ARF AUDIENCE 2017 MEASUREMENT

Modern Measurement

Media, Models & Methods

#ARF2017AM

AUDIENCE 2017 MEASUREMENT

Toward A More Complete Measure Of Television Value and ROI: New CRE Study

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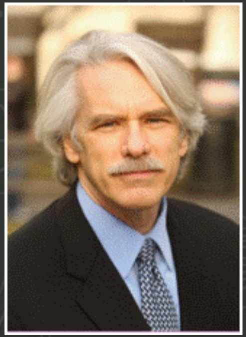

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Introduction

Richard Zackon
Council for Research Excellence

Council For Research Excellence

- Mission:
  - Advance the knowledge and practice of methodological research on audience measurement.
  - Provide Nielsen clients and the industry an opportunity to explore new and critical issues

- Research: 30+ Studies available at www.researchexcellence.com

Council For Research Excellence

- Previous CRE studies on ROI and Marketing Mix Models
  – 2013 *The State of Marketing Mix Models* (AM 8.0)
  - 2015 *Long Term ROI of Ads* (AM 10.0)

Study of Television Data Inputs For Marketing Mix Models

- Marketing mix models continue to be primary method for estimating ROI

- Can we introduce refinements to TV data for modeling?
  - Granularity
  - Precision
  - Accuracy

- Undertook a research study conducted for the Council for Research Excellence's ROI committee headed by Dave Poltrack

Methodology

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Rigorous Exploration of TV Data

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Focused On 4 Television Measurement Areas

Precise Minute 

Actual Cable Ratings 

Precise Day 

Precise Viewing (Diaries) 

Study Details

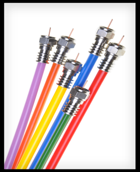
1. Precise Minute

– AQH GRPs vs. Precise Minute GRPs derived from specific ad minute data for each occurrence in the schedule

2. Playback on Precise Day

– Original air date playback GRPs vs. Comparable Precise viewing date

Study Details



3. **Actual Cable Network Viewing**
   – Estimated national cable networks' viewing in DMAs vs. actual local market viewing to national cable networks

4. **More precise viewing**
   – Diary AQH GRPs vs. exact minute GRPs from a combination of people meter and diary data

Findings

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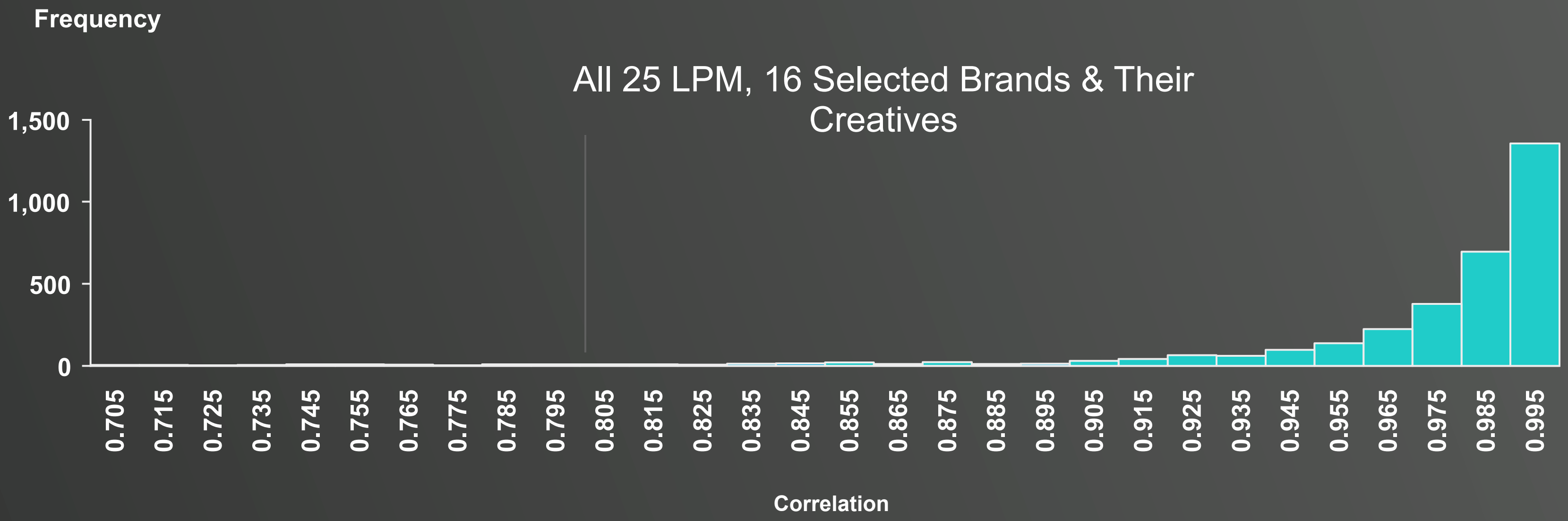
Precise Minute Analysis

- Would precise ad minute GRPs make a significant difference in a marketing mix model's estimate of television's ROI?
  - 3323 schedules evaluated
    - Weekly schedules, 16 brands, every creative execution across 25 LPM markets

Precise Minute Correlations

Ad Intel & AMRLD-based HH GRPs Correlations



Precise Minute Findings

- Correlations were high

- To answer the question, "how high a correlation is required", 150,000 Monte Carlo simulations were run
  – Simulations tested the likely impact of the AdIntel data significantly impacting a typical marketing mix model's read of television's effect on sales

Precise Minute Findings

- 90% of the time, there is only a small difference between the datasets
  - Under-estimating the sales lift of television by about 3%, on average, and no more than about 10%
- 10% of the time, the average under-estimate of television sales lift is about -20 percent
  - And close to 40% of time, it is statistically significant

Precise Minute Take-Away

- The chance of understating television's value is small
  - But the impact can be large in those cases
- Why incur the risk when a better solution is possible?
- Nielsen advises investigating the circumstances in which average quarter-hour makes a difference so modelers may elect to address the impact through their models or by using precise minute

Playback on Precise Day

- Playback is assigned to the date a program aired, not the date of viewing
  - Some rating points will be credited to the wrong week or the wrong day

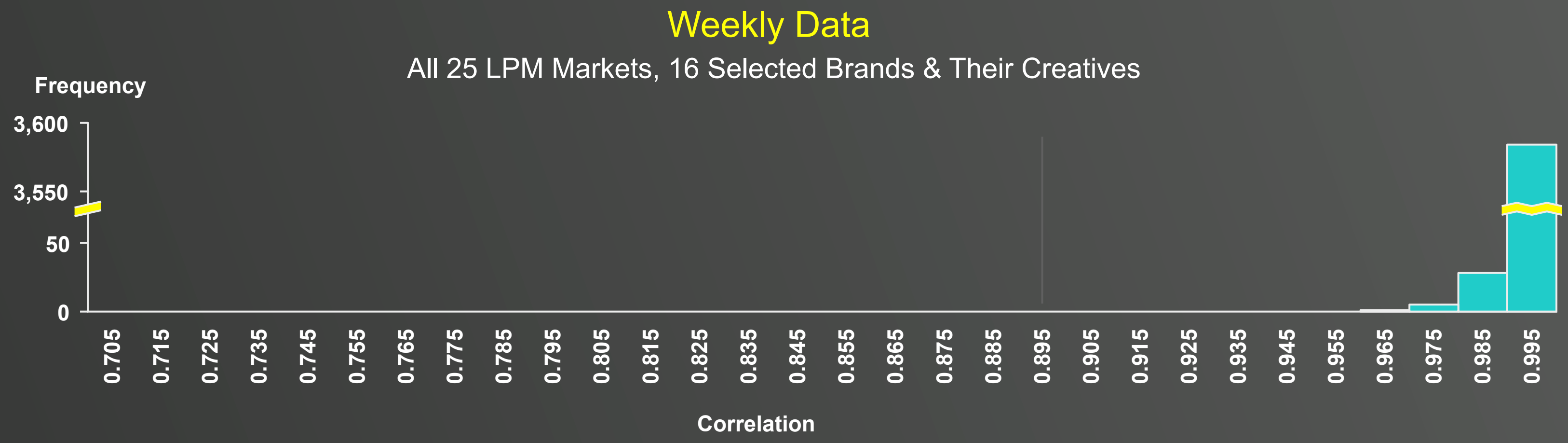
- Is this error large enough to significantly impact a marketing mix model's estimate of television ROI?

Playback on Precise Day

- Correlations were run against:
  - Weekly data (most common modeling practice)
  - Daily data (the direction in which modeling is headed)

Distribution Of Correlations Live+7 Vs. One-Week Playback

Ad Intel & AMRLD-based HH GRPs Correlations

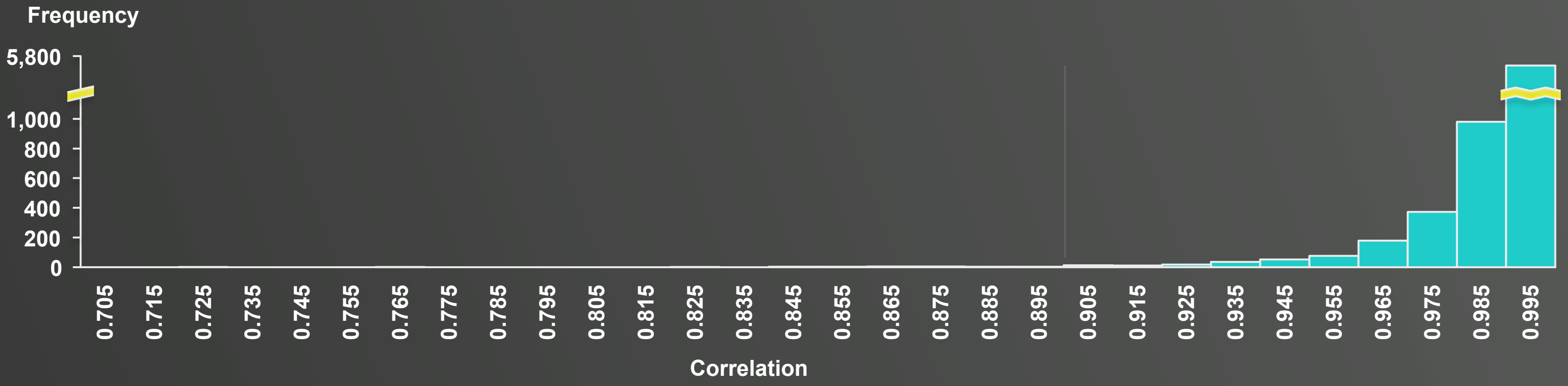


Distribution Of Correlations Live+7 Vs. One-Week Playback

Ad Intel & AMRLD-based HH GRPs Correlations

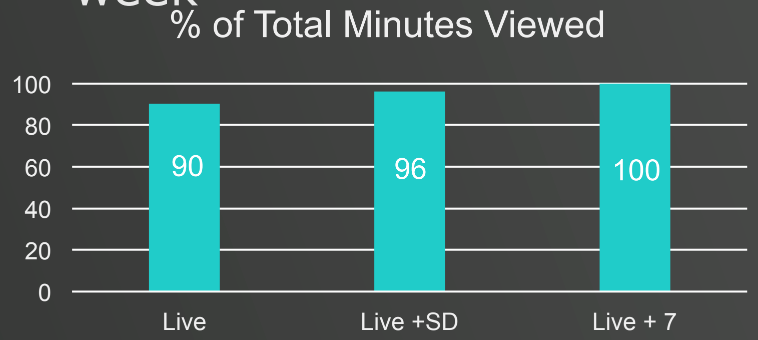
Daily Data

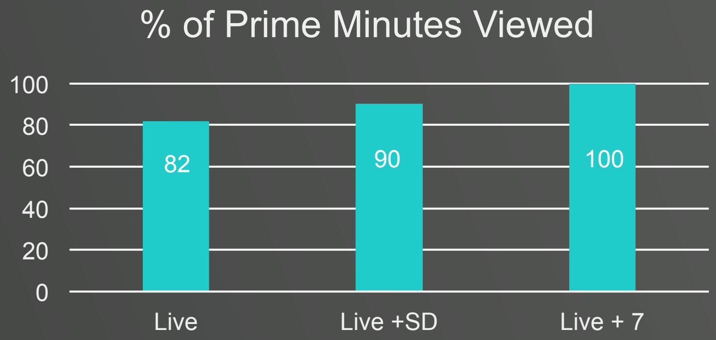
All 25 LPM Markets, 16 Selected Brands & Their Creatives



Precise Day Findings

- Impact of mis-attributing playback across weeks is small
  - Why? Same day and within same week playback is very high
  - Surprising given all the hype about playback viewing on ratings
    - Must infer that even less playback occurs beyond one week





More Precise Cable Audience

- AdIntel GRP data for the DMA level delivery of national cable audiences is based on an estimate rather than measured audiences
  - National impressions are allocated into DMAs by percent of national subscribers in each market
- Nielsen has announced that this will be changed as a part of the re-engineering of local television audience measurement
  - Major step forward and will provide a passive measure of household tuning that is relatively consistent across DMAs

More Precise Viewing

- Accuracy of diary measurement data is always questionable for modelers
- Also concerned about potential bias introduced by 3 different measurement systems in different DMA strata
- Nielsen’s re-engineering of local market measurement addresses these issues
  - Broadcast and cable network data by DMA will now all be measured and reported the same way, using passive set-tuning data

Summary

TV Measurement And Impact on ROI

Precise Minute

Size of problem: Infrequent
Impact on ROI: Quite substantial the 10% of times it occurs

Actual Cable Ratings

Size of problem: Undetermined
Resolution: New approach will **fix** this issue

Precise Day

Size of problem: Surprisingly none
Impact on ROI: None for now

Precise Viewing

Size of problem: Known to be huge
Resolution: New approach will **fix** this issue