

LPM *Update*

People Meter technology in local markets, providing continuous daily demographic viewing information.

Nielsen Initiatives Lead to Improvement in Fault Rates

Initiatives Include Personal Coaching, Additional Field Staff, Dedicated Phone Lines and Prioritizing Field Calls for Demographic Groups Most Likely to Fault

Over the past year, Nielsen Media Research has worked closely with its clients and the Media Rating Council (MRC), and made significant investments to develop methods to continuously improve the quality of its Local People Meter (LPM) samples. Last week, in the third issue of "LPM Update", we illustrated the improvements in fault rates in recent months. In this communication, we will talk about the quality initiatives Nielsen has put in place that led to these improvements.

The fault rate is the percentage of sample homes that do not report complete television ratings information on any given day. Local fault rates have improved markedly from November to May in all four markets where Local People Meters (LPMs) were introduced in 2004, and Nielsen continues to seek new ways to maintain lower fault rates as part of its commitment to continuous improvement in sample quality. Even with these initiatives in place, continued improvements in fault rates will be difficult over the next several months because fault rates have historically increased during the summer.

Faults occur for many reasons, including the installation of new equipment (television, DVD, or VCR, etc), electrical failure, machine failure, telephone failure, out-of-sync tuning of a television, and, in a people meter, a failure to log in properly. Faulting is generally higher among larger or younger households, households with children, households that watch more television and households with more VCRs, video games and other devices. The more television activity there is in a home, the greater possibility there is for activities that cause faulting.

Initiatives that Nielsen has undertaken to improve fault rates are:

- **Personal Coaching Plus** -- Nielsen introduced a new program of personal coaching for Local People Meter homes in May 2005. Under this program, a team of Nielsen membership representatives develops a close relationship with each member of a sample household that, according to demographic patterns, is most likely to have higher fault rates. This team coaches the household members on how to avoid faulting, while offering performance-based incentives, including monetary incentives, for reductions in fault rates. Nielsen also sends reminder mailings that identify key behaviors that would encourage compliance for the sample household.
- **More Field Staff** -- To support the personal coaching program, Nielsen has already added new field personnel in the LPM markets of New York, Chicago, Los Angeles and San Francisco. In July we will add personnel in Washington, D.C, and Philadelphia, and in August we will add personnel in Boston. The new staff to be deployed under the personal coaching program are additional to the field, management and support personnel already added in these markets since August 2004.
- **Proactive Dedicated Phone Lines** -- Nielsen Media Research routinely installs a dedicated phone line to retrieve viewing information in homes that suffer from a high level of communication-related

faults. We have recently begun to identify homes that are likely to have higher fault rates and are now proactively installing dedicated phone lines when the household is recruited, rather than waiting for communication-related faults to occur.

- **Modified Structured Prioritization** – When responding to faults under this program, Nielsen gives a higher priority to households in demographic groups and geographic areas with higher-than-normal fault rates. Previously, priorities for responding to faults were assigned according to the absolute difference that a particular demographic characteristic would have from the “universe estimate” of characteristics. As a result of this program, Nielsen can give top priority to the highest faulting groups or areas.

Local People Meters are an advanced system of electronic meters that electronically and continuously record demographic viewing in sample homes, and are superior to the set meter/diary measurement they replace. Nielsen is introducing them in the top ten markets, replacing the previous system of paper diaries and set-top meters.

While fault rates are a component of a sample’s quality, they are not the most important one. Other factors that are more critical to a sample’s accuracy are the size of a sample, the percentage of targeted households that agree to accept a people meter, or the demographic representation of the sample. Faulting does not significantly affect the accuracy of ratings because, on a daily basis, Nielsen weights the contributing sample households in a demographic, thereby moving closer to the true estimate of viewing by that demographic. Nevertheless, Nielsen Media Research will continue to strive for improvement in this and other important sample metrics.