



## Client Communication

December 17, 2004

### Update for Local Clients on Nielsen's Local Timeshifting Measurement Plan

Earlier this year, Nielsen Media Research announced a plan to measure timeshifted viewing from Digital Video Recorders (DVRs) in Local and National syndicated services in 2005. Nielsen Media Research originally planned to introduce timeshifting measurement in the latter part of 2006, however, the growth of cable and DBS boxes equipped with DVRs, as well as growth of stand-alone TiVo® boxes, made it imperative that measurement commence earlier. Currently, homes in our metered panels with these devices are bypassed and not included in our metered samples.

The purpose of this communication is to provide additional detail regarding the first phase of DVR measurement in Local People Meter (LPM), Local Set Metered Markets (MM), and Diary samples, including a review of any changes since the plan was first communicated on March 3, 2004. A "Question & Answer" section is also provided.

#### Key Elements of Timeshifting Plan

##### **Implementation Schedule:**

Measurement of DVR households will begin according to the following schedule:

Start Date	Sample
April 7, 2005	<b>Local Set Metered Market Samples</b> DVR households will begin to be included in all local Set Metered Market samples.
April 28, 2005 (May 2005 Measurement Period)	<b>Local Diary Samples</b> DVR households will begin to be included for household and persons data in all Diary samples (including Set Metered Markets).
August 29, 2005	<b>Local &amp; National People Meter Samples</b> DVR households will begin to be included in all Local People Meter samples and in the National People Meter sample.

*Note: Given the schedule for implementing local people meter service in Philadelphia and Washington, Nielsen Media Research has determined that DVR measurement in these markets will follow the schedule for the existing LPM markets.*

##### **Data Collection - Meters:**

The Active/Passive (A/P) Meter and NAVE encoding by networks, local stations, local cable originators, and syndicators will serve as the cornerstone for identifying and crediting live viewing and timeshifting activity in all metered samples (Local People Meter, Local Set Meter, and National People Meter (NPM)). A/P Meters will be rolled out to DVR households previously bypassed as "Technically Difficult".

Because the new A/P metered system will be used in the DVR sample households, it will be important for local broadcast stations and cable origination channels to

encode their signals via the NAVE II. Additional information regarding the rollout of A/P Meters in Local Markets will be distributed in the near future.

**Data Collection – People Meters:**

The concept of a channel change is less precise in a digital viewing environment. Subsequently homes in the LPM and NPM samples installed with A/P meter technology will utilize a people meter with a new time base prompt as opposed to a channel change prompt. The channel change prompt will continue to be used in current Mark II homes. The prompting interval for time based prompts is currently being validated in a separate sample of homes in the Northeast U.S. Results of this test will be shared in early 2005. Additional information concerning time based prompting will be distributed in the near future.

**Data Collection - Diaries:**

In Local markets where the diary is used, an updated version of the diary will be issued for DVR homes that more easily enables a household to report all DVR playback activity. The new version will:

- include additional questions to confirm the presence of DVRs in the household.
- allow respondents to report playback activity for an additional day, creating an eight-day diary for tracking playback. Playback will be credited in diaries if the content was viewed within 24 hours of telecast.

This new 8-day diary design will be mailed to households based on responses to new recruitment questions that are part of the placement call. The standard diary will continue to be used for all other households.

**Overnight Reporting:**

For Local People Meter and Local Set Metered Markets, we will continue to collect, process and release “Live” overnight data without any change to the current overnight delivery schedule. In addition, all playback activity will be collected and reported for seven full days. After the seventh day, the playback data will be aggregated and combined with the “Live” tuning to create Live Plus Playback estimates (referred to in the remainder of this document as “Live Plus”). The “Live Plus” overnights will then be released both in Nielsen Media Research’s overnight data applications and via standard overnight data delivery formats. The schedule for the “Live Plus” releases has not been finalized, but will follow the Preliminary and Final releases of the “Live” data.

*Note to Overnight Data Delivery File Users: There will be a minor format change for the Overnight Data Delivery files to include an indicator that will differentiate the “Live” data file from the “Live Plus” data file. The “Live” and “Live Plus” files will be located in separate directories. Additional information related to these changes will be provided in a separate Product Update.*

**Weekly Reporting:**

Weekly data (both printed report and published data file) will only be provided as “Live Plus” data for LPM and Metered Markets. The “Live Plus” weekly will be delivered in the same manner as today, though on a different delivery schedule. Due to the need to collect and process the playback data for seven days, the weekly data will be delivered one week later than the current schedule.



*Note to Weekly Published Data File Users: There are no format changes planned for this file.*

**Viewers in Profile/Total Viewing Sources (ViP/TVS):**

All printed ViP rating books and ViP/TVS published data files, for NSI, NHI Local, and NHI (Nielsen Hispanic Station Index) will be based on “Live Plus” audience estimates. “Live Plus” audience estimates will be based on the following depending on market type:

- Local People Meter Markets  
Both household and persons “Live Plus” estimates will be based on “Live” tuning/viewing combined with playback that occurs within seven days.
- Local Set Metered Markets  
Household “Live Plus” estimates will be based on “Live” tuning/viewing combined with playback that occurs within seven days.  
Persons “Live Plus” estimates will be based on “Live” tuning/viewing combined with playback that occurs within 24 hours that is meter/diary adjusted by the ratio of a Live Plus metered household estimate to a Diary Live Plus household estimate.
- Diary Markets  
Both household and persons “Live Plus” estimates will be based on “Live” tuning/viewing combined with playback that occurs within 24 hours.

Any impact to delivery schedules for ViP/TVS ratings books and published data files has not been determined.

*Note to ViP/TVS Published Data File Users: There are no format changes planned for these files.*

**Other Local Reports and Applications:**

Virtually all desktop applications, DVD and CD data files, and printed publications for all local services will contain “Live Plus” data. For Local People Meter and Metered Market samples, “Live” data will also be available through various Custom or Local Rating Suite (LRS) eSpecials. “Live” data will **not** be available for any Diary sample.

**Reporting Summary:**

The following table summarizes the reporting plans described above:

Product/Estimate Type	“Live”	“Live Plus”
LPM & MM Overnights	Yes	Yes
LPM & MM Weekly	No	Yes
ViP/TVS	No	Yes

While the above summarizes key elements of the plan, the rest of this notice provides additional details in a question/answer format. Nielsen Media Research welcomes your questions and thoughts on this topic. Please contact your Nielsen Media Research representative with any questions.



## **Nielsen Media Research Timeshifting Measurement Plan Update for Local Clients**

### **Question & Answers**

#### **DVR Background Information**

##### **What is the current DVR penetration?**

While there are many different estimates available, we currently believe penetration to be four percent to five percent nationally. Estimates, of course, will vary by market.

##### **Do you have any estimates on future DVR penetration?**

Again, there are many different estimates available. However, assuming MSOs and DBS providers continue their aggressive rollout of DVR applications, we do expect healthy growth-- particularly in some individual markets.

##### **Are all households with DVR devices currently excluded from the sample?**

For LPM and Metered Markets samples, we do exclude all households with DVR devices from the sample. If we encounter a new household we will not proceed with the installation and we designate the household as "Technically Difficult" ("TD"). If an existing sample household acquires a DVR we remove the household from our sample and also classify it as TD. Nielsen Media Research's DVR measurement plan will allow us to measure DVR households. (Please note that even after the initial plan is implemented we will continue to bypass "networked" DVRs--those where several sets in a home are connected to one or more DVR devices that can share files across multiple viewing sites in the home. We will continue to bypass these homes, until a later phase of DVR reporting, if the household has the device set up to use this functionality.)

For Diary samples, effective with the February 2004 survey period, households with diaries that are returned indicating no more than 20% of their total household viewing is to previously recorded programming by means of a DVR (Digital Video Recorder) or similar digital recording device remain in-tab. The viewing to pre-recorded programs via a DVR-type device from these diaries is not credited to any channel, nor does it contribute to the HUT and PUT levels. All such viewing is credited to a combined DVR category that is monitored to determine if the viewing exceeds 20% of the total viewing from the household. Once it does, that household will be out-of-tab, i.e., excluded from the diary sample.

##### **Is a home that currently receives VOD services excluded from the sample?**

No, reception of and viewing to Video on Demand is not a condition that causes either a metered or diary household to be excluded from a sample. We do not currently report VOD in any of Nielsen Media Research's regular syndicated reports.

#### **DVR Plan Schedule**

##### **How will DVR homes be introduced into the Local People Meter and Set Metered Market samples?**

When considering an implementation plan for installing sample homes with DVR technology, three situations need to be considered. These are:

- A currently installed sample home that acquires a DVR
- A newly recruited sample home that has a DVR
- A sample home previously classified as being a Technically Difficult household



due to the presence of a DVR in the home

When a currently installed sample home acquires a DVR, we will:

1. Withhold the home from the reporting sample. This is standard procedure for any installed home that acquires new television equipment in any form.
2. De-install the MK II meter in the home. The home will drop from the installed count of the sample at this time.
3. Re-install the home with an A/P meter.
4. If the home is an LPM home, we will convert the home from channel change people meters to time base people meters and re-coach the household members accordingly.
5. Submit the home for re-qualification for use in the reporting sample.
6. This process will commence 30 days prior to the start of DVR reporting. After the start of DVR reporting this process will become standard procedure for homes fitting this situation.

When a newly recruited sample home has a DVR, we will:

1. Install the home using A/P meter equipment.
2. If the home is an LPM home, we will install the home with time base prompt people meters and coach the household members accordingly.
3. Submit the home for pre-qualification for use in the reporting sample.
4. This process will commence 30 days prior to the start of DVR reporting.

For those sample homes with DVR technology that are classified as Technically Difficult, we will:

1. Per standard procedure, we will attempt to re-recruit the home to participate in the survey once a technology solution has been identified.
2. All homes successfully recruited will be installed following the procedures outlined for a newly recruited sample home.
3. These recruitment attempts will begin in April, 2005 for Local Set Metered Markets and be completed within approximately six months. LPM recruitment attempts will be completed between August 1 and December 1, 2005 in order to complete all recruitment prior to the start of the holiday season.
4. If a home was installed prior to being classified as Technically Difficult, the time in sample will be based on the original installation date of the home.

**How does this plan relate to the Nielsen Media Research/ TiVo® panel announced by Nielsen Media Research?**

The stand-alone Nielsen Media Research/ TiVo® panel is completely separate from our syndicated Local and National ratings panels. The Nielsen Media Research/ TiVo® panel will consist of an "opt-in" group of approximately 10,000 homes that have TiVo® DVR units. As you are aware we now are also including DIRECTV® DVR homes in this panel. Nielsen Media Research clients will be offered



subscriptions to the TiVo® information with data delivery expected to begin soon. Nielsen Media Research's plan for measuring DVR in our Local and National samples will include TiVo® households as well as those with other DVR models, including EchoStar's DishPlayer®, and

those with cable set top boxes manufactured by companies like Scientific Atlanta and Motorola.

### **A/P Meters**

#### **How many A/P Meters currently exist?**

Currently there is a sufficient number of A/P Meters to conduct the Northeast time based prompting test. We will manufacture more units as we approach the April 2005 implementation date to measure DVR usage in Metered Markets. We have preliminary estimates of the number of units we will need each year. However, these estimates are likely to change as the penetration of new technology in the home speeds up. We will be set up to manufacture as many units as needed on an on-going basis.

#### **How will the A/P Meter know when the DVR is in playback mode—meaning when television content being viewed is coming from the DVR's hard drive?**

A new attachment, called the Delta Time Attachment (DTA) will be utilized. The DTA makes it possible to see what has been recorded on the hard drive. When there is a difference in the time of the program being played from the time it was recorded then we know that the DVR unit is in playback mode.

#### **When will the LPM and Metered Market samples be totally comprised of A/P meters?**

A/P Meters will be used in the LPM and Metered Markets samples wherever we need them so that we can meter households that would otherwise be bypassed. We expect A/P Meters and Mark II Meters to co-exist in the sample for several years. Ultimately, the pace of the A/P deployment will be dictated by consumer technology.

#### **Will Local Stations and Local Cable Originators need to encode?**

Because the new A/P metered system will be used in the DVR sample households, it will be important for local broadcast stations and cable origination channels to encode their signals via the NAVE II.

### **DVR Playback Crediting in LPM & Metered Market Samples**

#### **How will the A/P meter recognize “live tuning” from a viewing site with a DVR?**

The key is if the DVR is “writing” to the recorder’s hard drive or “reading” from it. When the DVR is writing to the hard drive, the device is not in playback mode. When the DVR is reading from the hard drive, it is in playback mode. The DTA and the A/P meter can distinguish these functions and credit accordingly.

#### **What is the definition of “Live” viewing? Would a 2-minute delay qualify as “Live” viewing or would that be reported 7 days later?**

“Live” viewing will be truly live. Any kind of delayed or timeshifted viewing will be aggregated and combined with the “Live” data and reported as “Live Plus” data.

#### **The metered plan calls for a seven-day playback window. How will that be tracked?**

A 168-hour window will begin once a show is telecast. Any minute of playback that is viewed within 168 hours from when it was initially aired will be included in the “Live Plus” audience.



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#### **When does timeshifted viewing contribute to HUT/PUT?**

Playback will be credited to the original telecast date/quarter-hour for the purposes of HUT or PUT. For example, playback of a 30 minute

program telecast and recorded Tuesday 10:00 p.m. on station XYZ, but played back the following Saturday at 1:00 p.m., will be reflected in the Tuesday 10:00 – 10:15 p.m. and 10:15 – 10:30 p.m. quarter-hour HUTs/PUTs.

Some clients have suggested alternate ways to credit playback viewing for HUT. For example, in the example above some would prefer that playback be reflected in the Saturday 1:00 - 1:15 p.m. and 1:15 - 1:30 p.m. HUTs/PUTs. . We understand that DVR usage—and other non-linear TV viewing--merits a more thorough review of HUT definitions. However, this is beyond the scope of the initial DVR plan but will be reviewed in the future.

**Will Nielsen Media Research report separately the “Live” and “Playback” contributions of viewing?**

No, not in the initial phase. As described above, some applications will report both “Live” and “Live Plus” ratings; others will report only “Live Plus”.

**What happens to playback activity that occurs after the 7-day window?**

Viewing of content more than seven days after being recorded will be credited to a “non-HUT” bucket on the day playback occurs.

**Will Nielsen Media Research provide impact analyses prior to the launch of DVR reporting?**

In order to install DVR homes into the LPM & Metered Market samples at the earliest possible date, we cannot provide formal impact data. We will work with clients to provide whatever analyses we can as we install DVR households in the LPM and Metered Market samples.

**Will Nielsen Media Research continue to credit VCR Record or will the A/P Meter facilitate a change to crediting only the “playback” of traditional videotapes?**

We will continue to credit VCR Record as we do today. With VCR penetration at approximately 90%, it would be necessary to equip all VCR homes with A/P Meters to begin crediting VCR playback instead of recording. It will be some time before A/P Meters reach that penetration level. We have been asked by some clients to remove VCR Record from the current estimates as an alternative. However, for the trending and consistency purposes we will leave VCR crediting as is.

**Will Nielsen Media Research be able to provide information on “trick” mode functions?**

We will not have that capability in the initial timeshifting release but it will be one of several features to be considered for a later phase. Please note that in fast forward, rewind or pause modes no viewing minutes will be credited. We are planning to analyze this activity in the separate TiVo® household panel.

**Can we look at playback ratings accumulated after each of the seven days?**

We will not have the capability in this initial phase to report accumulated (day-by-day) viewing in our production systems. We are still assessing what other ways to possibly access these data.

**What are the in-tab requirements for timeshifted viewing?**

The household must be in-tab on both the day of record and the day of playback.



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**What happens to weighting with time-shifted viewing?**

Weights for households and persons watching time-shifted programs will be the same as the household/persons weights on the day the program was recorded. The household/persons must be in-tab for both the day of recording and the day of the playback event. But the weight in effect on the day of record will apply. We will not be changing base counts as a result of including timeshifted viewing.

**What happens when a viewer rewinds and watches a segment of a show repeatedly?**

When the same viewer “rewinds” and watches any segment of a show or commercial more than once, the repeat viewing for that person or household will not be counted twice in the formula for an average audience estimate. If another person in the household views the program again that person will be counted but the household will not be credited a second time.

**Will Nielsen Media Research compute a local estimate that accounts for repeat playbacks to the same telecast date/quarter-hour?**

We do not have any plan to produce or report such an estimate in Local products at this time.

**For the Local People Meter and Set Metered Market overnights, can I subtract the "Live" rating from the "Live Plus" to determine an estimate of the playback rating contribution?**

Yes. The only caveat is that repeated viewing of the same program is only counted once in the "Live Plus" rating.

**Diaries**

**Will all households be mailed a diary utilizing the new 8-day DVR diary design?**

No, the standard diary will continue to be used as well.

**How will prospective diary households with DVRs be identified?**

The recruitment call scripts are being modified to include questions to determine the presence of DVRs in a household.

**Will non-contact and refusing households be mailed diaries utilizing the new DVR diary design?**

Based on responses to recruitment call questions, 8-day DVR diaries will be mailed to households that:

- Accept and indicate that a DVR is present in the household.
- Refuse and indicate a DVR is present in the household.

Standard (7-day) diaries will continue to be mailed to households that:

- Accept and indicate that a DVR is NOT present in the household.
- Refuse and indicate that a DVR is NOT present in the household or do not respond to the DVR questions.
- Are not contacted, i.e., Non-Contact households.

**If a home with a DVR is mailed more than one diary, will all of the diaries be of the new DVR diary design?**



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Yes.

**Will DVR diary households receive different incentive treatments than non-DVR diary households?**

No.

**What happens with households that return standard (7day) diaries but indicate some sort of playback activity in their diary?**

These households will continue to be handled in accordance with the policy established effective with the February 2004 survey period. Diaries that are returned with no more than 20% of their total household viewing to previously recorded programming by means of a DVR (Digital Video Recorder) or similar digital recording device remain in-tab. The viewing to pre-recorded programs via a DVR-type device from these diaries is not credited to any channel, nor does it contribute to the HUT and PUT levels. All such viewing is credited to a combined DVR category that is monitored to determine if the viewing exceeds 20% of the total viewing from the household. Once the 20% threshold is attained, that household becomes out-of-tab. The 20% threshold was chosen because it matches a similar editing threshold for unidentified tuning in the diary.

**How was it determined to utilize an 8-day diary versus a diary of a longer (or shorter) duration?**

Nielsen Media Research worked with the Local Client Technical Committee to develop recommendations. The 8-day diary is a result of those discussions and continued research by our Methodological Research group. Impacts to cooperation and report delivery schedules were key considerations.

**How will the viewing recorded in diaries on the 8<sup>th</sup> diary day be handled?**

Any playback viewing occurring within 24 hours of telecast will be credited to the time of telecast. No live viewing or playback outside of the 24 hour interval will be used from the 8<sup>th</sup> day.

**Does a playback crediting interval of 24 hours include all of the following day or is the playback crediting interval precisely 24 hours?**

The playback crediting interval for the diary is precisely 24 hours.

**How will meter/diary adjustment be impacted by the 24 hour playback duration in the diary while the set meter playback duration will be for seven days (186 hours)?**

Diary persons data will continue to be meter adjusted using the ratio of the Live Plus metered household estimate to the Live Plus diary household estimate.

**Other**

**When will DVR Universe Estimates be available?**

Nielsen does not currently produce any universe estimates for the number of DVR households. We will begin the procedures for doing so in 2005 and anticipate having National and Local universe estimates no earlier than fall, 2006.

**Although Nielsen Media Research states that only "Live Plus" data will be provided to Data Processors for the MM Weekly and/or ViP/TVS Published Data files, will Nielsen Media Research have the ability to provide "Live" only data if requested by a client?**



Nielsen Media Research has no plans to provide "Live" only data for these products. All viewing estimates for these products will be based on "Live Plus".

### **How long will it take to get to additional phases of timeshifted measurement?**

We do not have a timetable yet for future phases as we are focusing our efforts on the 2005 deliverables. However, there is much additional work to do both in terms of providing more comprehensive views of playback data and analytics on the use of timeshifting devices. We have already begun our research into future phases and will consult with clients to prioritize future enhancements.



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