



CRAIG JAFFE RESEARCH 360° Leadership in Research & Analytics

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An Open Letter to Nielsen and the Research Departments of Networks and Agencies

Subject: Nielsen Glitches - See Them Before They Happen & Learn How to Work Through Them

Nielsen and the Dictionary

How do you know if a word is misspelled in the dictionary?

In 4Q'2014 a Nielsen "glitch" caused chaos among the national television networks throwing into doubt the validity of several months' worth of Nielsen ratings.

Yet most use Nielsen like a dictionary. It is a source in our industry that is referred to every day, and nearly everyone who uses it assumes it is valid at all times.

When we consider that the latest Nielsen error was not discovered until hundreds of days after the problem began however, the analogy between Nielsen and an authoritative source like the dictionary seems much less appropriate.

It also becomes apparent we take too much for granted.

This paper says we can predict Nielsen errors. Media companies and advertising agencies that buy and sell using the Nielsen currency should have a strategy in place for preemptively addressing these issues before they come up so they can be factored into their negotiations with each other and with Nielsen.

After the error is discovered, there are also measures that should be taken.

How do you know if a word is misspelled in the dictionary? The same way you know if data is incorrectly reported by Nielsen. Request help from a specialist.

The Glitch

Regarding the latest "technical glitch" affecting Nielsen's TV ratings, it would be useful and advantageous to have anticipated it before it happened.

Next time, you can.

We believe Nielsen is generally good, but every company makes mistakes and Nielsen is no different.

This latest glitch spanned a period of approximately 223 days and affected the national television networks. To help us scope the problem based on generalizations regarding network feed we estimate this glitch may have impacted nearly 28,000 hours of TV programming and 896,000 commercials. Value of ad inventory potentially impacted by the glitch may have totaled more than \$4 billion.

The significance of the glitch--the delta between the reported ratings and the actual ratings--will ultimately determine the dollars lost or gained by the industry.

Strategy

It is important to understand how this affects you.

Going forward, it is critical to have a plan to work through these mistakes. Your concerns should be adequately addressed by Nielsen and resolved to your satisfaction. With client satisfaction at the forefront of service-based business models, we encourage Nielsen to be transparent about the size of the delta and what inventory was truly impacted by their glitch. We are further gratified that Ernst & Young LLP and the industry-backed Media Rating Council (MRC) joined the probe.

What Can Nielsen Do?

We recognize Nielsen is trying to improve itself. The Council for Research Excellence (CRE) is a positive development. But best business practices suggest Nielsen should do more to assume accountability when mistakes occur. It can be a benefit to itself and its thousands of clients, if it augments its efforts to assure the most accurate metrics are being produced as well as reported.

If it has not done so already, we suggest Nielsen possibly consider committing six-sigma protocols across multiple aspects of its business to preempt and minimize future glitches. After all, Nielsen has a lot of moving parts and different divisions working together to produce its product for us to use in the industry. We do not believe in throwing out the proverbial baby with the bathwater. After all, Nielsen produces a lot a good data.

Next Steps

Unfortunately, networks, advertisers, agencies, and MVPDs typically do not factor these mistakes into their prognostications ahead of time. But they probably should.

Keep in mind this wasn't the first Nielsen glitch. Nor will it be the last.

We have been a Nielsen client for 20 years. During that time, we gained experience observing more than two dozen Nielsen "glitches." Your dollars are always at stake. So it would be to your advantage to learn how to predict them. If we can be a resource in helping you prepare for the next round of mistakes or to help you better understand how this particular glitch has impacted your bottom-line, feel free to reach out to us.

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About Craig Jaffe Research 360°:

Craig Jaffe Research 360° is a research and analytics consultancy that advises how consumer trends, behavioral shifts and attitudinal dynamics can be leveraged and monetized. The consultancy is hired to perform Ad Sales Research, Program Research, Analytics, and Consumer Insights. It utilizes a variety of resources -- such as Nielsen, MRI, comScore, Rentrak, and others -- and employs primary research techniques while working with media and marketing companies operating in the television, digital, and social marketplaces. Craig Jaffe Research 360° helps television networks increase ad sales and audiences, and helps advertising and media agencies activate consumer purchase behavior.