BYRON MEDIA INC.
P: 212-726-1093
E: JOHN@BYRONMEDIA.COM
W: WWW.BYRONMEDIA.COM

Medialife Features Morse Interview on Nielsen Media Measurement

Dr. John Morse of Byron Media sat down with Medialife Magazine to provide his insights on recent developments at Nielsen regarding the measurement of new digital video venues. The article appeared on January 12 and is reproduced in its entirety in this E-mail. Dr. Morse's comments were also carried on the same day as the lead story in the Interactive Advertising Bureau *SmartBrief*.

Dr. Morse has a long career as a specialist in analyzing media and ratings data for a wide variety of media properties including cable and online networks. He can be reached by phone at 516-627-5634 and 212-726-1093.
Or contact him at John@ByronMedia.com

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For media planners and buyers

By Diego Vasquez
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What media buyers want from Nielsen

It's struggled to keep up with how people are watching video

It's certainly no secret media buyers have been frustrated by the slow pace at which Nielsen has begun measuring new media streams. Though second-screen viewing on smartphones and tablets has been growing at a rapid pace, the company only recently began measuring mobile viewership. And it just announced plans to start measuring streaming services such as Netflix and Hulu, which have skyrocketed in popularity. One reason behind the slow pace is because it takes a very long time to test these new methods of measurement. All the while, new technology is developing. But the ratings company also has a very wide range of clients, and changes that could benefit some clients might make others unhappy. Still, while media buyers have a vested interest in ratings that would decrease the price their clients pay for advertising, they ultimately are most concerned with accuracy. They want to know for sure who is watching what on which device so they can reach the most eyeballs. John Morse, president and chief strategist at Byron Media, a media research consulting company, talks to Media Life about what buyers really want, why it has taken so long for these changes to come about, and who stands to benefit from them.

Why has it taken so long for Nielsen to catch up to "the new reality" of TV viewing?

Nielsen has been conservative in making changes to its national ratings service even though it's been a focus for discussion for years. They need to beta test changes in sampling and methodologies before implementing to make sure that all their constituencies are in agreement. They don't want to jeopardize their credibility in providing ad sales currency.

Nielsen clients have diverse agendas and sometimes are in conflict with each other. For example, agencies want lower prices for ads while programmers want higher prices to spike revenue.

Changing the data could lead to either winning/losing. This puts Nielsen is a difficult space.

Another reason Nielsen was slow is because the private equity investors that bought the company used borrowed money, it was a leveraged buyout. Prior to the IPO, much of the company's resources went to paying down debt. The owners were more concerned with efficiency and downsizing than with keeping up with changes in the marketplace.

This put them in the hole and allowed competitors like Rentrak to gain market share.

How does this impact the jobs of media buyers and planners? Are they trying to guess ratings based on digital sources in order to make the right choices?

At this time, most buyers/planners depend on Nielsen national ratings for TV and comScore online ratings for the web.

The ratings for the individual media aren't an issue. The media buyers and planners are having to estimate the reach and frequency across the media. They don't know the reach and frequency for the total ad campaign, whether they're hitting people with ads too few times for the ads to be effective or too many times producing waste.

What would you like to see from the new ratings Nielsen plans to offer?

I'd love to see larger samples based on a single source that combine all digital viewing venues. Ideally, a total reach and frequency across all media is the goal.

How could these new ratings be of assistance to media people?

They would understand the total audience delivery for programs/ads and be able to calculate national video audience GRPs.

You note there have been a lot of changes in technology over the past three years, such as a rise in telco homes and a decline in wired cable homes. What development do you find most interesting and why?

The shift from traditional linear TV viewing to mobile wireless devices has been very rapid.

Although most TV viewing is still traditional at-home, the rate of change over the past year has far exceeded my expectations. Also, the increase in SVOD usage (over-the-top) has surged and will continue to. All of this puts more pressure on Nielsen to incorporate these new viewing venues into the national ratings.

Do you think the current Nielsen ratings truly reflect what people are watching? Why or why not?

The Nielsen ratings currently are missing the viewing of many video options outside of traditional at-home usage. This is especially true for the population under age 50, although the 50- to 70-year-old generation is rapidly catching up.

Do you think there is one network that is being impacted most by Nielsen's inability to measure digital options?

I believe that networks that focus on delivering teen and young adult audiences have been most impacted by an undercount of the new viewing options. That would include Nick-At-Night and Adult Swim.

How do you think the new ratings could impact ad spending?

As the new venues are measured and integrated into the national ratings, it will increase ad spending on overall TV since the ratings will rise.

It will be a win-win for everyone: Nielsen continues to dominate the ratings currency business; programmers see higher ratings and related revenue; advertisers get a real total reach/frequency for ads that justifies their spending.

Contact John Morse by phone at 516-627-5634 and 212-726-1093. Or contact him at John@ByronMedia.com