

Nielsen Media Research
Research Paper
Analysis of Local People Meter Usage in
New York – March 2004

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Nielsen
Media Research

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Introduction

Nielsen Media Research has announced the introduction of an improved methodology to measure television audiences in major U.S. markets. On June 3, 2004 Nielsen plans to launch its People Meter service in New York (followed by Los Angeles on July 8th, 2004, and Chicago on August 5th, 2004). The attached Research Paper will provide an overview of the new methodology, review the audience levels reported by the system, and discuss some of the social implications of introducing People Meters into local market measurement.

Executive Summary

A review of key quality indicators such as response rates and demographic representation indicates that the NY People Meter sample provides a more accurate measurement of television audience. The People Meter system:

- Has a 48% larger sample size (800 homes vs. 540)
- Has higher participation rates
- More accurately matches the ethnic and racial composition of the New York marketplace.

The enhanced accuracy of People Meter technology enables it to better track shifting viewing patterns to cable, pay cable, and smaller broadcast channels than the less sensitive Meter Diary system. LPM measurement shows that many African Americans and Latinos are watching a more diverse array of content.

- There is no difference between the old and new systems in the amount of overall viewing by African American and Latino audiences.
- People of color are viewing a more diverse array of cable networks, English-language, and Spanish-language broadcast networks and leased access and open channels than was previously understood.
- There are significant increases for networks targeted toward African American and Latino audiences, like BET, Telemundo and Telefutera, Access Cable Channels, and 85 other channels that report higher minority viewing levels.
- As we have seen in other markets, this shift is accompanied by a decline in some of the largest network programming, regardless whether it features African American and Latino talent.

Implications

The paper reaches the conclusion that the current diary system is less effective at reporting the diverse viewing patterns of all persons, including African Americans and Latinos.

- For programming that features minority talent, the People Meter reports an equal share of minority and non-minority viewers. The diary, however, reports that over 75% of the viewers to such programs are minorities.
 - This finding creates artificial bifurcation of the market that would encourage advertisers to think in terms of separate marketing budgets for African Americans and Latinos – a socially and economically undesirable consequence for persons of color.
- The diary may yield fewer opportunities to local minority talent and production businesses as it reports significantly lower ratings for many if not most local oriented cable and UHF channels.
- The diary sweeps leads to sensational news coverage during the sweeps periods whereas there is no reason to program sensational coverage if there are no sweeps.
- Since the National Television Networks are measured by People Meters, deploying People Meters in Local Markets represents an opportunity to significantly improve the accuracy and representation of African Americans and Latinos within the national rating system by integrating People Meters from the major urban markets into the National People Meter Panel.

The attached research paper is a preliminary report of our findings. Nielsen Media Research will issue a more comprehensive document in a few weeks.

Analysis of Local People Meter Usage in New York -- March 2004

1. Background -- How TV Audiences in New York are Measured

Media Researchers worldwide currently consider People Meters to be the most accurate measurement of TV audiences. Nielsen Media Research has used People Meters to measure National Television Audiences since 1987 and they are the source of the national ratings that are reported in newspapers every week. Since 1992, Nielsen has used People Meters to measure National Hispanic Audiences for its Hispanic ratings service and locally to measure Los Angeles Hispanic Audiences. In 2002, Local People Meters were successfully introduced into Boston. Nielsen Media Research is currently in the process of introducing People Meters into the top ten U.S. markets, including New York.

How does the current set meter and diary method operate?

Until now, New York audiences have been measured and reported using a combination of set meters and diaries. Under the current system, a representative sample of 540 homes in the New York DMA is selected and may remain in the panel for up to 5 years. These homes have electronic meters installed on each set in the home. The meters record *what* is being watched, but not *who* is watching. To find out *who* is viewing, separate samples of different homes are recruited to complete viewing diaries. In these cases, all household members are asked to fill out their viewing for one week by indicating what program they watched for each 15-minute segment that they watched TV. The diary data are then integrated with the set meter data to generate final audience figures. In New York, diary “sweeps” occur in January, February, March, May, July, October, and November.

THURSDAY MORNING												
Time	TV SET	Subscriber	Churn No.	Name of Program or Movie	1	2	3	4	5	6	7	8
Start-Stop	OFF	ON	Channel/Name									
5:00-5:15 AM												
5:15-5:30 AM												
5:30-5:45 AM												
5:45-6:00 AM												
6:00-6:15 AM												
6:15-6:30 AM				M								
6:30-6:45 AM												
6:45-7:00 AM												
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9:15-9:30 AM												
9:30-9:45 AM												
9:45-10:00 AM												
10:00-10:15 AM												
10:15-10:30 AM												
10:30-10:45 AM												

A Television Diary

This methodology is being increasingly challenged as the TV landscape becomes more complex and fragmented. Filling in a paper diary in the age of TiVo and digital TV is an increasingly difficult task for a panelist to complete.

How do People Meters work?

In People Meter homes, a People Meter is attached to each TV set. The People Meter records both *what* is being watched and *who* is watching, in a single sample. The People Meter records tuning activity on the TV set, including cable, games, VCR



A People Meter

and DVD viewing. People in the home register their viewing using a remote control handset and the meter records this in real time rather than relying on their memory. Measurement is continuous – that is, audiences are being counted every minute of every day, 365 days a year – not just during “special” sweeps months.

Advantages of the People Meter System

The People Meter method has the following advantages, in terms of quality and accuracy, over the Meter Diary system:

- Representativeness. People Meter response rates (the percentage of households agreeing to take the meter into their homes) are higher than diary and set meter response rates. The demographic characteristics of the New York People Meter sample are closer to the New York population than either the set meter sample or the mailed diary sample. The sample size is 48% larger than the set meter system it replaces.
- Accuracy. People Meters record viewing data more accurately than diaries. The viewing times that are attributed to a station are the exact times that the television is tuned, not the times the viewer records in the diary some time later.
- Completeness. Viewing estimates are collected minute-by-minute, all day and every day. Most important, this is consistent with the way national television is measured. In the future, it is possible that advertising will be bought as a package of national and local spots and, if a different diary-based currency is used, it is less likely that a market like New York could benefit from this combination of national and local advertising.
- Flexibility. A continuous reporting sample eliminates the need for periodic “sweeps” and offers more analysis opportunities, such as longer-term reach and frequency, than a single-week diary. Eliminating the “sweeps” means eliminating the motivation for sensational programming and news coverage during sweeps months.

2. Panel Quality

In the People Meter system, there is one sample of households that reports both the household and the persons viewing. In the Meter Diary system, there are two different samples of homes – the set meter sample, which reports the household tuning (the what), and the diary sample, which reports the actual people watching (the who).

Of these samples, the current People Meter sample is the highest quality sample in NY. This means that where there are sample-related differences in tuning or viewing, we can have more confidence in the People Meter estimates.

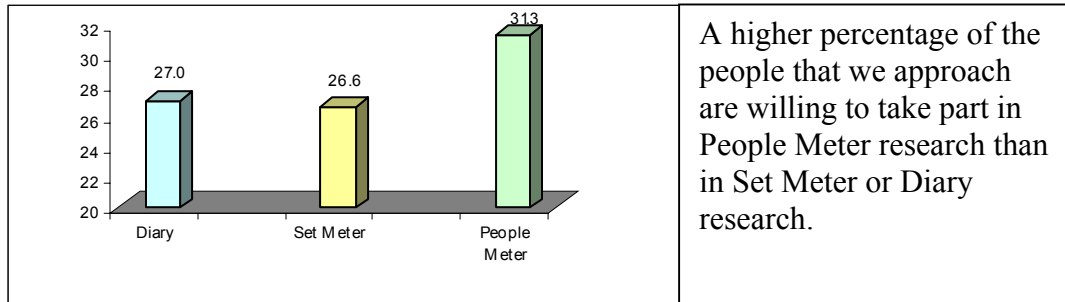
Features of the NY LPM Sample

- Higher Response Rates
- Better Geographic Distribution
- Better Demographic Representation
- Larger Sample Sizes than the Set Meter Panel

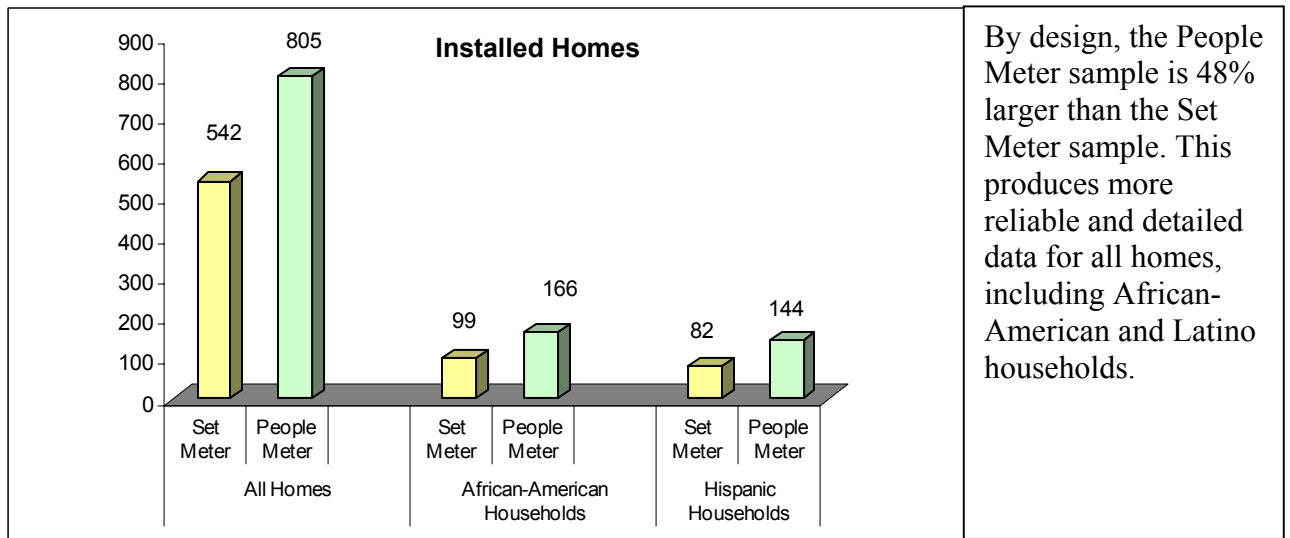
2.a Sample Quality

On the three key aspects of sample quality, response rate, sample size and representation of the population, the People Meter Sample outperforms the Meter Diary in each case.

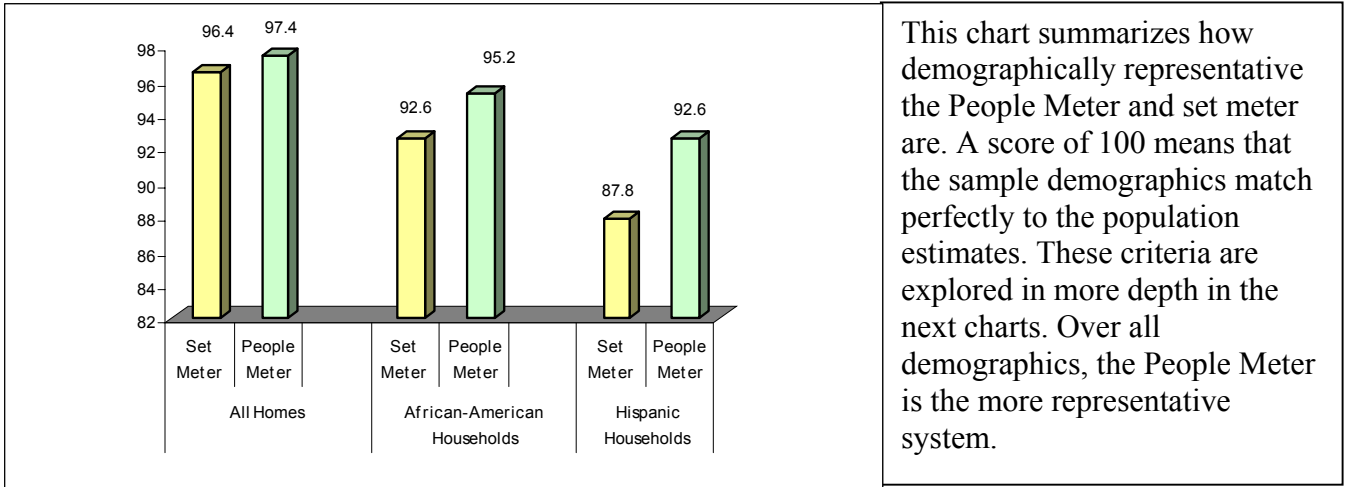
a) Response Rates



b) Sample Sizes

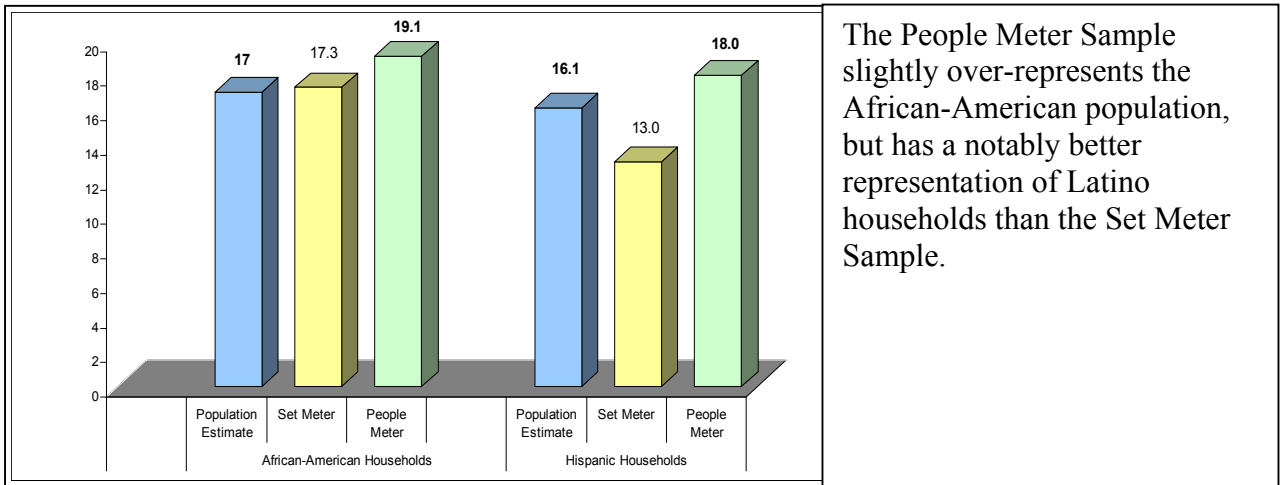


c) *Representing the Population – An Index of Demographic Representation*

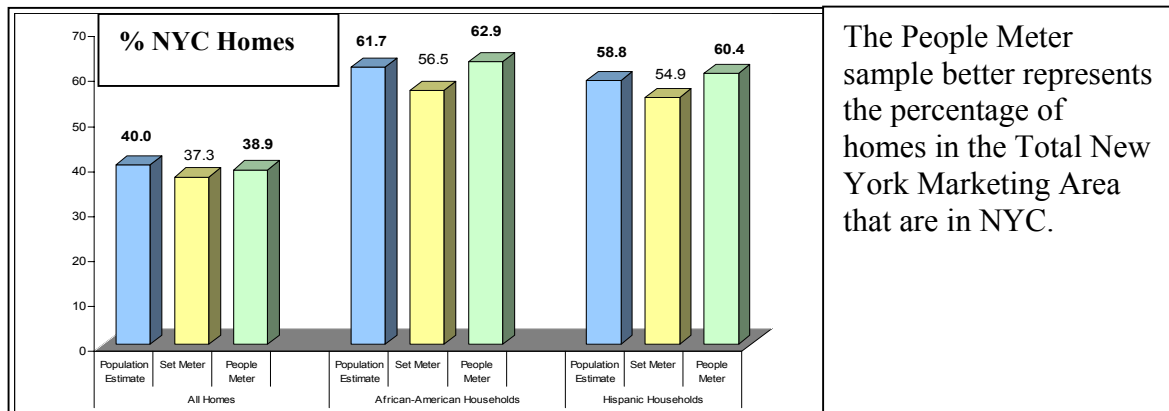


The charts below compare the current composition of our Set Meter and People Meter Sample against Population Estimates. In most cases, the People Meter is more representative.

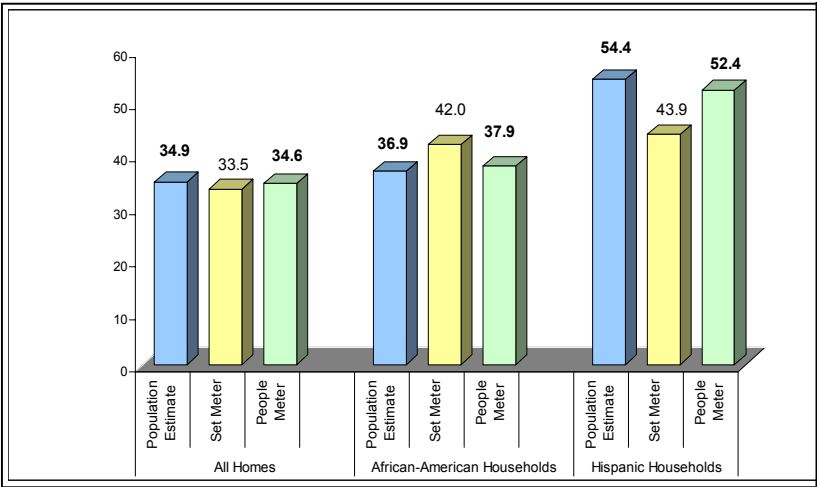
D). *African-American and Latino representation.*



b) *Geographical Representation*

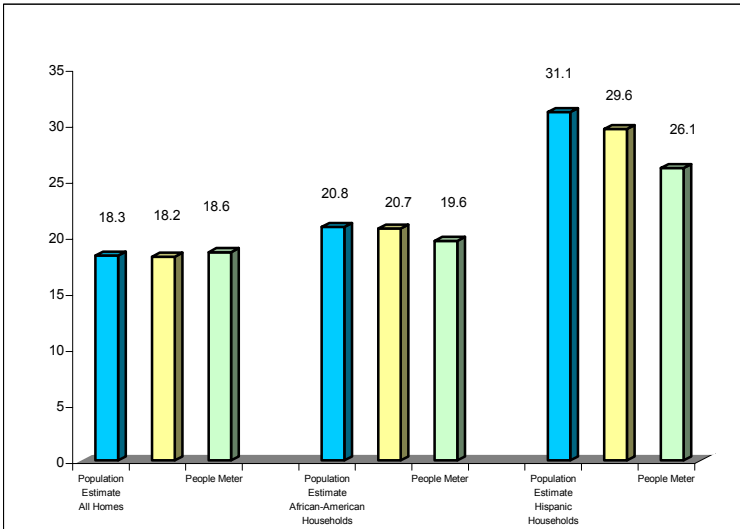


c) Homes With Children



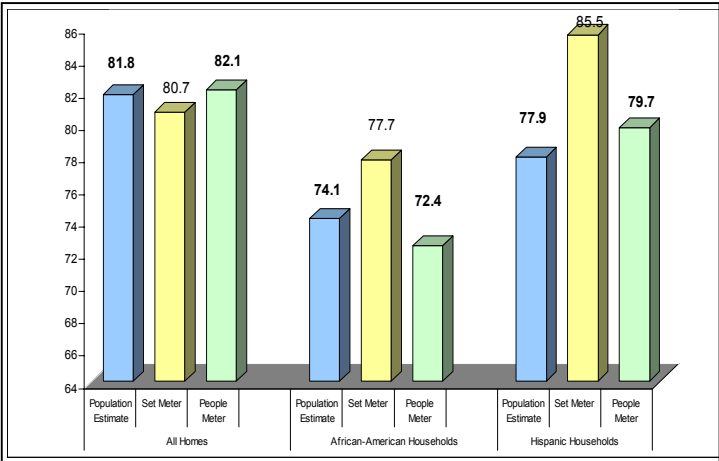
Presence of Children in a household is a big influence on viewing. Once again, the People Meter Sample profile is closer to the population.

d) Young Householders < 35



The People Meter sample has a slight under-representation of younger households, particularly Hispanic. Nielsen is using higher incentives for younger households to bring this into line.

e) Cable Homes



Cable is a very important influence on viewing, and again the People Meter reflects the population better than the Set Meter sample. This is particularly evident in Hispanic Homes.

3. Differences in the Data

For the total day, Persons viewing levels (how many people are viewing) is approximately the same for the two systems. For the total day, LPM household tuning levels (that is, whether any set in the house is on) are somewhat lower regardless of race and ethnicity when compared to the current March Meter Diary data. This is consistent with the results we saw when People Meters were introduced in Boston. During prime time, persons viewing levels and household tuning levels are the same or only slightly different when comparing one system to the other.

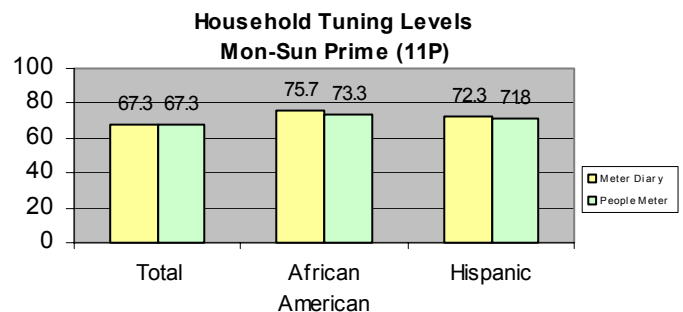
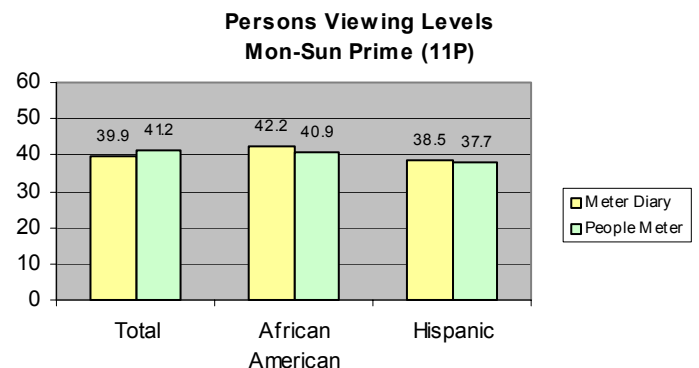
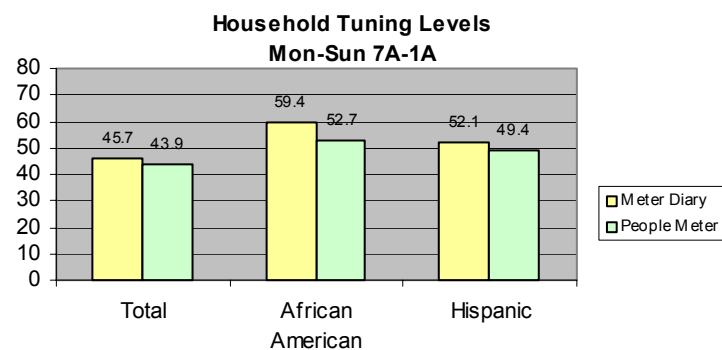
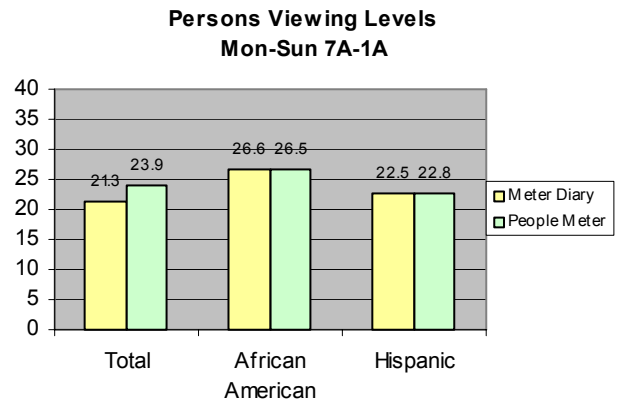
Since many, if not most, of the differences in tuning are due to differences in the composition of the two samples it is important to note that the People Meter sample is the more accurate reflection of the NY market.

Second, and just as we saw in Boston, with a People Meter attached to their sets, people are less inclined to leave the television on if there is no one watching. That is because the People Meter periodically prompts panelists to confirm who is in the room. If no one is watching, the prompts sensitize panelists to the fact that the television is on with no one watching, which may lead them to turn it off. This explains why “overall household tuning” is lower (for all races and ethnicity) but “persons viewing television” can actually be higher as reported by the People Meter.

Most important, these data confirm that African Americans and Latinos are watching approximately the same overall amount of television in both the old and new systems. If there are differences in viewing to specific programs, as discussed below in section 4, it must be because the People Meter more accurately reflects the specific programs they are watching.

Why Is This Important?

These data do not in any way suggest that African Americans or Hispanics use a People Meter differently from the rest of the population. In fact, the data suggest that, given equal tuning levels, the People Meter will record more Persons Usage than the Meter Diary system across all sectors of the population.



4. Viewing to Individual Programs

In the previous section we showed that there was little or no change in the amount of total viewing by persons overall. However, there was change between the old and new systems for certain stations and programs. Specifically, many have asked why the declines seemed to be very significant for a few programs that feature minority talent or are popular among African Americans. However, it is important to note that many programs with primarily white talent have shown similar decreases. The answer is that those audiences are viewing other programs, especially on cable and pay cable, and the People Meter more accurately measures viewing to those sources. Cable and pay cable are the kinds of sources that are often underrepresented in the diary because they are viewed less regularly and, therefore, are harder to recall when completing the diary.

In this section, we will evaluate the reasons why some programs with minority audiences showed differences in audience between the Local People Meter system (LPM) and the Meter Diary (MD) system. The programs shown in Table 1 were selected because these programs have consistently been reported in the press as examples of the ten most significant declines for programs with predominantly minority talent.

Table 1 LPM vs MD Selected Programs		Households				Persons 18+			
		LPM	MD	Diff	% Diff	LPM	MD	Diff	% Diff
Parkers	M-F 7P-7:30P	2.3	2.8	-0.5	-17.9%	1.2	1.5	-0.3	-20.0%
Parkers B	M-F 7:30P-8P	2.6	3.2	-0.6	-18.8%	1.2	1.7	-0.5	-29.4%
Parkers-UPN	Mon 8-8:30P	3.5	4.5	-1.0	-22.2%	1.7	2.8	-1.1	-39.3%
Eve	Mon 8:30-9P	3.9	4.8	-0.9	-18.8%	1.9	2.8	-0.9	-32.1%
Girlfriends	Mon 9P-9:30P	3.7	4.4	-0.7	-15.9%	1.8	2.6	-0.8	-30.8%
Half & Half	Mon 9:30-10P	3.5	4.3	-0.8	-18.6%	1.7	2.6	-0.9	-34.6%
One on One	Tue 8-8:30P	2.6	4.5	-1.9	-42.2%	1.0	2.7	-1.7	-63.0%
All of Us	Tue 8:30-9P	2.9	5.3	-2.4	-45.3%	1.2	3.2	-2.0	-62.5%
My Wife & Kids	Wed 8-8:30P	7.5	7.9	-0.4	-5.1%	4.3	4.7	-0.4	-8.5%
My Wife & Kids	Wed 8:30-9P	6.1	7.7	-1.6	-20.8%	3.2	4.4	-1.2	-27.3%
Average		3.9	4.9	-1.1	-22.6	1.9	2.9	-1.0	-34.8

Table2 LPM vs MD Selected Programs		Households				Persons 18+			
		LPM	MD	Diff	% Diff	LPM	MD	Diff	% Diff
Alias	Sun 9P - 10P	3.0	6.5	-3.5	-53.8%	2.1	4.3	-2.2	-51.2%
American Model 2	Tue 9P - 10P	7.1	7.8	-0.7	-9.0%	3.7	5.4	-1.7	-31.5%
Joan of Arcadia	Fri 8P - 9P	5.1	7.6	-2.5	-32.9%	3.6	5.3	-1.7	-32.1%
District	Sat 10P - 11P	4.9	6.0	-1.1	-18.3%	2.8	4.2	-1.4	-33.3%
Simpsons	Sun 830P - 9P	6.2	7.4	-1.2	-16.2%	3.6	5.0	-1.4	-28.0%
Extreme Home MakeOver	Sat 8P - 9P	4.8	5.3	-0.5	-9.4%	2.9	4.1	-1.2	-29.3%
Jag	Fri 9P - 10P	5.5	8.0	-2.5	-31.3%	3.9	5.0	-1.1	-22.0%
Simpsons	Sat 8P - 830P	6.2	7.4	-1.2	-16.2%	3.4	4.4	-1.0	-22.7%
Extreme Home MakeOver	Thu 9P - 10P	4.8	4.8	0.0	0.0%	2.3	3.3	-1.0	-30.3%
Happy Family	Tue 830P - 9P	5.2	5.4	-0.2	-3.7%	2.9	3.9	-1.0	-25.6%
Average		5.3	6.6	-1.3	-19.1%	3.1	4.5	-1.4	-30.6%

The programs in Table 2, were selected because they illustrate the ten most significant and comparable declines among programs that do not predominantly feature minority talent. **Both tables tell the same story – that viewing to larger network programs tends to decline when shifting from Meter Diary to People Meter, regardless of the race or ethnicity of on-air talent.**

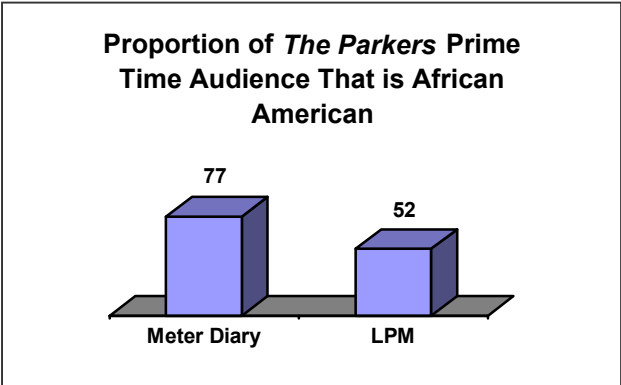
Both tables show the differences in the ratings for Households and Persons 18+. First, the differences in households tuned in are significant and account for most of the differences seen in the Persons 18+ audience (22.6 percentage points out of the 34.8 percentage points, and 19.1 out of 30.6 percentage points). In some cases the household tuning accounted for nearly all of the differences in the Persons 18+ audience. Tuning in households is measured by meters in both LPM and meter diaries. As a result, the differences we see are due to variations in the composition of the two samples. As we discussed previously, the LPM samples are larger and more accurately reflect the universe, especially for critical variables like child status and cable. However, beyond sampling differences, there are other factors that are likely to yield differences in the persons estimates, including how tuning is recorded in a diary, the effects of a program running in syndication adjacent to the prime time episodes, and overall affinity for the programming.

Table 3 shows the average duration of time tuned to these programs, given the fact that someone registered as a viewer. It illustrates that when people fill out a diary, they generally, if not always, indicate that they watch the entire program. However, the duration of viewing associated with a People Meter much more accurately reflects the channel changes in and out of other programming sources. These differences in duration account for about 20% of the differences in Persons 18+ audiences.

Program Name	Men 18-34		Women 18-34	
	LPM	Diary	LPM	Diary
Girlfriends	25.7	30.0	27.8	30.0
All of Us	25.1	30.0	25.7	28.7
Half and Half	27.9	30.0	27.8	28.8
Eve	30.0	28.4	26.7	28.8
The Parkers	28.4	28.4	26.6	28.2
One on One	22.5	30.0	27.8	26.3
The Practice	47.7	54.0	46.5	55.7
My Wife and Kids	22.5	28.8	24.5	29.4
Alias	45.0	60.0	41.7	60.0
Average	30.5	35.5	30.5	35.1

Additionally, there are other diary-related factors that contribute to the observed persons differences. *The Parkers* and *My Wife and Kids*, as well as *The Simpsons* and *Extreme Home Makeover* run multiple episodes per week. *The Parkers* is extreme in that it runs in syndication for two half-hours for six nights per week. This extreme repeating of programming (12 times weekly) makes it very difficult for diary keepers to recall when they watched it and, as a result, such programming is most likely to be overstated in the diary.

Finally, there is a high element of affinity for programming that features minority talent. Those viewers with more loyalty are more likely to indicate viewership and more occasional viewers are less likely to indicate viewing in the diary. As a consequence, the People Meter reports that for programs like *The Parkers*, only 52% of the 18- to 34-year-old audience is African American. However, the diary reports that over 77% of the program's audience is African American. This is not a real concentration of viewing but rather a sign that African Americans are more regular viewers of these programs and therefore more likely to indicate viewership of them. Whites may be more occasional viewers and therefore less likely to record viewing in the diary, thus understating their contribution to the audience.

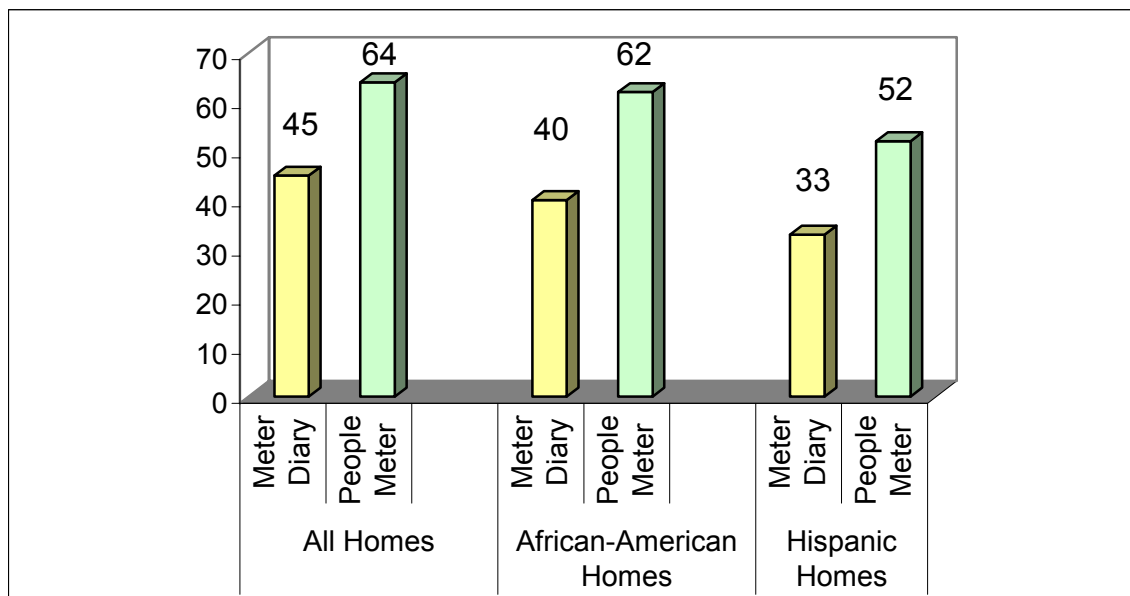


5. Where has the Viewing Gone?

Because Persons Usage has not declined, or declined very little (maximum 3% during prime time), we need to understand where this viewing has gone.

The answer, very simply, is to cable and other smaller programming sources. The People Meter panel reveals a diversity of viewing to smaller channels that the less sensitive Meter Diary system cannot report. The following chart illustrates the number of stations viewed in March by Persons 18+ according to the two systems:

Number of Stations Viewed in March 2004* - Persons 18+

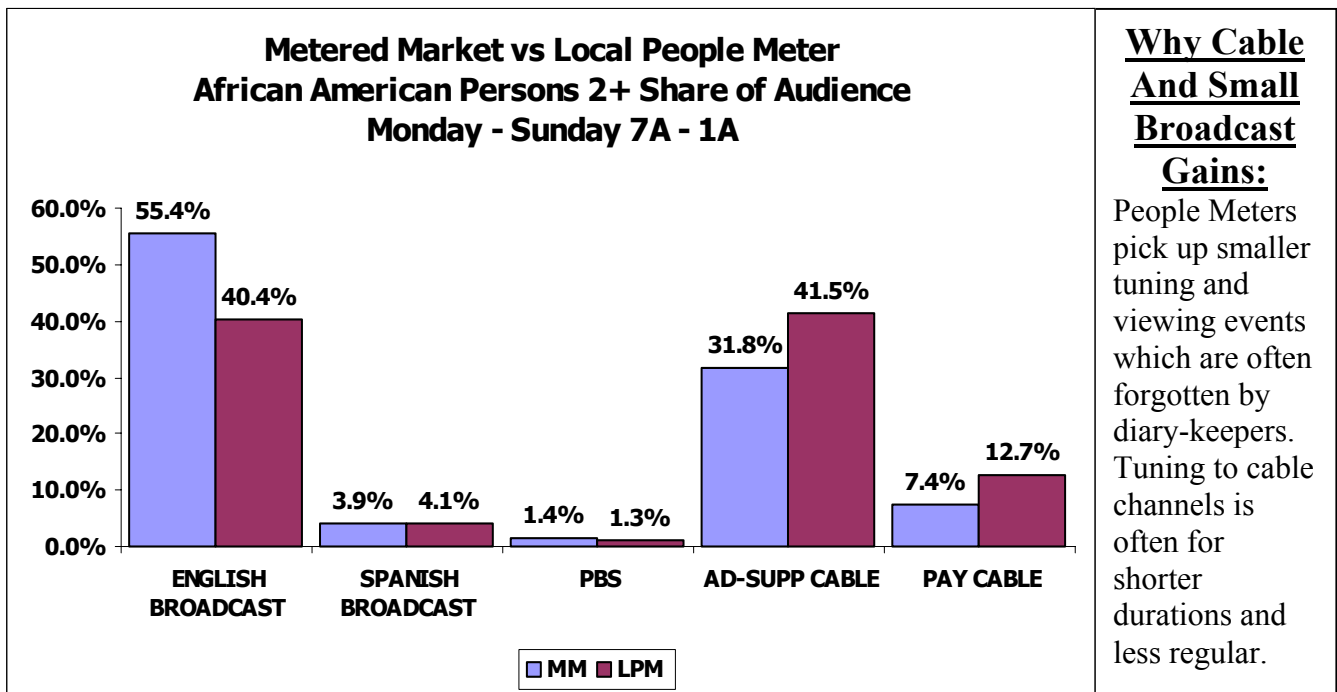


* Stations viewed at a rating of .1 or higher.

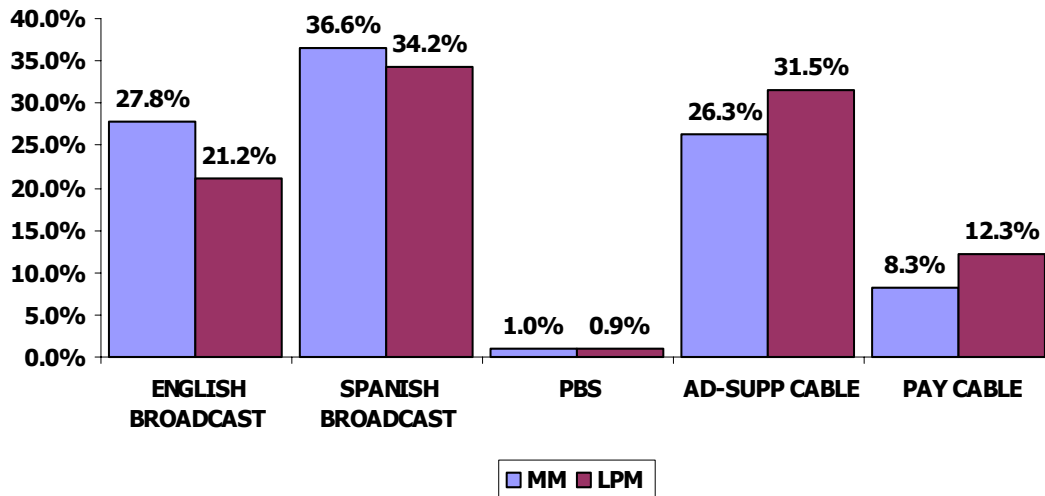
Indeed, among Latino viewers 18+, audiences increased for 80 networks and decreased for 17 during the month of March. For African American viewers, audiences increased for 90 networks and decreased for 19.

The People Meter shows whites more likely to watch programming with minority talent (for example, *The Parkers*), just as it shows African Americans and Latinos watching a more diverse array of content. When we look at the types of stations being viewed by people of color, we see movement away from higher-rated network channels, which is what we expect to happen when moving from diary-based measurement to direct measurement. The meter captures the smaller, harder-to-remember viewing events that the diary often misses.

Within all audiences, we expect to see that Ad-supported cable and Pay-Cable have higher audiences reported by the People Meter, while larger Broadcast programs would be lower. That is indeed what we find in the data for people of color.



**Metered Market vs Local People Meter
Hispanic Persons 2+ Share of Audience
Monday - Sunday 7A - 1A**



Hispanic persons show a similar pattern, whereby a People Meter reports viewing to many more sources. This pattern is not related to race or ethnicity but occurs for all panelists.

Table 4 illustrates one cable source – BET – whose total day viewing by Persons 18+ increases from a .05 in the Meter Diary system to .14, or a 180%, increase.

Table 4
March

Persons 18+ BET	Meter		% DIFF
	Diary	LPM	
Syndication (M-F 7P-8P)	.21	.27	+29%
Prime	.17	.17	-
Total Day	.05	.14	+180%

Table 5 further illustrates the types of channels where People Meters report significantly higher audiences. These increases are illustrative of what happens to smaller broadcast channels, cable and access channels when we measure television electronically rather than through a diary. They are illustrative because among African Americans 18+, some 27 networks increase their ratings by more than .1 over the total day. While .1 is small in absolute terms, it means doubling the size of the audience for many networks and this significantly increases the likelihood that they can compete. Among Latinos 18+, 21 networks increase their audience by .1 or more.

More important, the networks shown in Table 5 reflect a diversity of viewing patterns that include minority on-air talent, smaller broadcast networks (both Spanish and English), leased access and pay television. Furthermore, these are only 5 of 80 or 90 networks for which People Meters report an increase among minority viewers.

6. On-Air Talent and Ratings

So far, we have discussed broad, total day ratings and the impact they may have on the networks shown. However, most of these networks feature significant minority on-air talent. Concern has been expressed that if the People Meter reports lower audiences for a few major network programs that feature minority talent, it may discourage programmers from developing future shows with minority talent. To this concern, we believe that the People Meter data suggest that programs featuring minority talent:

- Are viewed more equally by African Americans, Latinos and Others than the diary-based ratings would suggest. Diary-based ratings suggest, for example, that over 75% of the audience of certain programs featuring African American talent are African Americans. That contradicts the assumptions of the networks currently producing those programs and the findings of the National People Meter which estimates their audiences to be around 50% African American in the New York Market. Nationally, these program audiences are closer to one-third African American.
 - The President of UPN was recently quoted in Television Week regarding the fact that audiences to their prime time lineup were approximately 34% African American. This presents certain marketing opportunities for UPN but also identifies the audience composition that networks are supporting for successful programming. A diary-based composition of over 75% minority will not necessarily improve support for such programming because it bifurcates the market into two separate media buys – one for African Americans and one for all others.

Table 5 Top 5 Network Increases¹				
Mon – Sun 7A – 1A Persons 18+ March 2004	Meter			%
	Diary	LPM	DIFF	DIFF
African American				
ESPN – Ad Cable	0.31	0.65	0.34	110%
LMN – Ad Cable	0.00	0.23	0.22	200+%
Telefuturo - Spanish	0.00	0.23	0.22	200+%
Pax – Broadcast	0.13	0.34	0.21	162%
Starz – Pay	0.15	0.34	0.19	127%
Latino				
Telemundo – Spanish	3.35	4.09	0.74	22%
Telefuturo – Spanish	0.66	1.21	0.55	83%
Access Cable	0.23	0.59	0.36	157%
WPIX – Broadcast	0.76	1.11	0.35	46%
HBZ – Pay	0.26	0.52	0.26	100%

¹ Some networks reflecting parents viewing with children also reflected similar increases.

- It is also important to understand that Network programming decisions are made off of the National People Meter system and not the local market systems in question. The local market systems may affect local programming and programs that run in syndication. That is, it is unlikely that local People Meters would have any direct effect on network programming decisions. They do, however, affect syndication and local news programming.

- When these programs are aired on cable, leased access, or smaller broadcast stations, they are viewed significantly more when reported by the People Meter than as recorded by the diary.
- People Meters report diverse audiences watching more diverse programming. This is evidence that continued reliance on diaries will limit opportunities for small independent producers and networks.

7. Summary

In this paper, we have described the following five important features of a local People Meter system:

1. The NY People Meter **panel quality is superior** to the current Meter Diary system.
 - a. The People Meter panel has higher response rates, a much larger sample size including more African American and Latino Households and better sample representation.
2. In March 2004, there was **no difference in the overall amount of viewing** reported by the old and new systems for African Americans and Latinos in NY.
 - a. However, the NY People Meter suggested that minorities were watching different programs and networks.
3. The NY People Meter reports that **minorities are watching a more diverse array** of cable networks, smaller English and Spanish broadcast networks and more leased access and open channels.
4. The NY People Meter reports significant increases for key minority-oriented networks **including BET, Telemundo and Telefutura**.
5. Finally, the NY People Meter audience profile **would not be expected to negatively affect the programming of minority talent**. In contrast, the data suggest that the diary could be more likely to have such an impact.
 - a. The diary may limit the opportunity for smaller networks and cable networks that feature such talent.
 - b. The diary is more likely to bifurcate audiences into mostly African American and Others, which complicates a program's ability to secure general market advertising dollars.