the idea of having control of movies on pay-per-view.

Respondents also liked the idea of browsing movies before ordering. People said that if they could watch some clips of movies before ordering they would be more likely to use pay-per-view. Some people are not satisfied with the current passive preview system and would like to have active browsing capability. Below is one respondent's complaint about the current passive preview system:

> The channels which show previews are really awful. The clips are about ten seconds long and they are on a reel which repeats sometimes right away. And it is not possible to just tune into any channel and find a text listing of what is about to start. Sometimes you have to sit through a couple of cycles of short previews before they show that evening's schedule. And then that moves so slowly. The screen will list two upcoming features and stay on that screen seemingly FOREVER before it proceeds to the next two listings. I just think with about two minutes' worth of effort in electronic browsing, they could vastly improve this and that would be a big plus in my opinion.

4. Inconvenient schedule

Generally, people find that the scheduling of pay-per-view movies is convenient. Practically, people who tape the pay-per-view movies said that scheduling is not a big factor because they tape it anyway. However, many people who do not plan pay-per-view purchases in advance and order on the spur of the moment complained about the schedule. One

respondent mentioned how the scheduling factor influences his pay-per-view purchases:

> I often miss a pay-per-view movie because I usually decide on the spur of the moment to watch something. Then I tune in and there is nothing on for an hour or more.

As discussed above, the scheduling factor is more critical to people who are impulse buyers. They usually do not make the effort to know the schedule of the movies in advance. If these people would account for a large portion of pay-per-view users, improving the scheduling factor would increase pay-per-view buy rate. Many people said that they would be more likely to use pay-per-view if movies were scheduled more frequently.

5. Late window for movies

Eliminating time lag of movie release between video stores and pay-per-view would be an important factor. A fair number of people said that they would be more likely to use pay-per-view to watch movies if major box office hit movies were available on pay-per-view at the same time they are released at video stores. One respondent answers the following to the question of how an early window on pay-per-view influences purchase of pay-per-view:

> One of the reasons I go to the video store is to get the movie that I can't wait to see and it is not on pay-per-view yet. I would order more and go to the video store less if movies were available on pay-per-

view at the same time they are released in video stores.

6. Privacy

The privacy problem is also mentioned by some people in using pay-per-view. They said that they sometimes worry about the fact that a computer in the cable system operator can keep track of what they watch on pay-per-view.

Pay-per-view on DBS

In this study interviews were performed through USENET and electronic mails through Internet. This unique approach provided an opportunity to receive various inputs from pay-per-view users in different cable systems. In analyzing the respondents' answers, it was recognized that respondents' attitudes and using patterns for pay-per-view are related to how user-friendly the cable TV system is.

A more obvious comparison could be found between pay-per-view users in the cable TV system and pay-per-view users on DBS. Currently, DBS provides a better environment for pay-per-view users. Compared to pay-per-view on cable TV, pay-per-view on DBS has more channels for pay-per-view movies, lower price, and digital video and sound quality. Many movies are scheduled for every half hour and people also use remote tuners to order movies. The difference

between cable systems and DBS can show how people would use pay-per-view if they had a more upgraded system. There were people who migrated from cable TV to DBS and they said that they would not use pay-per-view as frequently as now if they stayed on cable TV. They replied that they like pay-per-view on DBS much better than in cable TV systems. Some answers of DBS users provide illustrations of this.

> I hardly used pay-per-view when I was on cable TV. The price was high and the choice was limited. Now I like pay-per-view on DSS. It provides $2.99 movie and more channels are dedicated to pay-per-view. On DSS the picture and sound quality is also better than VHS.
>
> I only ordered one in three years from my cable company, mainly because I didn't want to use their set top box and pay an extra $3/month for the "privilege" of having another remote control.
>
> Ordering by remote is so easy on DSS. I am sure that I would not order as many if I had to make a phone call.

These statements suggests that pay-per-view could gain more users with improvement in various dimensions. It seems that DBS provides the solution for most of the problems of pay-per-view on cable TV system at this point. Most of all, the price of pay-per-view movie on DBS is lower than that of cable TV. It became competitive with video movie rental with $2.99 price per movie. DBS also provides more channels for the pay-per-view movies and many movies start every half hour. This shows that convenient scheduling should draw more consumers for pay-per-view.

Telephone Survey Result

In presenting telephone survey results, the consumers' use pattern for pay-per-view is analyzed first. Because one purpose of the study is to examine how consumers use pay-per-view to satisfy their video entertainment needs, consumers' viewing patterns are analyzed. Then, the result of the hypotheses testing is presented. In the result section, comparison of pay-per-view users and non-users is reviewed with regard to their perception and attitude toward pay-per-view.

Pay-Per-View Viewing Pattern

The viewing pattern of pay-per-view is analyzed in terms of the following aspects: 1) frequency of use, 2) main programming for the use, 3) ordering decision, 4) satisfaction level of the service, 5) taping of pay-per-view, and 6) number of people watching pay-per-view.

Frequency of use: According to the telephone survey result, there are different degrees in frequency of use in the sample. Table 3 shows how often pay-per-view users buy the program.

For the purpose of the analysis, users can be classified under three groups based on the frequency of the use: heavy user group, moderate user group and light user

group. The heavy user group includes people who purchase pay-per-view programs once a week or once every two to three weeks. The moderate user group consists of people who order pay-per-view programs once a month or once every two months. People who buy pay-per-view programs once or twice every six months or less than once every six months are considered the light user group.

Table 3. Frequency of pay-per-view use

Frequency	Number	Percent
once a week or more	24	8.3
once every 2-3 weeks	39	13.5
once a month	79	27.4
once every two months	57	19.8
once or two times every six months	52	18.1
less than once every six months	37	12.8

In this study there are 63 users in the heavy user group (21.8%) and 136 users in the moderate user group (47.2%). The light user group consists of 89 people (30.9%).

Main programming for use: Among pay-per-view users, watching movies on pay-per-view turned out to be the main usage. Table 4 shows the main use of pay-per-view. Two

hundred one subjects (70.5%) replied that they use pay-per-view to watch newly released movies while 44 subjects (15.4%) replied that watching special events is a main purpose of using pay-per-view. There are 40 people (14.0%) who responded that they watch both movies and special events on pay-per-view.

Table 4. Program category

Program	Number	Percent
Movies	201	70.5
Special events	44	15.4
Both movies and events	40	14.0

Ordering decision: Generally people do not plan pay-per-view buying far in advance. Two hundred people (70.2%) responded that they made a purchase decision about a pay-per-view program less than one hour before the program starts. One hundred sixty nine people replied that they order pay-per-view within 30 minutes of starting time. The number accounts for 59% of pay-per-view users. Table 5 illustrates when people make a pay-per-view buying decision. The result shows that a large portion of pay-per-view users decide to purchase pay-per-view on impulse to satisfy entertainment needs. This would suggest that technology

that could handle impulse buying intention with more flexibility could lead more people to order pay-per-view.

Table 5. Ordering decision

Time	Number	Percent
on the spur of the moment	86	30.2
15-30 minutes before	83	29.1
31-59 minutes before	31	10.9
1-3 hours before	34	11.9
several hours before	7	2.5
one or more days in advance	44	15.4

Satisfaction level: In terms of satisfaction level, the telephone survey showed that pay-per-view users generally are satisfied with the pay-per-view service. Pay-per-view users' satisfaction level is presented in Table 6.

Over 200 people replied that they are either satisfied or very satisfied with the pay-per-view service while 31 people responded that they are either dissatisfied or very dissatisfied with the pay-per-view service. To the question asking whether they have experienced failure with reception of pay-per-view, 87 pay-per-view users (30%) replied that they had.

Table 6. Satisfaction with pay-per-view use

Satisfaction level	Number	Percent
very satisfied	73	25.4
satisfied	133	46.3
neutral	50	17.4
dissatisfied	22	7.7
very dissatisfied	9	3.1

very satisfied=1, very dissatisfied=5
Mean=2.167 SD=.996 n=287

Taping of pay-per-view program: While eighty users (27%) replied that they tape the pay-per-view program that they buy sometimes or often, 178 (61%) users said that they never tape the pay-per-view program that they order. Table 7 presents the frequency of taping pay-per-view programs.

Table 7. Frequency of taping pay-per-view program

Frequency	Number	Percent
always	26	9.0
most of time	20	6.9
often	10	3.5
sometimes	24	8.3
rarely	31	10.7
never	178	61.6

Among users who tape the pay-per-view program, 80 people responded that they tape the program while they watch the program. This means they record the program to keep it for a private collection.

Number of people watching: The telephone survey result shows that pay-per-view use is considered a social events for users. About 80% of pay-per-view users replied that the number of people watching a pay-per-view program is two or more. The average number of people watching pay-per-view programs was 2.84 with a standard deviation of 3.427. The relatively large standard deviation accounts for the fact there are more number of people associated with the purchase of the event than the purchase of movies.

Hypotheses Testing

H1: The frequency of pay-per-view use would be positively related with expectancy-value attitude toward the medium.

H1 proposes that the frequency of pay-per-view use would have a positive relationship to expectancy-value attitude toward the medium. Expectancy-value attitude toward pay-per-view was measured by asking the following questions: 1) pay-per-view provides good quality movies, 2) pay-per-view gives good value for the price you pay, 3) pay-

per-view is convenient for watching movies, 4) pay-per-view gives better choice of movies to watch, 5) pay-per-view gives something you can do on the spur of the moment, and 6) pay-per-view has a good sound and picture quality. People were also asked how they evaluate the importance of each attribute in consuming video entertainment. These two scales are multiplied then summed to calculate expectancy-value attitude.

Pearson's product moment correlation was performed to test the relationship between frequency of pay-per-view and expectancy-value attitude. The correlation coefficient between the two variables was .17 and it was statistically significant at alpha level of .01. Although the size of correlation coefficient is relatively small, H1 is supported in this test and asserts that people with more favorable expectancy-value attitudes toward pay-per-view are more likely to use pay-per-view. Table 8 presents the result of Pearson's product moment correlation analysis.

Table 8. Correlation between frequency of pay-per-view use and expectancy-value attitude

Variables	Coefficient	P	Number of case
Frequency of pay-per-view use/ Expectancy-value attitude	.1726	.004	270

This study confirms that expectancy-value attitudes are important predictors of media behavior, just as the theory of reasoned action would project.

H2: Viewer availability will not be significantly related to the frequency of pay-per-view use.

H2 tests whether viewer availability is related to the frequency of pay-per-view use. While it has been recognized as an important factor in predicting viewerships in the over-the-air broadcasting network programming, viewer availability is not supposed to be related to pay-per-view use. H2 proposed that viewer availability does not have a significant relationship with frequency of pay-per-view use because people have more flexibility in selecting viewing time compared to over the air programming. As presented in Table 9, correlation coefficient for the two variables is -.11 which was not significant at alpha level of .05.

Table 9. Correlation between frequency of pay-per-view use and viewer availability

Variables	Coefficient	P	Number of case
Frequency of pay-per-view use/ Viewer availability	-.1084	.068	284

H2 was supported in the analysis, suggesting that use of pay-per-view generally is not related to when people are

available for consuming video entertainment. Moreover, viewer availability is expected to become less significance in predicting pay-per-view, if near-video-on-demand or video-on-demand is available for consumers.

> H3: Inclusion of pay-per-view in channel repertoire will be positively related to the frequency of pay-per-view use.

H3 proposes that people who have a pay-per-view channel in their channel repertoire are expected to use pay-per-view more frequently than people who do not have it under a set of channels they regularly turn to. Because nothing is on pay-per-view channel itself unless an order is placed, watching a pay-per-view preview channel regularly is considered to be having a pay-per-view channel under channel repertoire. Unlike the over-the-air broadcasting network program environment where only 4-6 channels are available for the audience, the multichannel TV environment presents dozens of options for a given time. Therefore, having a certain channel under the set that is regularly checked should be positively related to the viewing of that channel. As pay-per-view is considered one of multiple programming options for the audience, people who have the pay-per-view preview channel in their channel repertoire are more likely to use pay-per-view frequently than people who do not.

In the telephone survey result a positive relationship between frequency of pay-per-view use and inclusion of pay-per-view channel under channel repertoire was produced. As presented in Table 10, Pearson's product moment correlation coefficient between two variables is .213 at alpha level of .001.

Table 10. Correlation between frequency of pay-per-view use and inclusion of pay-per-view under channel repertoire

Variables	Coefficient	P	Number of case
Frequency of pay-per-view use/ inclusion under channel repertoire	.2129	.001	225

H3 was supported in this study with a moderate size of correlation between the frequency of pay-per-view use and inclusion of pay-per-view under channel repertoire. As discussed in the analysis of interview section, some people consider pay-per-view as a last option to watch. They usually searched all the possible options other than pay-per-view first. If they found something interesting on other channels, they would not turn to the pay-per-view preview channel and check to see what kind of movies were available on pay-per-view. Therefore, people who have pay-per-view under channel repertoire are likely to use pay-per-view more frequently. The notion of channel repertoire

would make a significant contribution in predicting viewership as more variety of channels become available for the audience in the future.

> H4: People who use a printed guide to check pay-per-view programming are more likely to order pay-per-view programming.
>
> H5: People who check preview channels regularly are more likely to order pay-per-view programming.

Both H4 and H5 examine whether viewer awareness is positively related to use of pay-per-view. Use of a printed guide and checking of the preview channel were investigated to measure how well people are aware of pay-per-view programs. In the multichannel environment, viewer awareness of channels becomes more important compared to the over-the-air broadcasting network situation because it is not likely for the audience to be aware of all program alternatives and compare them to select a most preferred option. For pay-per-view, viewer awareness becomes more critical because the audience must first know what kind of programming is available, then actively order a program to watch. In other words, awareness of programming should precede the actual viewing.

Another important point in viewer awareness for pay-per-view is that it has more than one option available at a given time. That means people sometimes have more than one

video entertainment option under pay-per-view. While other channels in the multichannel environment provide a constant programming structure, there could be a couple of different genres of movies available at a given time on pay-per-view. Therefore, the audience can not anticipate what kind of programming is on pay-per-view all the time. They have to actively search programming options for certain viewing times. This means that informing the audience of the programming of the pay-per-view is a crucial effort for marketing

Both printed guide and use of preview channel turned out to have a positive relationship to use of pay-per-view. Using the preview channel has a slightly higher correlation coefficient (r=.17) than checking the printed guide (r=.12).

Table 11. Correlation between frequency of pay-per-view use and viewer awareness

Variables	Coefficient	P	Number of case
Frequency of pay-per-view use/ Use of printed guide	.1180	.047	284
Frequency of pay-per-view use/ Use of preview channel	.1704	.004	284

According to the telephone survey results, people depend more on the preview channel than on the printed guide. As presented in Table 12, while 129 pay-per-view

users (45.1%) replied that they never looked at the printed guide to check the pay-per-view schedule, 110 pay-per-view users (38.4%) turn to the preview channel to check the schedule three times a week or more.

Table 12. Frequency of using printed guide and preview channel to check pay-per-view schedule

Frequency of using printed guide

Value	Number	Percent
never	129	45.1
1-2 times a month	74	25.9
3-4 times a month	36	12.6
5-6 times a month	13	4.5
more than 6 times a month	34	11.9

Frequency of using preview channel

Value	Number	Percent
never	75	26.2
1-2 times a week	101	35.3
3-4 times a week	27	9.4
5-6 times a week	20	7.0
every day	63	22.0

Among pay-per-view users, 63 people replied that they turn to the preview channel every day. This result suggests that while both the using printed guide and checking the preview channel have a positive relationship with the use of pay-per-view, the preview channel plays a more important

role in informing consumers pay-per-view about what kind of program is available on pay-per-view.

H6: The lower price for pay-per-view would be positively related to the higher buy rate.

H6 examines whether lower price for pay-per-view would influence consumers' intention to purchase pay-per-view. In the analysis of the interview, price was the most frequently mentioned complaint about the pay-per-view service by respondents. This notion was also clearly confirmed in the quantitative result. This study asked how they compare the price value of pay-per-view with that of basic cable TV service, pay-TV service, video movie rental, and going to the theater. The result of the telephone survey is presented in Table 13.

Table 13. Price value comparison between pay-per-view and other video entertainment options.

Price value compared to basic cable TV

Value	Number	Percent
much more expensive	27	9.7
more expensive	113	40.8
about the same	107	38.6
cheaper	28	10.1
much cheaper	2	.7

Price value compared to pay TV

Value	Number	Percent
much more expensive	27	10.2
more expensive	105	39.8
about the same	72	27.3
cheaper	28	10.1
much cheaper	2	.7

Price value compared to video movie rental

Value	Number	Percent
much more expensive	27	9.3
more expensive	130	49.2
about the same	79	29.9
cheaper	23	8.7
much cheaper	5	1.9

Price value compared to going to the theater

Value	Number	Percent
much more expensive	6	2.1
more expensive	15	5.3
about the same	56	19.9
cheaper	154	54.8
much cheaper	50	17.8

According to this telephone survey result, about half of pay-per-view users perceive the price value of pay-per-view service as more expensive than basic cable TV service, pay-TV service and video movie rental. Compared to going to the theater, the price value of pay-per-view service is

considered less expensive by 204 pay-per-view users (72.6%). It is hard to compare directly the value basic cable TV and pay-TV and pay-per-view because both basic cable and pay TV offer packages of programming while people pay per program on pay-per-view. Regarding comparison with video movie rental, which is the most competitive option, 157 people (58.5%) considered the price value of pay-per-view as expensive. This would mean that whereas people appreciate the convenience of pay-per-view, they perceive that the value of convenience does not compensate for the higher price.

In order to test H6, the telephone survey asked pay-per-view users how likely they are to purchase a pay-per-view movie if the price for a pay-per-view movie fell below the video cassette rental rate. AS presented in Table 14, 242 pay-per-view users (85.5%) replied that they would be more likely to buy pay-per-view if the price fell.

Table 14. Intention to buy pay-per-view with lower price

Value	Number	Percent
much more likely	131	46.3
more likely	111	39.2
it does not matter	34	12.0
less likely	3	1.1
much less likely	4	1.4

H7: Socio-economic status is positively related to use of pay-per-view.

H7 tests the proposition that socio-economic status is positively related to use of pay-per-view. Correlation between demographic variables and use of pay-per-view is presented in Table 15.

Table 15. Correlation between pay-per-view use and demographic factor.

Variable	Coefficient	Number of case
Age	-.0679	282
Gender	-.1307*	284
Number of children	.0484	128
Education level	.0719	283
Income level	.1120	199

*P<.05

In this study only the gender factor turned out to be significantly related to the use of pay-per-view. The result shows that males are more likely to use pay-per-view than females. The correlation coefficient between use of pay-per-view and gender is .13, where male and female are dummy coded. The study result also shows that income level is positively related to use of pay-per-view although it did not reach the statistical significance (r=.11). That means

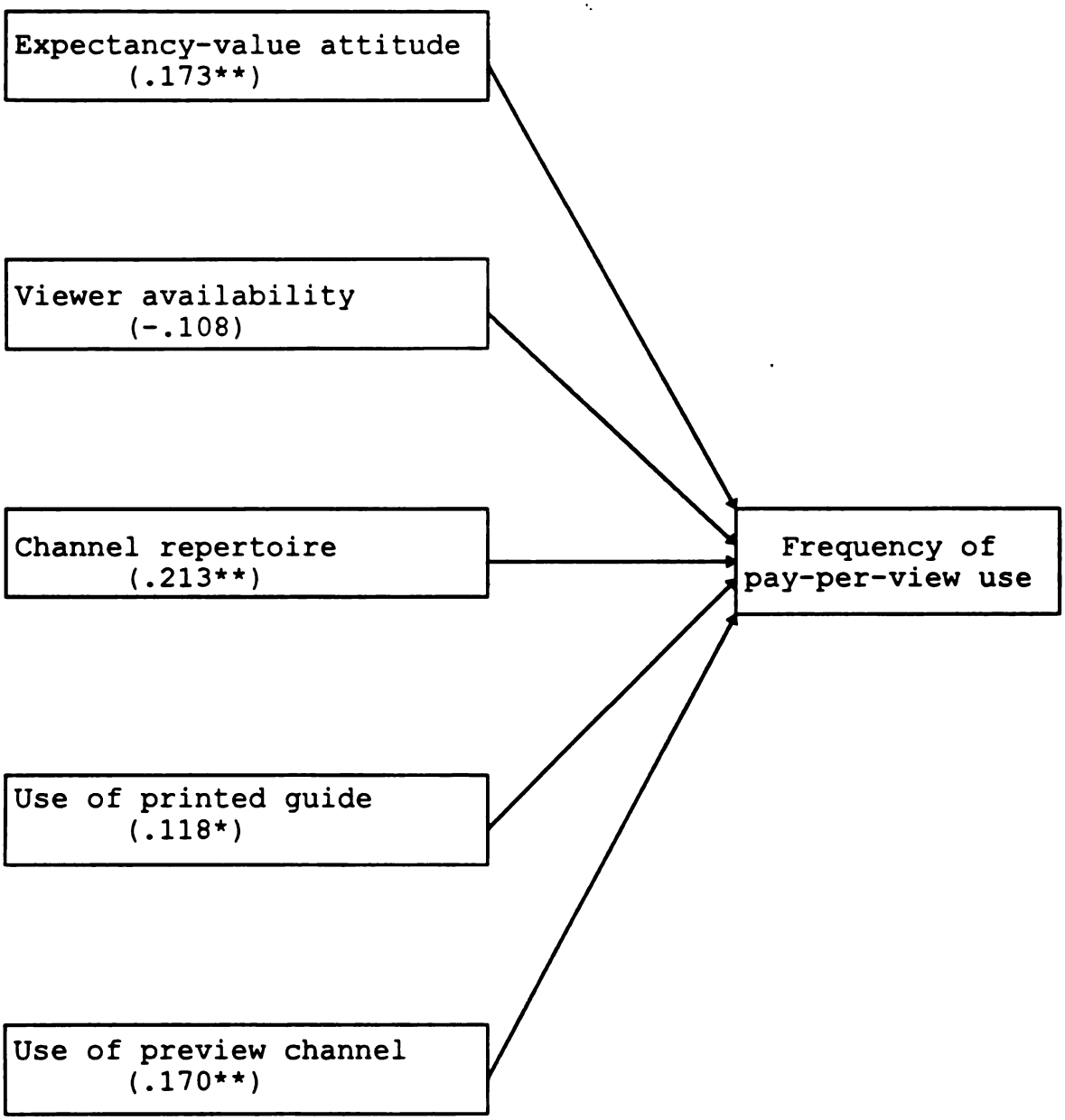
that higher income people are more likely to use pay-per-view. Age turned out to have a slight negative relationship with the use of pay-per-view. Although the correlation coefficient (r=-.07) did not reach statistical significance, it shows that younger people are more likely to purchase pay-per-view than older people. Education level showed a slightly positive relationship with the use of pay-per-view, but the correlation coefficient did not have statistical significance.

Figure 1 presents correlation between frequency of pay-per-view use and variables in the study.

Insert Figure 1 here.

Comparing Pay-Per-View Users and Non-users

This study makes a comparison between pay-per-view users and non-users in various dimensions. The purpose of the comparison is to examine how pay-per-view users are different from other cable TV subscribers who do not use pay-per-view. The comparison would make clear how pay-per-view users are different from non-users in, perception of attributes of pay-per-view, buying intention for improvements, and media consumption pattern.



*p<.05 **p<.01

Figure 1. Correlation between frequency of pay-per-view use and variables in the study

Perception of Attributes of Pay-Per-View

It is essential to compare the perception of attributes of pay-per-view in understanding how the users and non-users are different in evaluating pay-per-view as a distribution channel. This study compares how users and non-users perceive seven attributes associated with pay-per-view. The seven attributes considered in the telephone survey are the following: 1) quality of movies on pay-per-view, 2) price value of pay-per-view , 3) convenience of pay-per-view, 4) variety of choices on pay-per-view , 5) spontaneity of pay-per-view , 6) picture and sound quality of pay-per-view , and 7) the privacy issue of pay-per-view. Comparison of perception between two groups is presented in Table 16.

Insert Table 16 here.

Perception of pay-per-view users: In the telephone survey result, pay-per-view users agreed that pay-per-view has the following attributes. In rank order they are: 1) convenience (mean=1.818), 2) good picture and sound quality (mean=2.039), 3) spontaneity (mean=2.049), and 4) quality of movies (mean=2.182). This result shows that convenience of pay-per-view is the most highly evaluated attribute by pay-

per-view users. Secondly, good picture and sound quality is recognized. Then, the spontaneous nature of pay-per-view and the quality of movies presented on pay-per-view are mentioned.

However, pay-per-view users showed relatively low levels of agreement that pay-per-view has the following attributes: 1) good price value (mean=2.513), 2) variety of choices (mean=3.029), and 3) the privacy problem (mean=3.662). (Because the answers were coded on five point scale where 1 is strongly agree and 5 means strongly disagree, a mean of 2.5 was used as the cut point.) The telephone survey result clearly recognized the two main problems with the current pay-per-view: the high price and the lack of variety. These two problems were consistently mentioned in the number of interviewees and also confirmed quantitatively in the telephone survey. While the privacy problem of pay-per-view was mentioned in the interview by some respondents, it turned out not to be a big factor in using pay-per-view. In other words, people generally do not worry much about the fact that their viewing on pay-per-view can be recorded by a cable company.

In sum, pay-per-view users perceive pay-per-view as a convenient and spontaneous medium with good picture and sound quality. But the limitation of selection and the high price are considered negative attributes.

Table 16. Comparison of perception about pay-per-view

Dimension	Users	Non-users	t value (prob.)
PPV provides quality movies.	mean=2.182 SD=.728 n=280	mean=2.495 SD=.748 n=105	3.73** (.000)
PPV has a good price value.	mean=2.531 SD=.997 n=286	mean=2.960 SD=.925 n=99	3.75** (.000)
PPV is convenient for watching movies.	mean=1.818 SD=.742 n=285	mean=2.160 SD=.830 n=106	3.93** (.000)
PPV has better choices movies.	mean=3.029 SD=1.095 n=281	mean=3.214 SD=.914 n=103	1.53 (.127)
PPV gives something you can do on the spur of the moment.	mean=2.049 SD=.935 n=286	mean=2.396 SD=.927 n=111	3.33** (.001)
PPV has a good picture and sound quality.	mean=2.039 SD=.776 n=284	mean=2.310 SD=.550 n=71	2.77** (.006)
PPV has a privacy problem.	mean=3.662 SD=1.064 n=281	mean=3.650 SD=1.019 n=100	.10 (.923)

**p<.01
(1=strongly agree, 5=strongly disagree)

Comparison of users and non-users: Compared to pay-per-view users, non-users have significantly lower level of perception for all four attributes than pay-per-view users. This suggests that pay-per-view users perceive the attributes more favorably than non-users. A t-test showed that the differences between users and non-users are statistically significant for all four attributes. In this telephone survey users and non-users showed the biggest difference in perceiving the convenience attribute. While users have a mean of 1.818, non-users have mean of 2.160.

Non-users are also concerned about the high price and variety of titles. They do not perceive that pay-per-view has a good price value and better choices of movies. A t-test showed that there is a significant difference in perceiving price value of pay-per-view between users and non-users. Both users and non-users perceive that the limited variety of titles is the major problem of pay-per-view. Regarding this point there is no significant statistical difference between the two groups. Figure 2 presents the comparison of perception between pay-per-view users and non-users.

Insert Figure 2 here.

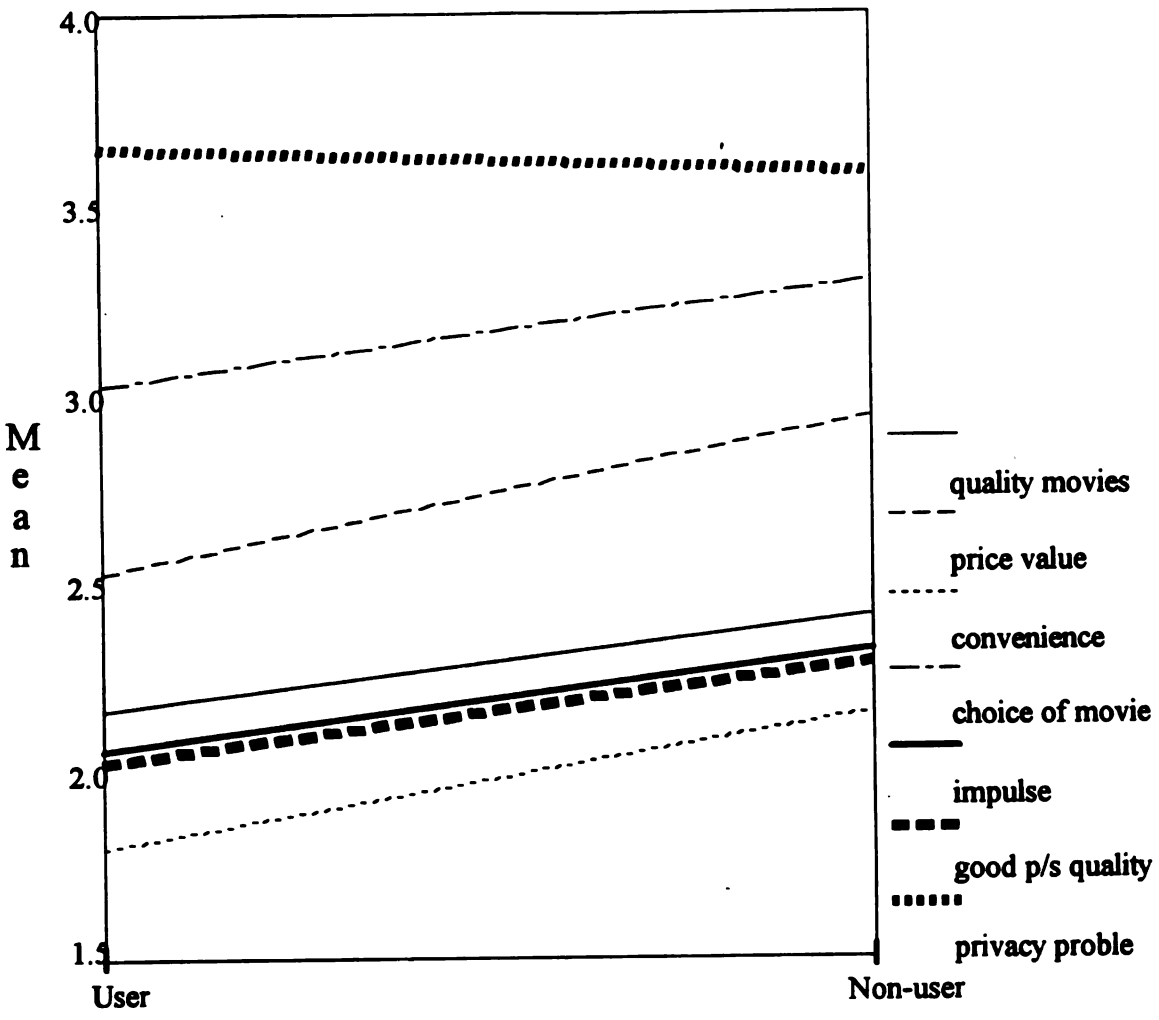


Figure 2. Comparison of pay-per-view perception

Note: 1: strongly agree
5: strongly disagree

Improvements in Pay-Per-View and Buying Intention

In this study pay-per-view is considered a precursor to video on demand, which will bring more user friendly improvements. This study examined how consumers would react to the possible improvements associated with pay-per-view in various aspects. Eight possible improvements of pay-per-view were analyzed. The eight improvements are the following: 1) lower price of pay-per-view , 2) half hour interval for movie starting time, 3) instant access to movies, 4) ordering by remote tuner, 5) more variety titles, 6) earlier window for movies, 7) control of movies, and 8) electronic browsing capability. Table 17 summarizes how each improvement in pay-per-view would affect consumers' buying intentions.

Insert Table 17 here.

The telephone survey result shows that improvements of pay-per-view in various aspects would make users buy more pay-per-view programs. Among eight possible improvements, pay-per-view users showed their buying intention in the following rank order:

Table 17. Improvement in pay-per-view and buying intention

Improvements	Users	Non-users	t value (prob.)
PPV provides lower price for the program.	mean=1.721 SD=.823 n=283	mean=2.126 SD=.973 n=111	4.17** (.000)
PPV program is scheduled every half hour.	mean=2.312 SD=.781 n=285	mean=2.528 SD=.842 n=106	2.38* (.018)
PPV program can be ordered at any time of the day.	mean=1.878 SD=.814 n=286	mean=2.225 SD=.960 n=111	3.63** (.000)
PPV can be ordered with remote tuner.	mean=2.249 SD=1.060 n=285	mean=2.310 SD=1.027 n=113	.52 (.604)
PPV provides more variety of titles.	mean=1.666 SD=.598 n=284	mean=2.071 SD=.846 n=112	5.37** (.000)
PPV movies are available in earlier window.	mean=1.915 SD=.819 n=281	mean=2.301 SD=.895 n=113	4.12** (.000)
PPV program can be paused, rewinded, and forwarded.	mean=1.989 SD=.803 n=282	mean=2.309 SD=.916 n=110	3.40** (.001)
Movies clips can be browsed before ordering.	mean=2.004 SD=.747 n=286	mean=2.227 SD=.750 n=110	2.67** (.008)

*p<.05 **p<.01
(1=much more likely to buy, 5=less likely to buy)

1) Pay-per-view provides more variety of titles (mean=1.666).
2) Pay-per-view provides lower price for the program (mean=1.721).
3) Pay-per-view program can be ordered at any time of the day (mean=1.878).
4) Pay-per-view movies are available in earlier window (mean=1.915).
5) Pay-per-view program can be paused, rewinded, and forwarded (mean=1.989).
6) Movie clips can be browsed before ordering (mean=2.004).
7) Pay-per-view can be ordered with remote tuner (mean=2.249).
8) Pay-per-view is scheduled every half hour (mean=2.312).

This result showed that providing more variety of titles on pay-per-view drew the highest buying intention from pay-per-view users. Considering the fact that pay-per-view users were concerned about the limited selection of movies on pay-per-view, the result is coherent. The result showed that 265 pay-per-view users (93.3%) responded that they would be more likely to order pay-per-view if they can watch more variety of titles.

The lower price of pay-per-view would be the next biggest improvement for pay-per-view users. The telephone survey showed that a fair number of pay-per-view users perceive that pay-per-view has a higher price for its value. The telephone survey result showed that 242 pay-per-view users (85.5%) responded that they would be more likely to buy pay-per-view with a lower price.

The telephone survey result showed that the improvement of scheduling can make pay-per-view users to order pay-per-view more frequently. The pay-per-view users showed the third biggest agreement in that they would be more likely to buy pay-per-view if they could purchase a program at any time of the day. Among pay-per-view users, 225 people (78.7%) replied that they would be more likely to buy pay-per-view if they could watch movies at any time of the day. Compared to the notion of video-on-demand, people find near-video-on-demand less favorable in improving scheduling. There were 167 pay-per-view users (58.6%) who replied that they would increase buying of pay-per-view if the movies were scheduled every half hour. While the idea of video-on-demand has a mean of 1.878, the notion of near-video-on-demand has a mean of 2.312, which was the weakest support among eight possible improvements. In general, providing more convenient scheduling would increase the use of pay-per-view. Although near-video-on-demand can improve the

convenience of scheduling. consumers are more favorable toward the idea of video-on-demand.

According to the telephone survey result, having an earlier window for major box office hit movies would also affect consumers' buying intentions for pay-per-view. In addition to the limited selection of movies, movies are also available after they are released at video stores. With the same window as video stores, 221 pay-per-view users (78.6%) replied that they would be more likely to buy pay-per-view. The item that asks about the improvement of the window has a mean of 1.915 which was the fourth among the possible improvements.

To the question which asks whether ordering by remote tuner would increase the buying, 163 people (57.2%) replied that they would be more likely to buy pay-per-view. While pay-per-view users find the phone ordering system convenient, the improvement in convenience still could increase the use of pay-per-view.

Because the current pay-per-view system provides no control over what consumers are watching, the telephone survey asked how having such control would change the buying intention. Two aspects of control are examined. First, people were asked how much more they would order pay-per-view if they could pause, rewind, and fast-forward movies at home. To this question, 199 users (70.6%) replied that they

would be more likely to buy the pay-per-view program. It has mean of 1.989 which was the fifth among eight improvements.

Regarding the electronic browsing capability, pay-per-view users showed favorable attitudes. There were 214 people (74.8%) who replied that they would be more likely to buy pay-per-view if they could browse movie clips before ordering. It has mean of 2.003 which was the sixth among other improvements.

Comparison with non-users: Compared to pay-per-view users, non-users showed a lower level of intention to buy pay-per-view if pay-per-view provided various improvements. Across all eight possible improvements pay-per-view users showed a higher level of intention of purchasing pay-per-view with improvement. According to the t-test result, except the improvement of ordering by remote tuner, there are statistical differences in intention to buy. Figure 3 presents comparison of buying intention for improvements between pay-per-view users and non-users.

Insert Figure 3 here.

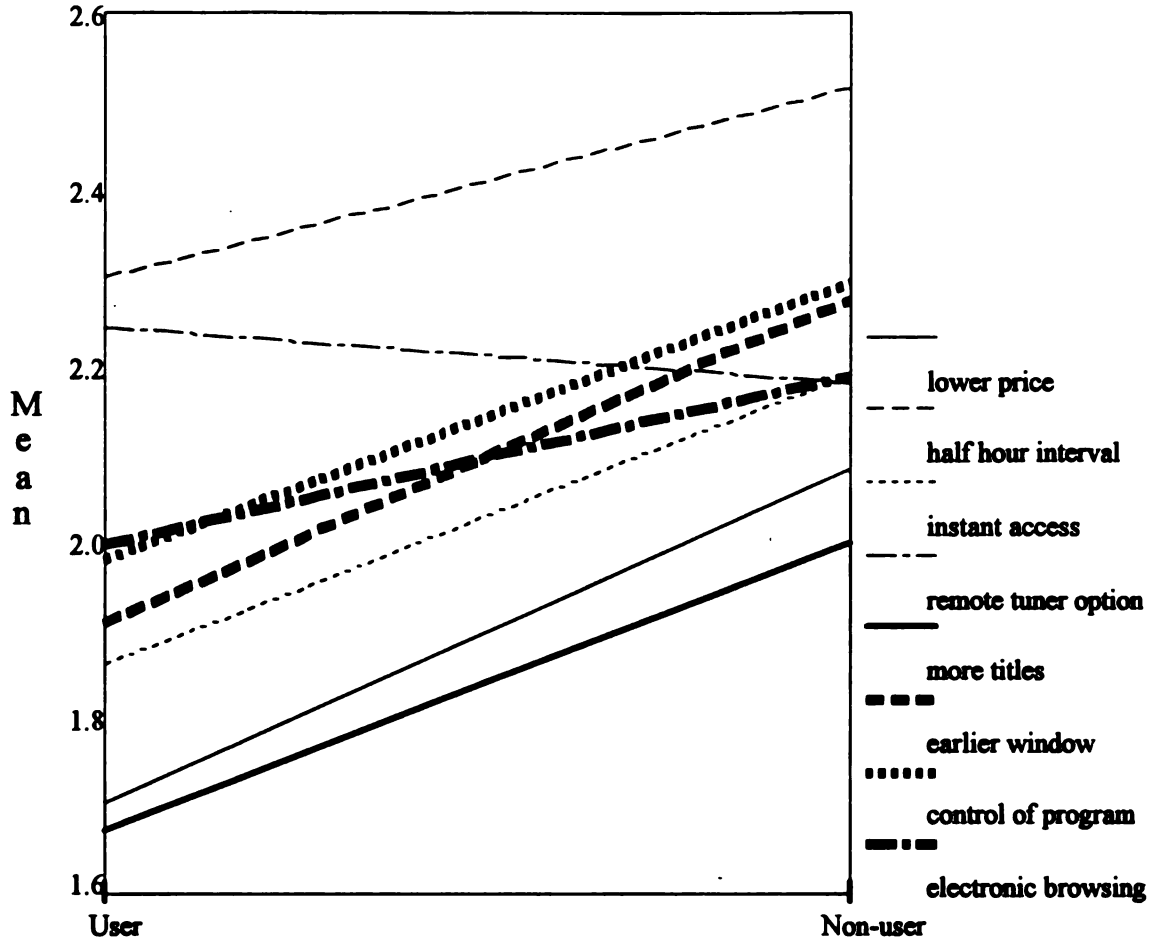


Figure 3. Comparison of buying intention for improvements

Note: 1: more likely to buy
5: less likely to buy

Media Consumption Pattern

In terms of media consumption patterns, first behavior of video movie rental is compared. Then, consumption of TV and theater movies are compared.

VCR use: In terms of video cassette recorder ownership, there is no significant difference between pay-per-view users and non-users. Among pay-per-view users, 257 people replied that they have video cassette recorders, while 111 non-users have one. Those two numbers equally accounted for about 88% of each group. Regarding tape rental, pay-per-view users rent more video tapes than non-users. On average, pay-per-view users rent 4.1 tapes in a month while non-users rent 3.4 tapes. Although the difference does not reach statistical significance, this suggests that pay-per-view users are more interested in video entertainment than non-users. Table 18 shows the difference between the two group regarding video cassette recorder use and the result of t-test.

The telephone survey provided an interesting result about how convenient the two groups perceive video rental to be. Because video movie rental is the closest substitute for using pay-per-view, the analysis of how pay-per-view users and non-users perceive video movie rental is important. According to the telephone survey result, pay-

per-view non-users are more likely to consider video rental as convenient than users. While 80% of non-users (86) responded that video rental is convenient, 64% of users (165) agreed to the proposition. The difference in perceptions of the two groups turned out to be significant by t-test. This could indirectly support the proposition that pay-per-view users are more concerned about convenience in consuming video entertainment.

Table 18. Comparison of video rental between users and non-users

Category	Users	Non-users	t value (prob.)
VCR ownership[1]	mean=1.111 SD=.314 n=289	mean=1.112 SD=.317 n=125	.04 (.970)
Number of tape rentals in a month	mean=4.097 SD=4.988 n=257	mean=3.405 SD=3.192 n=111	1.35 (.179)
Frequency of paying late fee for tape return[2]	mean=2.949 SD=1.051 n=255	mean=3.346 SD=.913 n=110	3.44** (.001)
Perception of convenience in video rental[3]	mean=2.341 SD=1.132 n=255	mean=1.972 SD=1.014 n=107	2.92** (.004)

**p<.01
1. 1= own a VCR 2= do not own a VCR
2. 1=almost every time 4=never
3. 1=very convenient 5=very inconvenient

Confirming this result, pay-per-view users are more likely to pay a late fee for tape rental than non-users.

While 57% of non-users (63) said that they never pay a late fee, about 30% users (39) said that they pay a late fee for about half of the tape rentals. Among users, 12% of people (36) responded that they almost always pay the late fee. The difference between two groups is also significant by t-test result. It tells that pay-per-view users do not value the convenience of video rental compared to non-users. In other words, pay-per-view users would more appreciate the convenience of pay-per-view regarding ordering movies without leaving home and without the need to return the movies.

Consumption of TV and theater movies: In addition to video rental, the amount of TV watching and the consumption of theater movies was compared between pay-per-view users and non-users. Table 19 presents the result of t-test for each media consumption.

Table 19. Comparison of TV watching and consumption of theater movies.

Category	Users	Non-users	t value (prob.)
Hours of TV watching per day	mean=1.839 SD=.960 n=286	mean=1.664 SD=..878 n=122	1.73 (.084)
Number of going to the theater in a month	mean=1.658 SD=2.058 n=257	mean=1.464 SD=2.149 n=110	.82 (.415)

Although these two comparisons failed to achieve statistical significance, the direction of the result could suggest that pay-per-view users are more interested in watching TV and consumption of theater movies.

Discriminant Analysis for Users and Non-users

This study tries to find variables that can distinguish the pay-per-view user group from the non-user group. Discriminating variables in the study include use of pay-per-view preview channel, use of printed guide, frequency of video movie rental, frequency of theater attendance, amount of TV watching. age, gender, and education level. Discriminant analysis was performed with 'direct' option where all discriminating variables are entered into the analysis concurrently. After excluding cases with missing discriminating variables, the discriminant analysis used 354 cases. Table 20 presents standardized canonical discriminant function coefficient for each variable in the analysis.

Since the analysis deals with two groups, only one discriminant function was produced. Canonical correlation between the discriminant function and the set of variables has a moderate size coefficient of .288. The canonical correlation represents how closely the discriminant function

and group variables are related, which is a measure of the function's ability to discriminate between the groups. Wilks' Lambda for the discriminant function is .917 which corresponds to a chi-square of 30.07 with probability level of .0002. The discriminant function achieved the rate of 61.86% in correctly classifying each case into the user group or the non-user group.

Table 20. Discriminant analysis for users and non-users

Variable	Standardized canonical discriminant function coefficient
use of preview channel	.760
use of printed guide	.389
amount of TV watch	.239
video rental	.136
theater going	.040
age	-.130
gender	.310
education	.115

Canonical correlation=.288 Wilks' Lambda=.917
chi-square=30.073 df=8 sig=.0002
Total cases in analysis: 354
Percent of grouped cases correctly classified: 61.86%

The analysis of standardized canonical discriminant function coefficients shows two major discriminating variables which are use of preview channel and use of

printed guide. Since each coefficient represents the relative contribution of its associated variable to the function, the interpretation is analogous to that of beta weights in multiple regression. The result of discriminant analysis shows that use of pay-per-view preview channel is the most important discriminating variable with standardized canonical discriminant function coefficient of .760. In other words, knowing the frequency of checking the preview channel is the best predictor of whether a cable subscriber is a pay-per-view user or not. The second important discriminating variable is the use of printed guide. This also means knowing how often a cable subscriber checks out the printed guide for pay-per-view programming contributes to determining whether the subscriber uses pay-per-view or not. Gender has the third largest standardized canonical discriminant function coefficient. Amount of TV watching and the frequency of video movie rental follow.

The result of discriminant analysis confirmed the importance of viewer awareness in using pay-per-view. Use of pay-per-view preview channel and use of printed guide for checking pay-per-view programs, which are operational measures of viewer awareness, turned out to be major variables which can distinguish the pay-per-view user group from the non-user group. This means pay-per-view users are

more likely to get information about pay-per-view programming and its schedule than non-users.

Prediction of Pay-Per-View Use

This study tried to find factors that can predict the use of pay-per-view. Multiple regression was performed to examine how independent variables make contributions in predicting the use of pay-per-view. Frequency of pay-per-view use is considered a dependent variable in the multiple regression equation. Independent variables in the multiple regression equation include channel repertoire, time of ordering decision, satisfaction level, gender, and socio-economic status(SES). Socio-economic status is a variable which combines a subject's education level and income level. Income level was reorganized into six groups to match the scale of education level. Then, mean of two variables was calculated and it was considered a subject's socio-economic status. All independent variables were forced into the multiple regression equation for analysis based on theoretical grounds. The result of regression analysis is presented in Table 21.

In this study channel repertoire, time of ordering decision, gender, and socio-economic status(SES) were found to have statistically significant beta coefficients in predicting the frequency of pay-per-view use. Beta

coefficient of satisfaction level did not reach statistical significance. The multiple regression analysis produced a multiple correlation coefficient (R) of .405 and R^2 of .164. This means that the regression equation explains 16.4% of variance in the frequency of pay-per-view use.

Table 21. Multiple regression analysis for pay-per-view use

Variable	B	Beta	t	Sig t
channel repertoire*	.470	.159	2.039	.043
time of order**	-.207	-.252	-3.298	.001
satisfaction	.008	.101	1.261	.209
SES*	.278	.180	2.299	.023
gender**	-.706	-.246	-3.163	.002
(constant)	5.720		7.824	.000
Multiple R=.405 R square=.164				

*p<.05 **p<.01

Time of ordering decision makes the largest contribution in predicting the use of pay-per-view with beta coefficient of -.252. The minus sign of beta coefficient indicates that people who make a pay-per-view ordering decision on the spur of the moment are likely to be heavy users. Knowing the gender of the subject makes the second largest contribution in the multiple regression equation with beta coefficient of -.246. This study shows that males

are more likely to use pay-per-view than females. Socio-economic status also explains some of variance in the use of pay-per-view. Although income level and education level did not show statistically significant correlation coefficients with the use of pay-per-view respectively, socio-economic status which combined the two variables has statistically significant beta coefficient in predicting the use of pay-per-view. Having pay-per-view preview channel under channel repertoire also turned out to have statistically significant beta coefficient in explaining the variance of the use of pay-per-view.

Chapter 5

DISCUSSION

Overview

This study examined how people perceive pay-per-view and use it to satisfy their video entertainment needs. The study also examines how the new communication delivery method could change the consumers' video entertainment consumption patterns. Electronic mail interview and telephone survey were performed to investigate pay-per-view using patterns and perceptions of the medium. Research hypotheses were tested empirically and the results were presented in the previous chapter. The purpose of this chapter is to provide a summary of the findings and their implications. The contribution of this study is also noted and the limitations of the current study are presented.

Findings and Implications

Combining qualitative and quantitative research methods, this study analyzed how people perceive and use pay-per-view as a video distribution channel. In this study, electronic mail interviews with pay-per-view users

provided valuable insight regarding how they evaluate and use the technology. Based on this electronic mail interview result, the survey was administered to examine the hypotheses with a larger group of people.

The analysis of the electronic mail interview found two main characteristics that pay-per-view users have in association with pay-per-view. The two main attributes that people have in relation to pay-per-view are convenience and spontaneity. First, most of people perceive pay-per-view as a convenient medium to watch video entertainment. Compared to video movie rental, many pay-per-view users perceive that pay-per-view provides a convenient way to access the movies. Saving trips to the video store and the easy ordering process are mentioned for the convenient aspects of pay-per-view.

Secondly, another prominent attribute of pay-per-view recognized by users was spontaneity. According to the study, most pay-per-view users perceive pay-per-view as a spontaneous medium with which they can purchase entertainment on the spur of the moment. Telephone survey results confirmed this notion by showing most of users make buying decisions within a short period of time before a program starts. The telephone survey results showed that most users do not actively plan pay-per-view purchases in advance. This suggests that improvements which can

accommodate consumers' impulse searching and buying behavior more efficiently should increase the use of pay-per-view.

This study also found that current pay-per-view has some obstacles to increased use. Both interview and telephone survey showed that there are two main negative attributes with pay-per-view at this point. Many pay-per-view users pointed to the high price for movies and entertainment and limited variety of titles as unappealing characteristics of pay-per-view. Although they appreciate the convenience, most users consider a pay-per-view as expensive for its value. Compared to video movie rental, pay-per-view offers only limited titles of movies which are mainly newly released movies and adult-oriented movies. Therefore, pay-per-view users still depend on video stores for access to old movies or minority taste program. Considering that video movie rental is the biggest competitor of pay-per-view, pay-per-view is seriously handicapped in these two aspects.

Other negative aspects of pay-per-view in this study include lack of control over movies and inconvenient movie schedule. The study result revealed that pay-per-view users are concerned about control over what they are watching. Although pay-per-view users consider that pay-per-view has reasonably convenient schedules for movies, some people miss pay-per-view movies due to inconvenient starting times. In

order to handle more impulse buys, providing more convenient scheduling turns out to be critical.

The test of the research hypotheses proved that expectancy-value theory and program choice theory are useful in predicting the use of the medium. H1 confirmed that expectancy-value attitude has a positive relationship to the use of pay-per-view. The study result shows that expectancy-value attitude is a good predictor of the media consumption as the theory of reasoned action would project.

Program choice theory was also tested empirically in the study. Theoretical dimensions such as viewer availability, inclusion of channel repertoire, and viewer awareness are assessed in this study. While they were originally developed to explain the media consumption behavior under over-the-air broadcasting only environment, these theoretical dimensions were used to explain the consumers' consumption pattern of pay-per-view. The study results indicate that viewer availability is not a good predictor in explaining the media consumption pattern under the multichannel environment. As Youn (1993) pointed out, viewer availability becomes less important in predicting media consumption because the multichannel environment offers more viewing opportunity for the audience. In case of pay-per-view, viewer availability is not significantly related to use because the program is usually scheduled more

frequently compared to the over-the-air broadcasting environment. The test result of H2 shows that the correlation between viewer availability and the frequency of pay-per-view use has a weak negative coefficient (r=-.11) and it was not significant at alpha level of .05. As pay-per-view makes improvements in scheduling and can handle more impulse buyers, viewer availability may be not a relevant factor in explaining consumption of pay-per-view in the future.

Inclusion of pay-per-view under channel repertoire was examined in H3. Because there are multiple programming options available in the multichannel environment, having pay-per-view under the channel repertoire was expected to have a positive relationship to the use of pay-per-view. According to the telephone survey result, a positive relationship between the two variables was found. Considering that there are some people who turn to pay-per-view as their last option for entertainment, including pay-per-view under a set of regularly watched channels should increase the possibility of purchasing a pay-per-view program.

Viewer awareness was expected to have a positive relationship with the use of pay-per-view in this study. As the number of channels increases in the multichannel environment, it becomes difficult for the audience to be

aware of all the alternative programming options at a given time. Therefore, if the audience knows what kind of programming is on a certain channel, it certainly increases the possibility of viewing. For the use of pay-per-view, viewer awareness plays a critical role in consuming video entertainment. The concept of pay-per-view puts more responsibility on the consumer than other over-the-air broadcasting and cable TV programming. It requires the consumer to actively place purchase orders to see movies. Compared to the possibility that the audience can watch TV programming randomly by surfing the channel, people have to be more actively involved in searching the available programming options on pay-per-view. Due to the fact that knowing available programming options should precede actual purchasing, viewer awareness becomes more important for an interactive medium.

As there can be several video options under pay-per-view for a given time, unlike TV channels, it is important to inform consumers of all the available programming in order to maximize the possibility of purchase. This notion would become more important as pay-per-view can offer more variety of titles on more channels. Providing user-friendly searching tools for possible programming options will be critical in video-on-demand. Assuming hundreds of titles of movies available on demand, informing consumers of those

options would be a critical job for marketing. An interviewee's answer about having more choices on pay-per-view illustrates this notion clearly:

> If there were 10 choices, maybe I would buy more. If there were 100 movies at a given time, I would probably never even take the time to read the whole list.

In this study, using the printed guide and checking the preview channel for pay-per-view was examined to assess the relationship between viewer awareness and the use of pay-per-view. Both using the printed guide and checking the preview channel turned out to have a positive relationship to the use of pay-per-view, supporting H4 and H5. While using the printed guide has a coefficient of .118, checking the preview channel has a coefficient of .170 with the use of pay-per-view. This could suggest an interesting point from the viewpoint of marketing. In terms of the frequency of checking, the telephone survey result showed pay-per-view users depend more on the preview channel than the printed guide. For those impulse buyers, awareness of the program for purchase happens just a short time before the start of the program. It would be easier for them to the preview channel on TV than to find the printed guide in the house and check what kind of programming options are available for the hour. Considering the amount of people who make the

purchase decision on impulse, providing a more user-friendly on-screen guide would be important.

This study also examined how the possible improvements of pay-per-view would influence consumers' buying intentions. The study showed a coherent result reflecting the current problems of pay-per-view. In this study, consumers showed the highest buying intention to having more variety of titles on pay-per-view. The next highest buying intention was for lower price for the program on pay-per-view. This result exactly projects the major problems of the current pay-per-view: limited selection of titles and high price. If pay-per-view can overcome these two structural problems, it can certainly make more people turn to pay-per-view for video entertainment.

The concept of video-on-demand is also recognized as a major improvement by consumers. This study examined the video-on-demand and near-video-on-demand where movies start every half hour. The telephone survey result shows that consumers prefer the idea of video-on-demand to near-video-on-demand. This suggests that while near-video-on-demand can give consumers more opportunities to access movies, consumers like to have instant access to movies.

Implication for Pay-Per-View Industry

This study also provides implications for the industries which are involved in operation of pay-per-view. The result of this study identified consumers' two major complaints of pay-per-view, which are high price and a lack of variety in titles. Considering the fact pay-per-view is competing with video movie rental, solving these problems is critical for the future of the pay-per-view industry. Earlier access to newly released movies also should improve the competitiveness of pay-per-view.

For cable operators, it is important to provide more user-friendly pay-per-view systems for consumers. Providing a user-friendly ordering system or searching tool for pay-per-view programming would improve pay-per-view buy rates. At this point the cable industry is suffering from lack of addressable converters and limited channel capacity for the programming. However, upcoming technology like deployment of fiber optic cable would bring a wide range of opportunities for pay-per-view. Near-video-on-demand or video-on-demand can provide more variety of titles other than major box office hit movies at competitive price. If cable system operators provide on-demand scheduling and control over the programming, that would be a major improvement for pay-per-view in the future.

Limitation of the Current Study

One focus of this study is to examine how consumers perceive the attributes of pay-per-view. Many questions that ask consumers' attitudes toward pay-per-view were used to investigate consumers' perception. This study also asked 'what if' questions to examine consumers' buying intentions for possible improvements of pay-per-view. However, it is not clear how respondents actually understand the practical meaning of improvements. For some improvements, the 'what if' questions may not mean much to consumers unless they actually experience it.

Electronic mail interview results of pay-per-view users on DBS illustrate this notion. For example, consumers did not show much favor to the option of using a remote tuner for ordering instead of making a phone call in the telephone survey. That was the seventh improvement consumers liked among eight possible options. However, many consumers who had experienced both ordering options assert that using the remote tuner is a much better option for ordering. Some of them said they would not order as much if they had to make a phone call to place an order.

In the same vein, consumers might show different preferences for video-on-demand and near-video-on-demand if they had experienced both options. For some consumers, near-video-on-demand may be a sufficient improvement for

convenient scheduling. They may not show much difference in the frequency of using pay-per-view between video-on-demand and near-video-on-demand. It could be empirically tested in the future whether the two situations would make considerable differences in reality in terms of revenue because two situations would require different levels of investment for cable companies. For future study, therefore, it is necessary to have subjects relevant for the empirical testing.

Although events are important revenue source for the current pay-per-view, this study mainly deals with movies on pay-per-view. While movies are regularly scheduled and marketed on the certain price range, events are sold one time only at much higher price than movies. Therefore, the focus of the research was on the consumption of movies.

For future research to better understand the potential of pay-per-view, a different methodological approach is recommended for the purpose of triangulation. This study mainly deals with consumers' perception in examining demand for pay-per-view. For future research, usage data for different video outlets are needed to examine how consumers make a decision to use certain medium to watch specific movies. Consumers who have access to pay-per-view, video rental, pay-TV, and other video outlet options can be screened to determine how they choose each medium for video

entertainment. Specific movies can be selected and examined over a continuum of video outlets. Box office dollars at theaters, video rental revenue, and pay-per-view buy rate for certain movies can be compared. With this kind of usage data, future research can validate how consumers' perception drives demand for each different medium.

Concluding Remarks

Considering that there is relatively little literature about pay-per-view, this study makes a couple of important contributions. First, this study showed how expectancy-value theory and program choice theory can be applied to explain the video consumption patterns in multichannel environment. Expectant-value attitude turned out to be a good predictor of pay-per-view use. This study showed how viewer awareness becomes important while viewer availability loses its importance in predicting pay-per-view.

Further, this study presents the possibility of conducting new research methodology in gathering qualitative information. Using USENET and electronic mail via Internet, this study showed the possibility of gathering comprehensive information in an efficient way. By using Internet, it was possible to collect essential data about pay-per-view use in a relatively short period time. The results of electronic mail interviews were valuable sources for constructing the

telephone survey questionnaire. With the traditional interview or focus group method, it would have been very difficult to contact that many people across the nation. Their inputs were indispensable for understanding consumers' various concerns.

APPENDICES

APPENDIX A

APPENDIX A

ELECTRONIC MAIL INTERVIEW QUESTIONNAIRE

Dear _____;
The primary purpose of this interview is to develop a comprehensive and deep understanding about how people perceive and use pay-per-view in consuming video entertainment. Therefore, questions are very broad and open-ended. What I would like to see from the interview is diverse opinions, so feel free to express your thoughts. Please answer following questions as specific as possible.

Interview questions

1. What are main motives for you to use pay-per-view?

2. What are the attractive and unappealing attributes associated with using pay-per-view?

3 How do you perceive pay-per-view as a distribution channel ?(ex: pay-per-view provides good quality movies. pay-per-view gives good value for the price you pay. pay-per-view is convenient for watching movies.)

4. How do you become aware of pay-per-view programming?

5. How often do you use a printed guide to check pay-per-view programming schedules?

6. How often do you turn to a preview channel to check pay-per-view programming schedules?

7. People have a set of channels that they intentionally turn to. Would you say that you include pay-per-view under a set of channels that you regularly turn to?

8. When do you decide to order a pay-per-view movie before a movie starts? (ex: on the spur of the moment or how many hours in advance)

9. How often do you order a pay-per-view movie?

10. How well are you satisfied with pay-per-view to watch a movie?

11. How would you evaluate the price that you pay for a pay-per-view movie?

12. How much more likely would you be to order a pay-per-view movie if the price for a pay-per-view movie is the same or lower than video cassette rental rate?

13. How convenient is scheduling time for pay-per-view movies for you to order? How often do you miss a pay-per-view movie that you want to watch due to inconvenient scheduling?

14. How much more likely would you be to order a pay-per-view movie if it was scheduled every half hour? How much more likely would you be to order a pay-per-view movie if you got instant access to it?

15. How convenient is it for you to order a pay-per-view movie by making a phone call? How much more likely would you be to order a pay-per-view movie if you could order a movie by pressing a button on the remote tuner without making a phone call?

16. How would you compare going out to video store to rent movies and ordering pay-per-view movies?

17. How much more likely would you be to order a pay-per-view movie if you could get more variety of titles for movies?

18. Currently, major box office hit movies are released at video stores before they are available on pay-per-view. How much more likely would you be to order a pay-per-view movie if major movies were available on pay-per-view at the same time they are released at video stores?

19. How much more likely would you be to order a pay-per-view movie if you could pause, rewind, fast-forward movies at home?

20. How much more likely would you be to order a pay-per-view movie if you could browse movie selections electronically before ordering?

21. In order to rent a video cassette movie, people make two trips to the local video stores. How convenient is it for you to go out to video stores to rent movies?

22. Renting video tapes is a kind of shopping behavior while watching pay-per-view can be considered a home shopping. How would you compare these two options?

23. If you can get the same selection of movies as in the video store on pay-per-view, how much likely would you still be to go out to the video store?

24. Any other thoughts about pay-per-view?

Thank You.

APPENDIX B

APPENDIX B

TELEPHONE SURVEY QUESTIONNAIRE

[INTRODUCTION] This is ____ calling from the Department of Telecommunication at Michigan State University. We are doing a telephone survey about cable TV use. After you complete this survey, a free pay-per-view movie coupon will be mailed to you by TCI. Any information you provide will be kept confidential and used for research purpose only. If there are any question that you don't want to answer, just tell me and we will go on to next question. The survey should take 10-15 minutes.
[IF RESPONDENT SAYS THAT IT'S NOT A GOOD TIME FOR HER/HIM, ASK FOR A TIME TO CALL BACK. WRITE DOWN TIME TO CALL BACK AND THE NAME OF THE PERSON TO CONTACT.]

[PRESS '1' AND ENTER KEY TO CONTINUE].. 1

Q.1 Do you subscribe cable TV?

YES..... 1
NO..... 2
DON'T KNOW(TERMINATE INTERVIEW.).. 8
REFUSED..... 9

[IF THE ANSWER IS 2, THEN SKIP TO QUESTION 3]

Q.2 How long have you been a subscriber?

less than 1 year..1
1-2 years.....2
3-4 years.....3
5-10 years.....4
over 10 years.....5
DON'T KNOW.....8
REFUSED.....9

Q.3 Have you or other family member at your home ordered a pay per view program in last six months?

YES.....1
NO.....2
DON'T KNOW..8
REFUSED.....9

[IF THE ANSWER IS 1, THEN SKIP TO QUESTION 6]

Q.4 Have you ever tried to order a pay-per-view program?

YES.....1
NO.....2
DON'T KNOW..8
REFUSED.....9

Q.5 Do you know how to order a pay-per-view program?

YES.....1
NO.....2
DON'T KNOW..8
REFUSED.....9

[IF THE ANSWER TO QUESTION 3 IS 2 OR 8 OR 9, THEN SKIP TO QUESTION 20]

Q.6 What program do you usually watch on pay-per-view?

movies..... 1
special sporting events or concerts.. 2
both movies and special events..... 3
DON'T KNOW..... 8
REFUSED..... 9

Q.7 On average, how often do you order a pay-per-view program?

once a week or more..... 1
once every 2-3 weeks..... 2
once a month..... 3
once every 2 months..... 4
once or two times every six months.. 5
less than once every six months..... 6
DON'T KNOW..... 8
REFUSED..... 9

Q.8 On average, how much in advance of the pay-per-view program do you decide to place your order?

on the spur of moment.....1
15-30 minutes before.....2
31-59 minutes before.....3
1-3 hours before.....4
several hours before.....5
one or more days in advance..6
DON'T KNOW OR REMEMBER.....8
REFUSED.....9

Q.9 How well are you satisfied with the pay-per-view program service?

very satisfied.....1
satisfied.....2
neutral.....3
dissatisfied.....4
very dissatisfied..5
DON'T KNOW.....8
REFUSED.....9

Q.10 How often do you tape the pay-per-view program that you have ordered?

always.....1
most of time..2
often.....3
sometimes.....4
rarely.....5
never.....6
DON'T KNOW....8
REFUSED.....9

[IF THE ANSWER IS 6 OR 8 OR 9, THEN SKIP TO QUESTION 13]

Q.11 Do you usually watch and tape a pay-per-view program at the same time or tape first and watch it later?

at the same time..1
watch it later....2
DON'T KNOW.....8
REFUSED.....9

Q.12 On average, how often do you watch a pay-per-view program you tape?

once after taping.....1
2 to 3 times after taping.....2
4 to 5 times after taping.....3
6 to 7 times after taping.....4
more than 7 times after taping..5
DON'T KNOW.....8
REFUSED.....9

Q.13 Would you tell me, on average, how many people in your households watch a pay-per-view program when you purchase the program? [ENTER VALID NUMBER, 1-50]

NUMBER OF PEOPLE

____

Q.14 Do all the viewers of pay-per-view program participate in decision making process with regard to ordering a pay-per-view program?

YES.....1
NO.....2
DON'T KNOW..8
REFUSED.....9

Q.15 How often do you miss a part of pay-per-view program due to an interruption like a phone call, visitors or other matters?

almost every time...1
about half of time..2
rarely.....3
never.....4
DON'T KNOW.....8
REFUSED.....9

Q.16 Have you ever ordered a pay-per-view program and did not receive it?

YES.....1
NO.....2
DON'T KNOW..8
REFUSED.....9

[INSTRUCTION] I'd like you to evaluate some statements that describe peoples' motive for watching pay-per-view program rather than just regular TV or cable. Tell me to what extent you agree or disagree with each statement.

PRESS '1' AND ENTER KEY TO CONTINUE... 1

Q.17 I watch pay-per-view to see newly released movies. Here are 5 options. Would you say you strongly agree, agree, neutral, disagree, strongly disagree? Here is the statement again. I watch pay-per-view to see newly released movies.

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.18 I watch pay-per-view to see a special entertainment event such as boxing match or concert. (Would you say strongly agree, agree, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.19 I watch pay-per-view to have something special to do with my family and friends. (Would you say strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.20 Now I have some questions associated with VCR use. Do you have a VCR at home?

YES.....1
NO.....2
DON'T KNOW..8
REFUSED.....9

[IF THE ANSWER IS 2 OR 8 OR 9, THEN SKIP TO QUESTION 28]

Q.21 Would you tell me, on average, how often do you rent a video tape in a month? [ENTER VALID NUMBER 0-50]

NUMBER OF RENTAL

____

Q.22 How often do you pay a late fee for video rental tapes?

almost every time...1
about half of time..2
rarely.....3
never.....4
DON'T KNOW.....8
REFUSED.....9

Q.23 How convenient is it for you to go out to video stores to rent movies and return the movies?

very convenient..... 1
convenient..... 2
neither convenient nor inconvenient.. 3
inconvenient..... 4
very inconvenient..... 5
DON'T KNOW..... 8
REFUSED..... 9

Q.24 Would you tell me, on average, how often do you go to theater to see movies in a month? [ENTER VALID NUMBER 0-99]

NUMBER OF GOING TO THEATER

____

[INSTRUCTION] I would like you to evaluate some statements that describe people's motive for VCR use. Tell me to what extent you agree or disagree with each statement.

PRESS '1' AND ENTER KEY TO CONTINUE... 1

Q.25 I use a VCR to see newly released video movies. Would you say you strongly agree, agree, neutral, disagree, strongly disagree?

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.26 I use a VCR to record TV programming that I want to watch later. (Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.27 I use a VCR to have something to do with my family and friends. (Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.28 Now I would like to ask questions about how you perceive pay-per-view. Tell me to what extent you agree or disagree with each statement.
Pay-per-view provides good quality movies.
Would you say you strongly agree, agree, neutral, disagree, strongly disagree?

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.29 Pay-per-view gives good value for the price you pay.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.30 Pay-per-view is convenient for watching movies.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8

REFUSED.....9

Q.31 Pay-per-view gives better choice movies to watch.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.32 Pay-per-view gives something you can do on the spur of the moment.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.33 Pay-per-view provides an opportunity to tape a movie that I want.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.34 Pay-per-view program has a good picture and sound quality.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.35 I worry that someone can keep track of what I watch on pay per view.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

[INTRODUCTION] I would like to evaluate some statements regarding criteria for choosing video entertainment from various video outlets. Tell me what extent you agree or disagree with each statement

Q.36 I am concerned about quality of movies.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.37 I am concerned about the price value when I choose video entertainment.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.38 Convenience is important when I choose video entertainment.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.39 I am concerned about the choice of movies when I choose video entertainment.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.40 I am concerned about how spontaneously I can watch a movie when I choose video entertainment.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.41 I am concerned about the sound and picture quality.
(Would you say you strongly agree, agree, neutral, disagree, strongly disagree?)

strongly agree.....1
agree.....2
neutral.....3
disagree.....4
strongly disagree..5
DON'T KNOW.....8
REFUSED.....9

Q.42 On average, how many hours per day do you watch television?

1 or 2 hours per day..1
3-4 hours per day.....2
5-6 hours per day.....3
7-8 hours per day.....4
over 8 hours per day..5
DON'T KNOW.....8
REFUSED.....9

Q.43 How often do you use a printed guide to check the pay-per-view programming schedule?

never.....1
1-2 times a month.....2
3-4 times a month.....3
5-6 times a month.....4
more than 6 times a month..5
DON'T KNOW.....8
REFUSED.....9

Q.44 How often do you turn to preview channel number 6 to check pay per view programming schedules?

never.....1
1-2 times a week..2
3-4 times a week..3
5-6 times a week..4
every day.....5
DON'T KNOW.....8
REFUSED.....9

[IF THE ANSWER IS 1 OR 8 OR 9, THEN SKIP TO QUESTION 46]

Q.45 Most people typically have a set of channels that they intentionally turn to. Would you say that you include pay-per-view preview channel under a set of channels that you regularly turn to?

YES.....1
NO.....2
DON'T KNOW..8
REFUSED.....9

Q.46 Compared to basic cable TV service, how would you evaluate the price for a pay-per-view movie?

much more expensive..1
more expensive.....2
about the same.....3
cheaper.....4
much cheaper.....5
DON'T KNOW.....8
REFUSED.....9

Q.47 Compared to pay TV service (like HBO or Showtime), how would you evaluate the price for a pay-per-view movie?

much more expensive..1
more expensive.....2
about the same.....3
cheaper.....4
much cheaper.....5
DON'T KNOW.....8
REFUSED.....9

[IF THE ANSWER TO QUESTION 20 IS 2 OR 8 OR 9, THEN SKIP TO QUESTION 49]

Q.48 Compared to video movie rental, how would you evaluate the price for a pay-per-view movie?

much more expensive..1
more expensive.....2
about the same.....3
cheaper.....4
much cheaper.....5
DON'T KNOW.....8
REFUSED.....9

Q.49 Compared to going to theater, how would you evaluate the price for a pay-per-view movie?

much more expensive..1
more expensive.....2
about the same.....3
cheaper.....4
much cheaper.....5
DON'T KNOW.....8
REFUSED.....9

Q.50 How likely would you be to order a pay-per-view movie if the price for a pay-per-view movie fell below video cassette rental rate?

much more likely....1
more likely.....2
it does not matter..3
less likely.....4
much less likely....5
DON'T KNOW.....8
REFUSED.....9

Q.51 How convenient are the scheduling times for the pay-per-view movies you want to see?

very convenient....1
convenient.....2
neutral.....3
inconvenient.....4
very inconvenient..5
DON'T KNOW.....8
REFUSED.....9

Q.52 How often do you miss a pay-per-view movie that you want to watch due to inconvenient scheduling?

always.....1
most of time..2
sometimes.....3
rarely.....4
never.....5
DON'T KNOW....8
REFUSED.....9

Q.53 How likely would you be to order a pay-per-view movie if it was scheduled every half hour?

much more likely....1
more likely.....2
it does not matter..3
less likely.....4
much less likely....5
DON'T KNOW.....8
REFUSED.....9

Q.54 How likely would you be to order pay-per-view movies if you could watch a movie at any time of the day you want?

much more likely....1
more likely.....2
it does not matter..3
less likely.....4
much less likely....5
DON'T KNOW.....8
REFUSED.....9

Q.55 How convenient is it for you to order a pay-per-view movie by making a phone call?

very convenient....1
convenient.....2
neutral.....3
inconvenient.....4
very inconvenient..5
DON'T KNOW.....8
REFUSED.....9

Q.56 How likely would you be to order a pay-per-view movie if you could order a movie by pressing a button on the remote tuner without making a phone call?

much more likely....1
more likely.....2
it does not matter..3
less likely.....4
much less likely....5
DON'T KNOW.....8
REFUSED.....9

Q.57 How likely would you be to order a pay-per-view movie if you could get more variety of titles for movies?

much more likely....1
more likely.....2
it does not matter..3
less likely.....4
much less likely....5
DON'T KNOW.....8
REFUSED.....9

Q.58 Currently major box office hit movies are released at video store before they are available on pay-per-view. How likely would you be to order a pay-per-view movie if major movies were available on pay-per-view at the same time they are released at video stores?

much more likely....1
more likely.....2
it does not matter..3
less likely.....4
much less likely....5
DON'T KNOW.....8
REFUSED.....9

Q.59 How likely would you be to order a pay-per-view movie if you could pause, rewind, or fast-forward movies at home?

much more likely....1
more likely.....2
it does not matter..3
less likely.....4
much less likely....5
DON'T KNOW.....8
REFUSED.....9

Q.60 How likely would you be to order a pay-per-view movie if you could browse movie selection previews on TV before ordering (which means call up short promotion clips of movies)?

much more likely....1
more likely.....2
it does not matter..3
less likely.....4
much less likely....5
DON'T KNOW.....8
REFUSED.....9

[IF THE ANSWER TO QUESTION 20 IS 2 OR 8 OR 9, THEN SKIP TO QUESTION 62]

Q.61 If you can get the same selection of movies as in the video store on pay-per-view, how likely would you still be to go out to the video store?

much more likely....1
more likely.....2
it does not matter..3
less likely.....4
much less likely....5
DON'T KNOW.....8
REFUSED.....9

Q.62 Just a few more moments and the survey will be over.
I have a few demographic questions that will be used for research purpose only.
What is your age?

AGE

____

Q.63 RECORD GENDER OF RESPONDENT HERE. ASK ONLY IF IN DOUBT.

MALE..... 1
FEMALE..... 2
DON'T KNOW.. 9
REFUSED..... 0

Q.64 Do you live alone or with other people?

LIVE ALONE.....1
WITH OTHER PEOPLE..2
DON'T KNOW.....8
REFUSED.....9

[IF THE ANSWER IS 1, THEN SKIP TO QUESTION 67]

Q.65 Are there any children living with you?

YES.....1
NO.....2
DON'T KNOW..8
REFUSED.....9

[IF THE ANSWER IS 2 OR 8 OR 9, THEN SKIP TO QUESTION 67]

Q.66 How many children are in your household? [ENTER VALID NUMBER OF CHILDREN 1-9]

NUMBER OF CHILDREN __

Q.67 What is the final level of education that you have completed? [WAIT FOR THE RESPONSE AND ENTER IT INTO MATCHING CATEGORY.]

NO HIGH SCHOOL EDUCATION....1
SOME HIGH SCHOOL EDUCATION..2
HIGH SCHOOL GRADUATE.....3
SOME COLLEGE EDUCATION.....4
COLLEGE GRADUATE.....5
BEYOND COLLEGE GRADUATE.....6
DON'T KNOW.....8
REFUSED.....9

Q.68 What is your household annual income level? [WAIT FOR THE RESPONSE AND ENTER IT INTO MATCHING CATEGORY.]

$8,000 OR LESS.....01
$8,001 TO $10,000.....02
$10,001 TO $15,000....03
$15,001 TO $20,000....04
$20,001 TO $30,000....05
$30,001 TO $40,000....06
$40,001 TO $50,000....07
$50,001 TO $60,000....08
$60,001 TO $70,000....09
$70,001 TO $80,000....10
$80,001 TO $90,000....11
$90,001 TO $100,000...12
$100,001 TO $120,000..13
$120,001 TO $140,000..14
$140,001 TO $160,000..15
$160,001 TO $180,000..16
$180,001 TO $200,000..17
$200,001 OR MORE......18
DON'T KNOW.....19
REFUSED.....20

[INSTRUCTION] Thank you for the interview. The coupon will be mailed to you in 4 to 6 weeks. Bye.

PRESS 1 AND ENTER KEY TO CONTINUE.. 1

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