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July, 2021

# Just the Facts: Why VAB Requested MRC Suspend Nielsen's National Accreditation



Insights.  
Inspiration.  
Impact.



# Overview

On July 21<sup>st</sup>, VAB requested MRC (Media Ratings Council) **suspend the accreditation of Nielsen's national ratings service.**

On behalf of member publishers and distributors, we provided the MRC, a highly detailed **10-page document outlining why Nielsen's** national accreditation should be revoked due to multiple, major and persistent violations. (Out of respect to the MRC's confidential process, we are not sharing that document)

To help the marketplace understand why we took this historic action in pursuit of real improvements in measurement and currency, the following document provides a look at the in-depth analysis we performed, including:

- ▶ The current **state of Nielsen's panel** vs. pre-Covid
- ▶ **Root cause of why issues remain with Nielsen's sample**
- ▶ Result of viewership undercounting to the industry
- ▶ Recommendation for path forward

# TV's 2021 Post-COVID Must-Haves:



## Highest-Priority Restoration: Nielsen's (COVID-damaged) National Panel

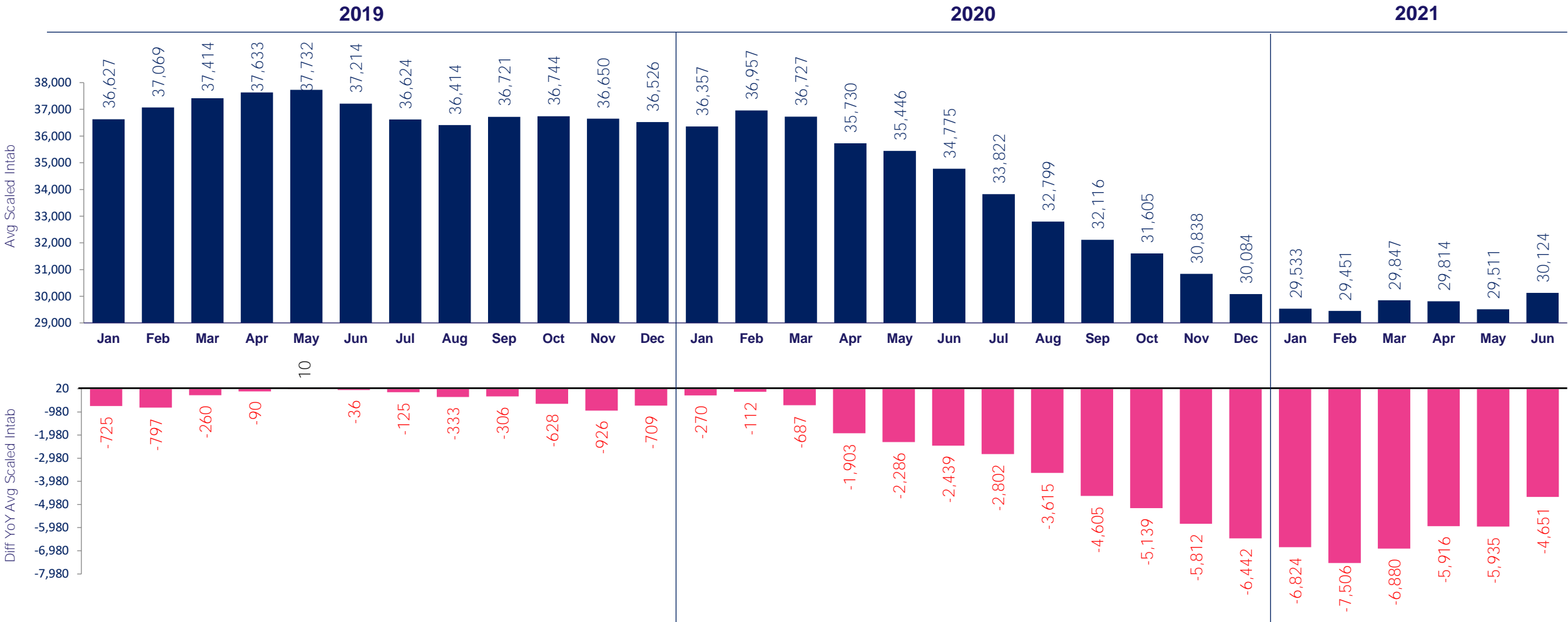
1. July 2021 status of Nielsen's national panel (seven charts)
2. Root causes of COVID-period TV undercounting
3. The cost of continued undercounting to the 2021 buy/sell marketplace
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# July 2021 Status of Nielsen's National Panel: The Details of Why National TV Undercounting *Will* Continue

## Cadence of Seven Charts that Follow:

- ▶ NPM panel not recovered from COVID damage...thru June 2021 - [Page 3](#)
- ▶ Thru June '21 - Blacks & Hispanics still under-represented in Nielsen national panel - [Page 4](#)
- ▶ Thru June '21 - Younger demos still under-represented in Nielsen national panel - [Page 5](#)
- ▶ Into June '21 – Panel declines continue disproportionately among larger homes - [Page 6](#)
- ▶ Into June '21 – Panel declines continue disproportionately among 3+ & 4+ TV set homes - [Page 7](#)
- ▶ Abnormally high spikes in non-viewers begin to correct after Nielsen's 9,478 maintenance - [Page 8](#)
- ▶ Recovery of artificial TUT declines - begin to correct after Nielsen's 9,478 maintenance - [Page 9](#)

# Thru June '21: The Nielsen Panel Still Had **18% Fewer** Respondents vs. Feb '20

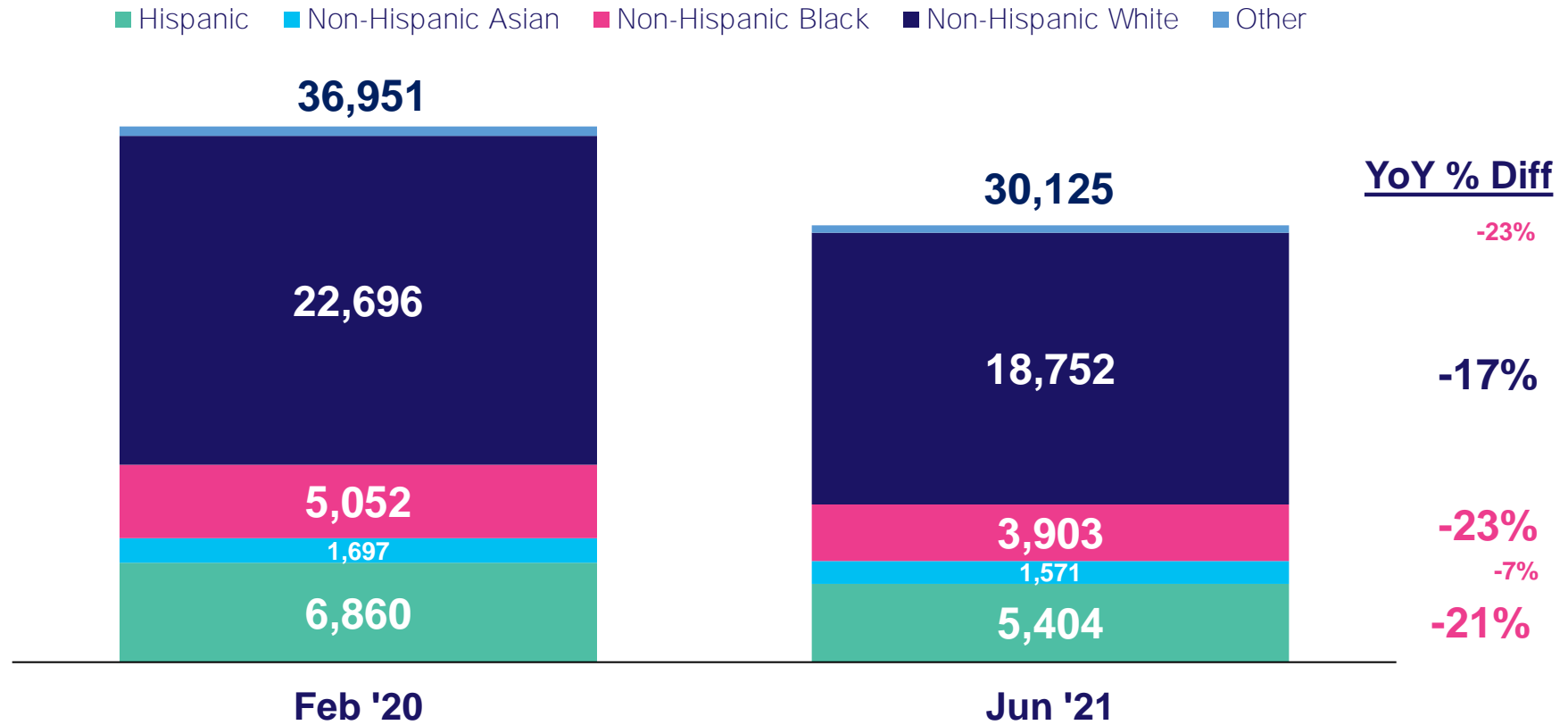


Source: Nielsen NPower, Universe Estimates, UE and Sample Information Report, P2+. Reflects broadcast months from January 2019 – June 2021 (thru w/o 6/21/21). 2019 YoY monthly comparisons vs. 2018 broadcast month data.

# Thru June '21: Both Black and Hispanic Homes Had Still Lost Over 20% of Their Representation Within the Nielsen Panel

## Avg Daily Scaled Intab Counts: Share By Ethnicity

February 2020 vs. June 2021



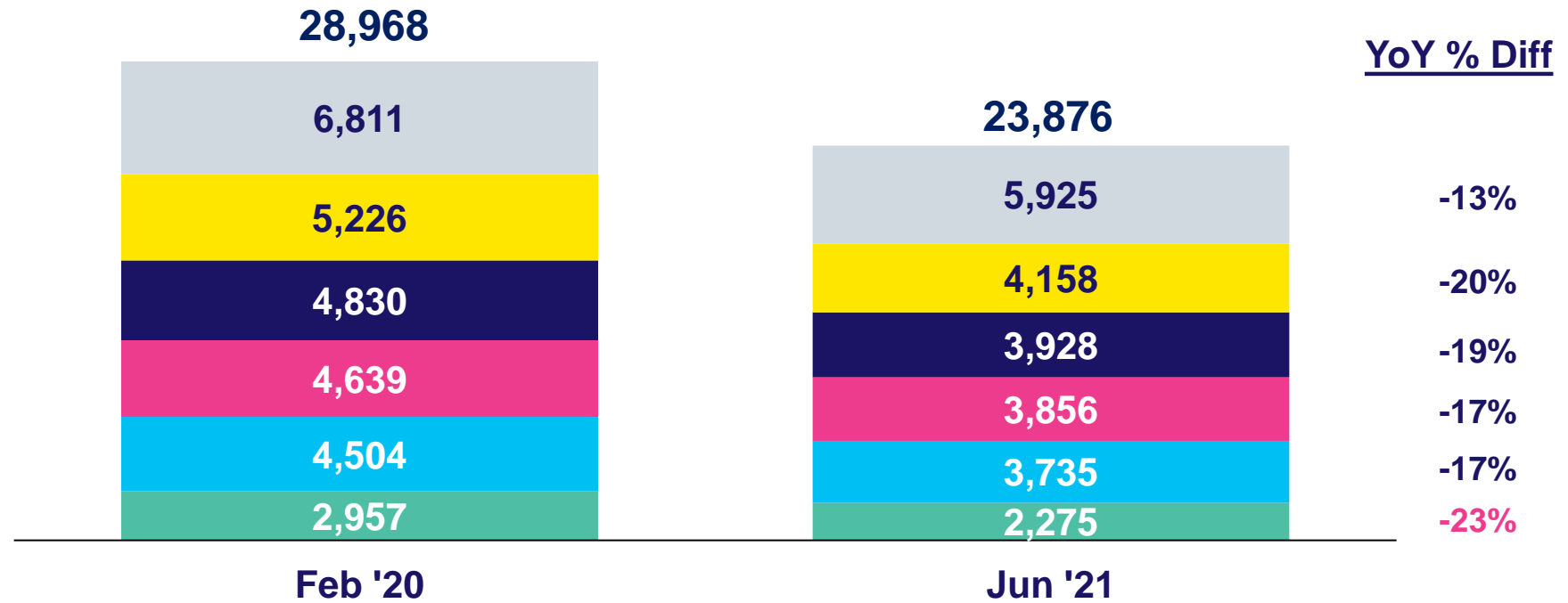
Source: Nielsen NPower, Universe Estimate, UE and Sample Information Report, P2+ . Market breaks: Origin / Race. Reflects broadcast months.

# Thru June '21: Younger Adult Demos Had Still Lost Almost a Quarter of Their Representation Within the Nielsen Panel

## Avg Daily Scaled Intab Counts: Share By Demographic

February 2020 vs. June 2021

■ P18 - 24 ■ P25 - 34 ■ P35 - 44 ■ P45 - 54 ■ P55 - 64 ■ P65 - 99



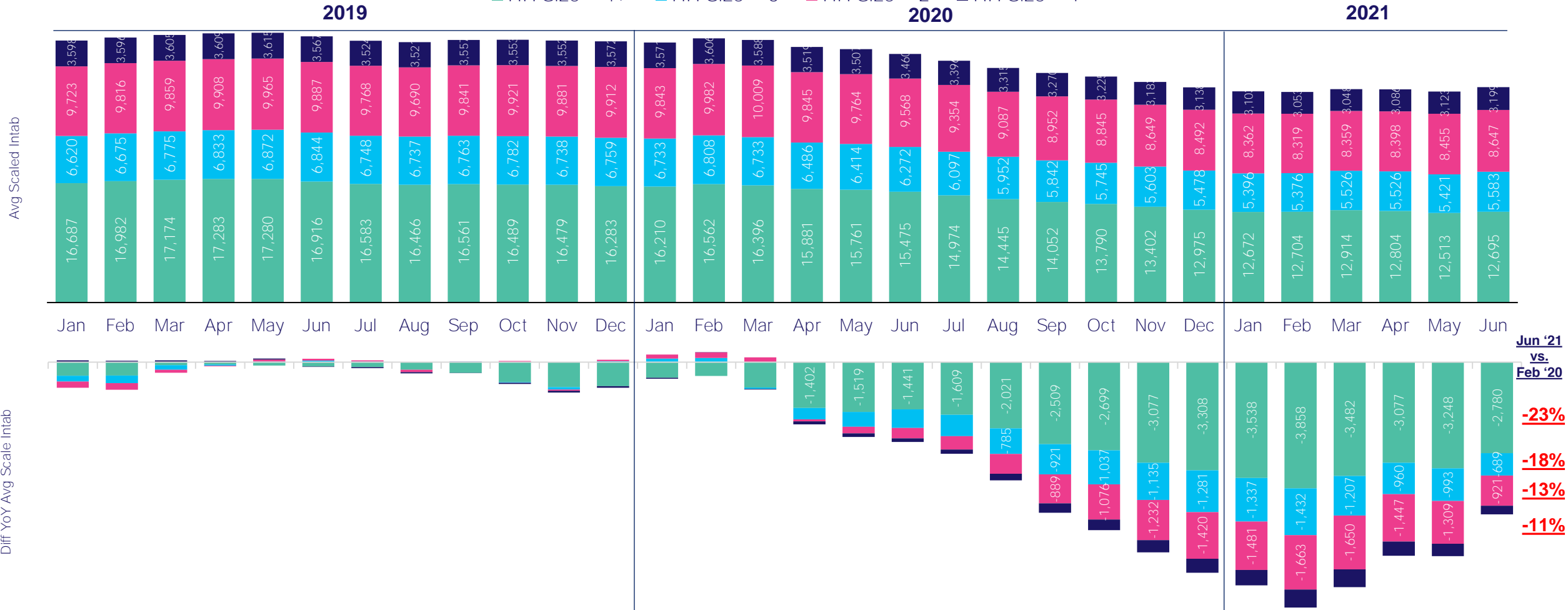
Source: Nielsen NPower, Universe Estimate, UE and Sample Information Report, P18+. Reflects broadcast months.

# Panel Declines vs. Feb '20 - Continue to be Disproportionately Among Larger Homes...Which are Heavier TV Viewing Homes

## Avg Daily Scaled Intab Counts: Household Size

CY 2019 – June 2021 (YTD)

■ HH Size = 4+ ■ HH Size = 3 ■ HH Size = 2 ■ HH Size = 1



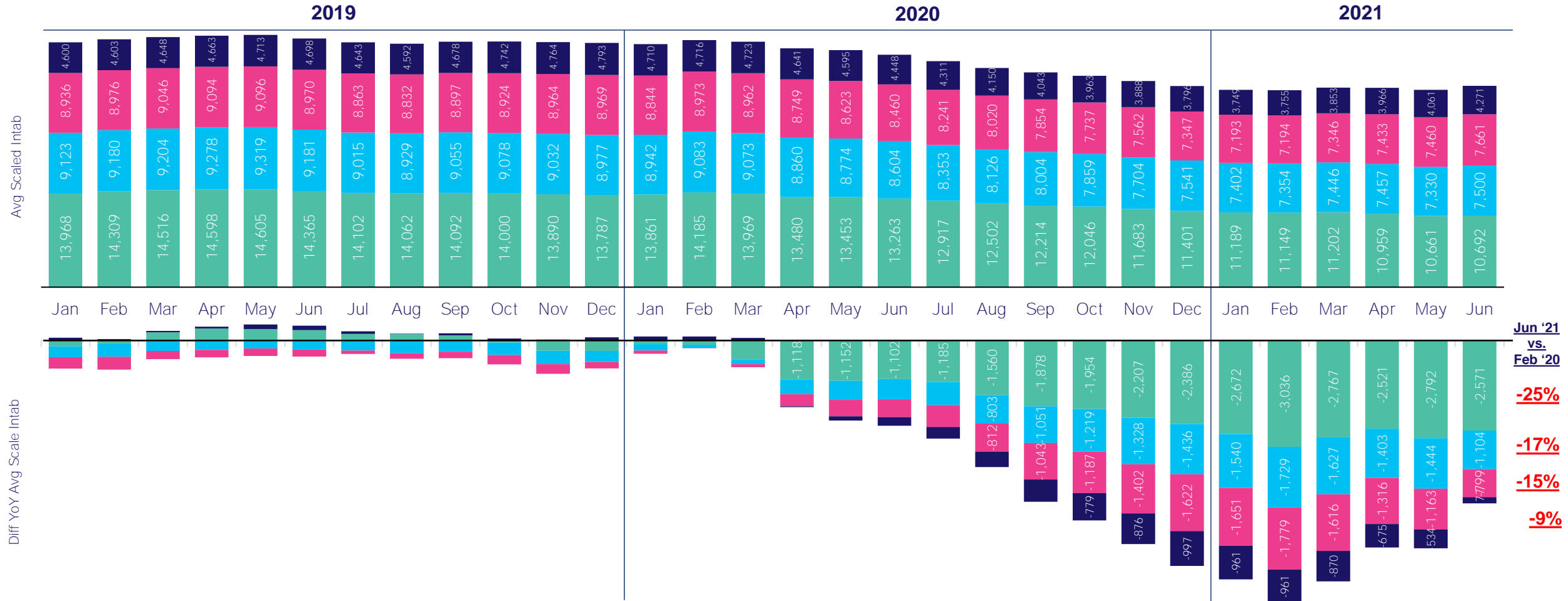
Source: Nielsen NPower, Universe Estimates, UE and Sample Information Report, P2+. Market breaks: Household Size – 1, 2, 3, 4+. Reflects broadcast months from January 2019 – June 2021 (thru w/o 6/21/21). 2019 YoY monthly comparisons vs. 2018 broadcast month data.

# Panel Declines vs. Feb '20 - Continue to be Disproportionately Among Homes with 3+ & 4+ TVs...Which are Heavier TV Viewing Homes

## Avg Daily Scaled Intab Counts: # of TV Sets Per HH

CY 2019 – June 2021 (YTD)

■ TV Set = 4+ ■ TV Set = 3 ■ TV Set = 2 ■ TV Set = 1

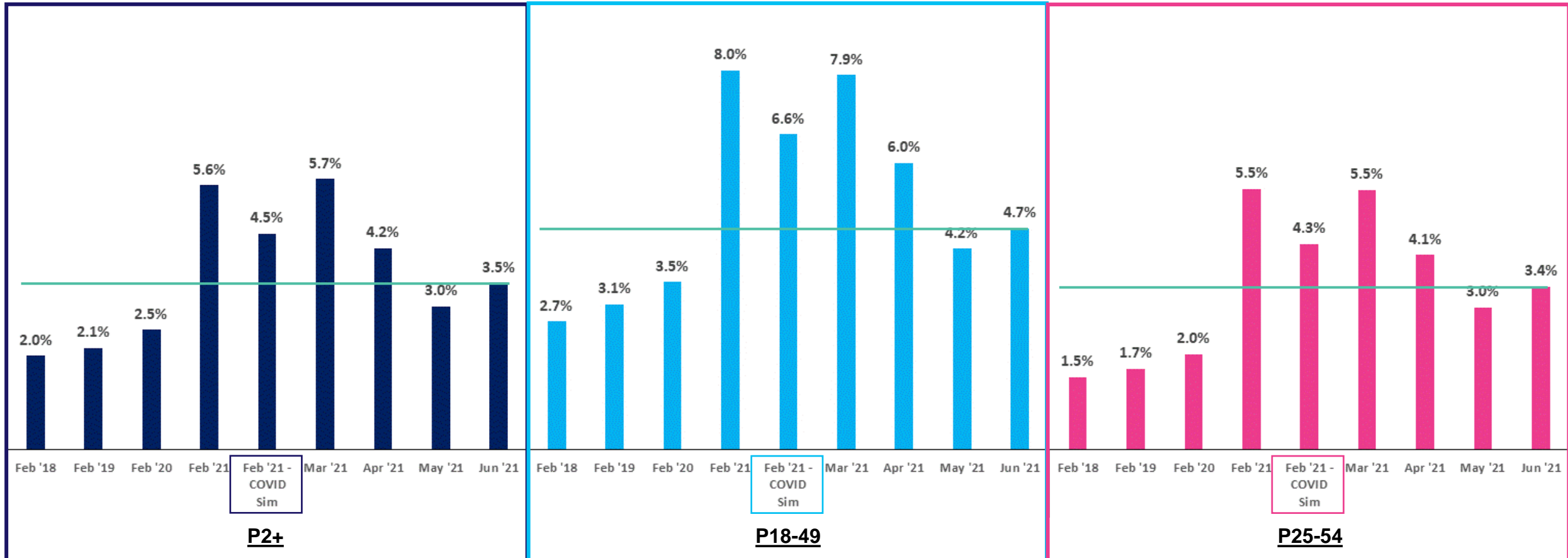


Source: Nielsen NPower, Universe Estimates, UE and Sample Information Report, P2+. Market breaks: # of TV Sets per HH – 1, 2, 3, 4+. Reflects broadcast months from January 2019 – June 2021 (thru 6/21/21). 2019 YoY monthly comparisons vs. 2018 broadcast month data.

# The Feb '21 COVID Simulation Data Still Showed Very High Non-Viewer Spikes - While Now “Better” are Still Too High

## Total Use of Television (TUT) Segmentation: Non-Viewers % of Unified Sample

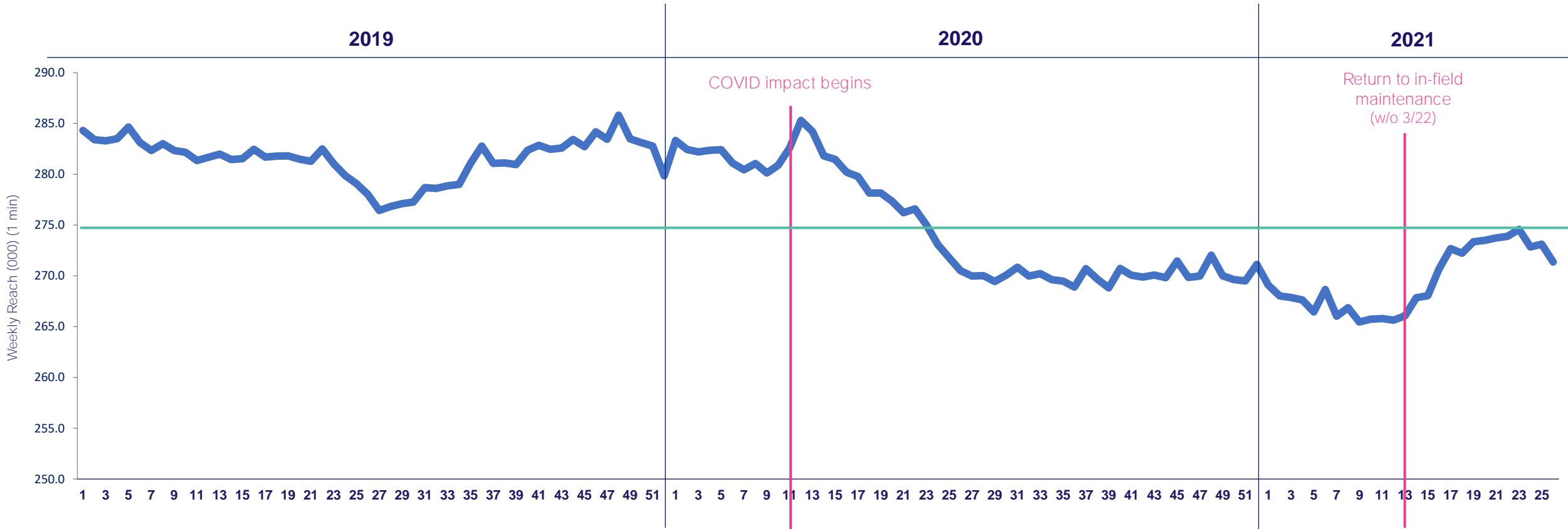
Feb '18, Feb '19, Feb '20, Feb '21, Feb '21 COVID Simulation, Mar '21 – June '21



Source: Nielsen NPower, Number of Minutes Time Period Segmentation Report. Reflects broadcast months. % = non-viewers as a % of total unified sample.

# TUT Weekly Reach **Began to Quickly Recover** in April, As Nielsen Returned to At- Home Maintenance for TV Panel - **Early June TUT was Highest in a Year**

**Weekly Reach (000), Total Use of Television (TUT), P2+**  
CY 2019 – YTD 2021



Source: Nielsen R&F Time Period Report, Live+7, Total Day, P2+. Viewing Source: Total Use of Television. Time period: w/o 12/31/18 – w/o 6/21/21. The numbers on the horizontal axis represent the week # of the appropriate calendar year.



## Highest-Priority Restoration: Nielsen's (COVID-damaged) National Panel

1. July 2021 status of Nielsen's national panel (seven charts)
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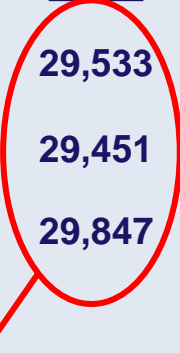
# The Root Causes of COVID-Period TV Undercounting...

Started with a **reduced/degraded** panel:

## A Quick Example:

Avg. Daily Scaled  
Intab Counts, P2+

	<u>2020</u>	<u>2021</u>
January-	36,357	29,533
February-	36,957	29,451
March-	36,727	29,847



**20% panel loss leads to **sharply increased variability/volatility** due to increased weighting on fewer homes...with:**

- **A much less diverse profile**
- **A weaker TV usage profile**
- **An older profile**

# The Root Causes of COVID-Period TV Undercounting...

The **damage** was then **compounded** by – 9K of the degraded homes being impaired:

## A Quick Example:

Avg. Daily Scaled  
Intab Counts, P2+

	<u>2020</u>	<u>2021</u>
January-	36,357	29,533
February-	36,957	29,451
March-	36,727	29,847

**96% of Those 9,478 Homes  
Did Require Repairs or Removal:**

5,795 - Maintenance Performed (61%)  
2,407 - Temporarily Removed (25%)  
876 - Permanently Removed (9%)  
400 - No Action Needed (4%)

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**The pre-COVID profile of the 9,478:**

- **Younger, w/ robust TV usage**

**The COVID damage from the 9,478:**

- **The full range of malfunctions**
- **Lost ability to count critical viewers**
- **Drove false spikes in Zero-viewing**

# The Root Causes of COVID-Period TV Undercounting...

Further, deeper **damage** has not been addressed: the other 20,000+ panel homes

**Avg. Daily Scaled  
Intab Counts, P2+**

	<u>2021</u>
<b>January-</b>	<b>29,533</b>
<b>February-</b>	<b>29,451</b>
<b>March-</b>	<b>29,847</b>

Questions about the very high likelihood that COVID-year damage **degraded the entire 29,000+ homes panel** are being asked...

**...But NOT answered.**

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# The Root Causes of COVID-Period TV Undercounting...

The May 2021 maintenance performed by Nielsen on these homes:

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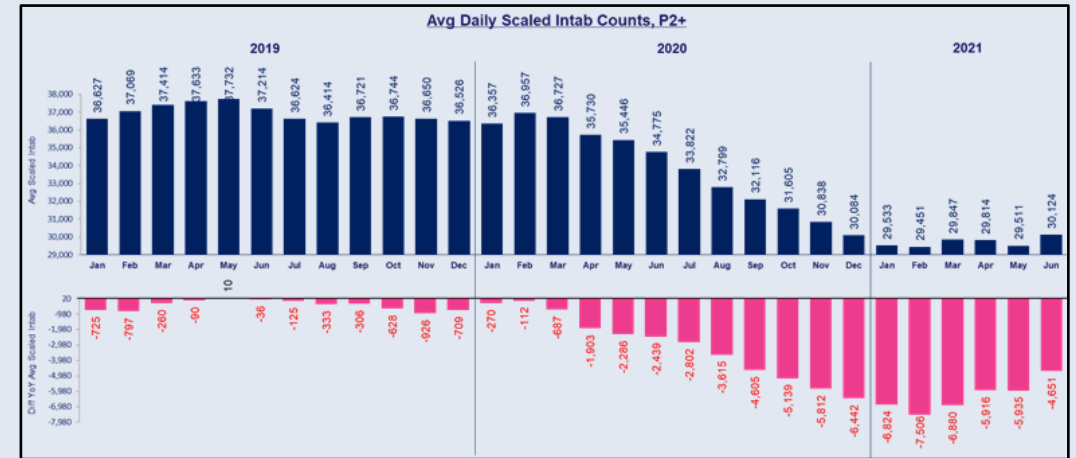
# The Root Causes of COVID-Period TV Undercounting...

*Did NOT "Fix" the COVID-damaged Nielsen national panel:*

## A Quick Example:

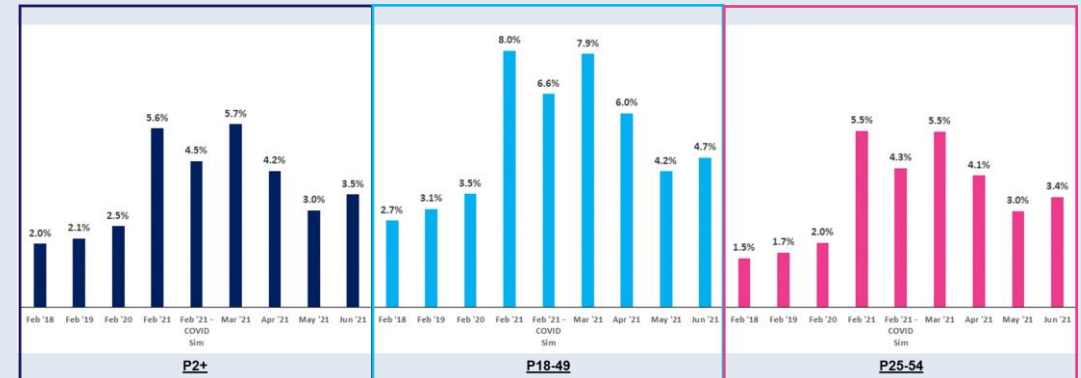
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# The Cost of Continued Undercounting to the 2021 Buy/Sell Marketplace

Over 85 Billion impressions couldn't be activated due to a year's worth of undercounting... That translates to over \$2 billion in ad inventory wasn't available to advertisers in a COVID year:

Analysis performed by MRC of Nielsen's February 2021 data confirmed the TV audience was undercounted due to the instability of the sample. Based on this one-month time period, MRC recommended utilizing adjustment factors for this data:

### TUT rating changes\*

- P2+: 1% - 4%
- P18-49: 2% - 6%
- P25-54: 1% - 5%

### PUT rating changes\*

- P2+: 1% - 3%
- **P18-49: 1% - 5%**
- P25-54: 1% - 4%

The analysis to the right is based on the PUT adjustment factor for P18-49

Estimated Nat'l TV P18-49 IMPs (equiv)			
Feb 2021 Nat'l TV P18-49 IMPs Estimate	Range of TV Adjustment Factors	Theoretical <u>1-Month</u> Loss due to Undercounted Audience	Theoretical <u>12-Month</u> Loss due to Undercounted Audience
142.9 B	+1.0%	1.4 B	17.2 B
142.9 B	+3.5%	5.0 B	60.0 B
142.9 B	+5.0%	7.1 B	85.8 B

Estimated Nat'l TV Spend			
Feb 2021 Nat'l TV Ad Spend Estimate	Range of TV Adjustment Factors	Theoretical <u>1-Month</u> Loss due to Undercounted Audience	Theoretical <u>12-Month</u> Loss due to Undercounted Audience
\$3.9 B	+1.0%	\$39 MM	\$468 MM
\$3.9 B	+3.5%	\$137 MM	\$1.6 B
\$3.9 B	+5.0%	\$195 MM	\$2.3 B

### Note on 12-Month Calculation:

- The 1 month \$ loss x 12 is meant to provide *rough* sense of potential year-long loss of ad revenue.
- Arguments can certainly be made for lower (or higher) estimates.
- It is irrefutable that even the *most conservative* estimates of ad revenue losses are still in the *hundreds of millions* – at least

Source: Nielsen Ad Intel, February 2021, broadcast months. Cable TV, Network TV (broadcast), Spanish language cable TV, Spanish language network TV (broadcast), includes all dayparts, excludes promos and PSAs. Impressions are P18-49 equalized, Live +7 and includes Spanish language networks, excludes promos and PSAs. 12-month estimation based on 1-month theoretical estimate x 12. \*The adjustment factors are based on only one month of data (February 2021), however the MRC believes the undercounting could be higher during the affected measurement period: March '20 – March '21.



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# 2021 Panel Fixes Needed

## For the Restoration of Buyer/Seller Market *Confidence*

First & Obvious: National panel restoration to Pre-COVID level (minimally) of:

Current Shortfall  
Thru June 2021

- ❖ Overall panel size – needs to be restored to 36,900+ - 6,800 (Avg. Daily Scaled Intabs, P2+)
- ❖ Black panel size – needs to be restored to 5,000+ - 1,150
- ❖ Hispanic panel size – needs to be restored to 6,800+ - 1,450
- ❖ P18-24 panel size – needs to be restored to 3,000+ - 680
- ❖ P25-34 panel size – needs to be restored to 4,500+ - 770

Restoration of larger homes & multi-set homes to Pre-COVID levels also needed

# 2021 Panel Fixes Needed

## For the Restoration of Buyer/Seller Market *Confidence*

Second high priority – auditing the full impact of the 9,478 on the national panel

	Current Shortfall Thru June 2021	
❖ Overall panel size – needs to be restored to 36,900+	- 6,800	(Avg. Daily Scaled Intabs, P2+)
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May's independent MRC analysis of Nielsen's February 2021 data gave insight into [a partial look at the 9,478](#); it was that look at a partial data set that produced the below MRC-recommended adjustment factors for the buy/sell marketplace:

### TUT rating changes\*

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The buy/sell market should learn what **variances in the adjustment factors** would be called for by the **completed analysis of the full 9,478 impaired homes**

# 2021 Panel Fixes Needed

## For the Restoration of Buyer/Seller Market *Confidence*

Obvious co-priority: disclosure on the full national panel – Including the 20,000+ Other Homes

The buy/sell market should learn what variances in the adjustment factors would be called for by the completed analysis of the full 29,000+ panel homes



## TV's 2021 Post-COVID Must-Haves:

Highest-Priority Restoration: Nielsen's (Covid-damaged) National Panel

Highest-Priority Disclosures: Transparency of Panel Restoration to the Full Buy/Sell TV Marketplace

Seizing a transparency imperative should be the buy/sell marketplace's mission-critical achievement during the remainder of 2021

# Seizing a Transparency Imperative Should be the Buy/Sell Marketplace's Mission-Critical Achievement During the Remainder of 2021

Independent  
Audit & Oversight of  
Panel Restoration

Creation & Enforcement of  
2021 Verification Timetable

Empowered to Call Out  
Completions or Shortfalls



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Thru June 2021

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Restoration of larger homes & multi-set homes to Pre-COVID levels also needed

The full marketplace of measurement/currency customers should expect to be able to easily access & monitor a transparent *dashboard* of panel restoration progress

# About VAB

VAB is an insights-driven organization that inspires marketers to reimagine their media strategies resulting in fully informed decisions.

Drawing on our marketing expertise, we **simplify** the complexities in our industry and **discover** new insights that **transform** the way marketers look at their media strategy.

## Simplify

We save you time by bringing you the latest data & actionable takeaways you can use to inform your marketing plans.

## Discover

We keep you one step ahead with the latest thinking so you can create innovative, forward-looking strategies.

## Transform

We help you build your brand by focusing on core marketing principles that will help drive tangible business outcomes.

We are committed to your business growth and proud to offer VAB members, brand marketers and agencies **complimentary access** to our continuously-growing Insights library. **Get immediate access** at [theVAB.com](https://theVAB.com).