



## MRC INDUSTRY COMMUNICATION

### **MRC Statement on Nielsen National Television Viewing Estimates Analysis**

New York, NY (May 10, 2021) – The MRC’s Television Committee met today with Nielsen management to review the results of a series of analyses Nielsen conducted in response to requests from MRC and its members. The analyses were designed to determine the impact (if any) to national television viewing estimates that may have resulted from certain changes made to Nielsen panel-related procedures because of COVID-related matters. These changes included adjustments to Nielsen’s standard meter maintenance procedures, a curtailment of the recruitment of new panel homes, and extending the time limits at which panelists are forced to turnover from participation in the panels.

This communication presents MRC’s current perspectives on this issue based on our interpretations of Nielsen’s analyses.

#### **Summary of MRC’s Position**

Based on Nielsen’s analyses of the potential impacts of the changes to its panel procedures, MRC believes that Total Usage of Television (TUT) by Persons 18-49 was understated by approximately 2 to 6 percent for the February 2021 measurement period (the period covered by the analyses). In addition, MRC believes that Persons Using Television (PUT) estimates among the Persons 18-49 group was understated by a range of 1 to 5 percent in February 2021.

The impacts to estimates will vary among different demographic groups and dayparts, and percentage differences, when applied to program estimates, can be misleading because of the small size of the absolute ratings of many programs, which can distort change percentages. Nielsen’s analyses indicated that 93 percent of simulated Persons 18-49 C3 program ratings estimates for February were within +/- .02 points of the estimates originally reported. While certain programs showed no change in their rating, and some even had lower ratings in the simulated results, MRC believes these may have been partly a function of the analytical approach used, where homes were removed for the purpose of the simulation, resulting in greater variability, as well as the fact that the analyses were conducted prior to the completion of maintenance procedures for all suspect panel homes. In short, MRC believes changes to program estimates are largely one-directional, and that there was some degree of understatement overall in the C3 Persons 18-49 estimates that were originally reported by Nielsen in the February 2021 period.

MRC also notes, and users of the data should keep in mind, that this range of impact, as well as the originally reported ratings themselves, are estimates with standard errors associated with them. However, we believe the directional impact noted above is appropriate to consider in assessing the estimates originally reported by Nielsen.

**Background**

Because of widespread restrictions imposed by governmental entities and others that first arose in early 2020 as a result of the COVID-19 pandemic, as well as Nielsen's concern for the welfare of its own personnel and panel household members, Nielsen's ability to conduct in-person visits to recruit and maintain homes for its television measurement panels was severely curtailed. As a result, Nielsen amended a number of its standard field procedures in response to this highly unusual situation. These procedural changes included temporary adjustments to certain thresholds used by Nielsen to monitor for and address potential metering and other problems that ordinarily would lead to the home being withheld from those that contribute to Nielsen's viewing estimates. Nielsen disclosed the changes to the household maintenance procedures to the MRC at the time they were made. In addition, Nielsen later introduced some new field procedures designed to attempt to service panel homes in a manner that did not require Nielsen personnel to enter the homes.

Because Nielsen's ability to provide in-person service to its panel homes remained restricted throughout the remainder of 2020 and into 2021, the number of homes allowed to remain in the sample that had been flagged for potential metering or other problems, and that would have otherwise been withheld or removed under Nielsen's normal rules, continued to grow over time. It eventually reached a point where the growth in the number of these homes, and their potential to have a material effect on Nielsen's television viewing estimates, became an area of concern for MRC and many of Nielsen's clients. MRC believes the impact of this was at its peak in February 2021. Additionally, further complicating the situation was the fact that few new homes could be added to the panels over the period when in-person field work was restricted or prohibited, which led Nielsen to grant extended tenure to some other panel homes that otherwise would have been removed.

Starting in Fall 2020 and continuing into early 2021, MRC held several meetings with Nielsen to discuss the health of its panels. As a result of growing concerns about this, MRC requested Nielsen perform a series of analytical processes to attempt to determine whether the continued presence of the homes that under ordinary circumstances would have been withheld from the panels had led to unanticipated impacts on the reported viewing estimates that reflected factors other than normal viewer behavior.

**MRC's Views on Findings of Nielsen Analyses**

MRC worked with Nielsen to develop the analytical approaches used to answer the questions about the potential impacts of the panel-related concerns on the resulting Nielsen viewing estimates. To summarize, Nielsen identified approximately 9,400 of its total of about 40,000 TV panel homes in the U.S. as of February 2021 that had triggered alerts within Nielsen's systems that, in pre-pandemic times, would have led the home to be withheld from contributing to Nielsen's estimates until the alerts had been addressed by Nielsen personnel. Of these 9,400, approximately 2,400 of the homes had triggered alerts that were considered "high priority," in that the condition that led to the alert was deemed to be highly likely related to an issue that would affect Nielsen's ability to collect complete and accurate viewing data from the home. Another 3,000 of the 9,400 homes were in a medium priority category, while the remaining 4,000 homes were assigned a lower priority. As Nielsen began its return to in-person field processes in March 2021, it used these priority classifications as guides to determine the order in which homes that were known to be in need of maintenance issues were to be addressed.

For the purpose of the analyses, Nielsen used the information it learned from the homes it visited in March and April to identify which of those homes had a metering or other issue that could have adversely affected its ability to provide complete and accurate data for the television viewing panels in the preceding weeks or months. MRC and Nielsen jointly agreed to use April 19<sup>th</sup> as a cutoff date for the analysis—meaning information used in the analysis was based on Nielsen’s household visits completed up to that date—to allow for the results of the analysis to be compiled and presented to the MRC and the industry on a timely basis in advance of the annual upfront season. In addition, it was agreed to limit the scope of the analysis to one month of data, specifically, the February 2021 ratings period, when the potential impacts of the Nielsen process changes were likely to be at their peak.

Based on its analyses, and Nielsen’s simulation of February 2021 ratings results that excluded those panel homes that were assumed to have been impaired from a data contribution standpoint, it appears that there was a generally consistent pattern of underreporting of viewing vs. the simulated results. Changes observed to Total Usage of Television (TUT) for Persons 18-49 and Persons Using Television (PUT) among Persons 18-49 for the February period are summarized below:

|  | <u>Range of Changes</u> | <u>Average Change</u> |
|--|-------------------------|-----------------------|
| <b>Total Usage of Television (TUT), Persons 18-49</b>      | 2.2% - 5.6%             | 4.8%                  |
| <b>Total Persons Using Television (PUT), Persons 18-49</b> | 0.9% - 4.4%             | 3.5%                  |

The impacts to viewing estimates will vary among different demographic groups and dayparts, and percentage differences, when applied to program estimates, can be misleading because the small size of the absolute ratings of many programs can distort change percentages. Nielsen’s analyses indicated that 93 percent of simulated Persons 18-49 C3 program ratings estimates for February were within +/- .02 points of the estimates originally reported. The C3 ratings differences for Persons 18-49 are summarized below, broken out by English-language Broadcast networks, Spanish-language Broadcast networks, and for a group of 15 Top Cable networks.

| <u>C3 Ratings Differences</u>                    |                 |                            |                     |                              |                       |
|--|-----------------|----------------------------|---------------------|------------------------------|-----------------------|
|  | No. of Programs | <u>Avg. Absolute Diff.</u> | <u>Avg. % Diff.</u> | <u>Median Absolute Diff.</u> | <u>Median % Diff.</u> |
| <b>English Language Broadcast, Persons 18-49</b> | 332             | 0.02                       | 2.17%               | 0.00                         | 2.62%                 |
| <b>Spanish Language Broadcast, Persons 18-49</b> | 206             | 0.00                       | -1.53%              | 0.00                         | 0.00%                 |
| <b>Top 15 Cable Networks, Persons 18-49</b>      | 594             | 0.00                       | 1.72%               | 0.00                         | 2.63%                 |

While certain programs exhibited no change to their rating, and some even had lower ratings in the simulated results, MRC believes these may have been partly a function of the analytical approach used, where homes were removed for the purpose of the simulation, resulting in greater

variability (which we believe particularly pertinent to the Spanish Language Broadcast results), as well as the fact that the analyses were conducted prior to the completion of maintenance procedures for all suspect panel homes. ***In short, MRC believes changes to program estimates are largely one-directional, and likely somewhat more pronounced than what was observed in the analyses completed to date, which leads us to conclude there was some degree of understatement overall in the C3 Persons 18-49 estimates that were originally reported by Nielsen in the February 2021 period.***

MRC also notes, and users of the data should keep in mind, that this range of impact, as well as the originally reported ratings themselves, are estimates with standard errors associated with them. However, we believe the directional impact noted above is appropriate to consider in assessing the estimates originally reported by Nielsen.

It is difficult to estimate the impact, if any, to reported estimates that may have been attributable to the changes in panel recruitment and turnover processes, and the resulting gradual shifts in panel representation. Based on the analytical work focused on these specific areas that Nielsen has completed to date, it appears that the resumption of more typical recruitment and certain new targeted turnover procedures by Nielsen has had little discernible impact on reported viewing estimates, except for small trending increases in TUT reach and streaming usage, and small decreases in the amount of zero-tuning households. However, these impacts also may be related to Nielsen's maintenance efforts.

### **Next Steps**

MRC plans to continue to work with Nielsen and its members to further analyze the impact that panel disruptions may have had on the viewing estimates Nielsen reported over the affected period. These efforts will include investigating any impacts to Nielsen's reporting in local markets, as well as further exploration of the role that certain zero-tuning households may have played in reported viewing estimates. Beyond the general numerical ranges that are noted in this statement, customers are encouraged to seek further detailed information on possible impacts from Nielsen, and how these may relate to their specific audiences.

MRC also plans to continue to work with Nielsen in its ongoing audit and accreditation process for the National Television service as Nielsen more fully returns to a pre-COVID, business-as-usual state in regard to its field visitation practices and the systems it uses to detect potential metering and other issues that could negatively affect its ability to collect full and accurate viewing data from its panel homes. We will update the marketplace as warranted as these next steps unfold.

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