

REMARKS ON THE REPORT OF THE AMERICAN STATISTICAL
ASSOCIATION TECHNICAL COMMITTEE ON BROADCAST RATINGS

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Each of the discussants on this afternoon's panel has been invited to comment on the report of the Technical Committee from the viewpoint of the organization he represents. Therefore, I think it is appropriate if I preface my comments with a few remarks on how and why advertising agencies are concerned with broadcast ratings.

One of the important services of an advertising agency is to develop media plans for its clients. In broadcast media planning the advertising agency screens availabilities, evaluates them according to the clients' needs and interests, and makes specific recommendations. Then, with the approval of its clients, the advertising agency negotiates with the stations and networks and places the order to buy - or cancel, as the case may be.

Years ago, many of the key decisions involving broadcast media were based primarily on judgment. But today this is almost unthinkable. While judgment still plays a large role in decision making, it is almost always based upon and supported by facts about the media. The stakes and risks involved in media decisions are now too great to be left to judgment alone.

Frequently, ratings from the rating services are the only objective data we have to appraise the broadcast media. They are the basic source of our information on the size and characteristics of the audiences of different programs and on the amount of tuning or viewing at different time periods and in different parts of the country.

Ratings are almost indispensable to our work -- and, to some extent, so are the rating services. I think if the rating services were abolished today the broadcast industry would have to revive them tomorrow. The alternative would be to generate our own ratings. And the ratings we would develop and use would not be nearly as accurate as those currently supplied by the rating services. We couldn't afford the expense.

Even with the rating services to defray expenses among their subscribers, the cost of ratings information is extremely high. Just this past year, Kenyon & Eckhardt alone spent over \$75,000 for broadcast ratings. And I am sure that this is comparatively small relative to the amount spent on ratings by the networks and stations, whose very livelihood depends on what ratings may indicate about their programs.

In these introductory remarks I have indicated that we are heavily committed to ratings. However, I wish to make it clear that we don't look upon ratings as the ultimate source of answers to broadcast media problems. Actually, for many important media decisions, ratings are inadequate. And there is a growing movement among media research practitioners to supplement ratings with other pertinent information about the broadcast media.

Essentially, what we are trying to do is to develop value functions for all media and media units. This would permit us to answer such questions as: What influence does the program have on the effectiveness of the commercial message? Independent of the size and characteristics of the audience, and all other things being equal, is it better for an advertiser to reach a prospect through a commercial in a variety show or in a situation comedy -- or in a western? What is the value of program loyalty? If listeners or viewers enjoy and appreciate a program, to what extent do they reward the advertiser?

Most of these questions are now answered on the basis of judgment. And in many instances, media planners find this to be entirely satisfactory. However, there are comparable questions on the effectiveness of various media units, that are now answered by judgment, which media planners think should be answered by research.

A television advertiser has a choice of many different media units. In network programming he can use 2-minute commercials in TV Specials, 1-minute commercials in prime-time participations or alternate week sponsorships, back-to-back 30-second commercials, or minute daytime participations.

He can also buy television spots using 1-minute commercials in late night participations or in syndicated films in marginal time, 20 or 30-second station breaks in prime time, 8 to 10-second I.D.s in prime time, or 1-minute daytime participations and station breaks.

The critical question here is what is the relative selling power of these media units?

This is an extremely difficult problem because the value of a media unit depends on many things, such as the nature of the advertised product, its marketing problems and objectives, and the intrinsic selling power of the commercials. Ratings alone can't answer the question.

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There are also questions of cross media comparisons. For example, what are the relative values to an advertiser of a 1-minute commercial in an evening network television program compared to a page advertisement in a given magazine or newspaper? Here again, ratings by themselves are only of little help to us.

I regret to say that most of the research I have seen on this problem has been inadequate also. Usually, the research is based on measuring the extent to which commercials are recalled rather than estimating the effects they produce in building acceptance and sales of the advertised product.

Some companies are attempting to use simulation and linear programming methods to help optimize the allocation of the advertising budget. They use conventional ratings information and estimate the values of media impressions by judgment and consensus.

This more or less sums up where we stand in media research. There is much that we know about media, and much more that we have to know. We also know where our major efforts in research will have to be made in the future.

With this as background, I would like to turn now to the report of the Technical Committee.

From the correspondence in the Preface of the Report we see that the American Statistical Association was consulted because of a concern by the House Subcommittee on Legislative Oversight that the choice of programs available to the public is being influenced by ratings. However, the House Subcommittee did not ask for an investigation of how ratings are used in programming decisions nor did it ask for an opinion on whether the use of ratings was in the public interest. Instead, its assignment was for the American Statistical Association "to arrange for an examination and evaluation of the statistical methods used by the principal rating services".

In my judgment, this assignment was not adequate for the problem that created it.

Whether or not the use of ratings is in the public's interest is essentially independent of whether ratings are judged to be accurate. Furthermore, even if a passing grade on accuracy is a necessary condition for ratings to be acceptable it is not sufficient.

To be sure, most criticisms of ratings usually begin with questions about their accuracy -- specifically, on the size and adequacy of the

sample. The criticism cited in the report that ratings assume "if one Republican dentist from North Dakota is listening to Bob Hope, then all are listening" is very familiar to us. In the same vein, we have also heard TV personalities argue that they get fan mail from more people each week than Nielsen has in its entire panel.

But times are changing and people associated with the broadcast industry are accepting the idea that ratings may be fairly good estimates of audience size. However, many still question whether ratings are adequate measures of a program's performance -- even from the point of view of the advertiser.

The argument advanced is that a show can have a poor rating but might still have such loyal viewers that it does a better than average job of selling the advertiser's products. This is more difficult to refute than some of the unwarranted criticisms of the sampling methods used by the rating services. In fact, the argument may be correct sometimes.

I wish the Technical Committee had been given the broader assignment of exploring the entire subject of the use of ratings. This would have been much more valuable to the users of ratings than a study of the statistical methods of the rating services.

Long before the committee's report was published, I think most of the major users of ratings had already concluded that the audience data from the principal rating services were sufficiently accurate for their purposes. The report merely confirmed their judgment.

This is not meant to be critical of the work of the Technical Committee; it is only a criticism of the limitations on their assignment. Actually, considering the complex task of evaluating several different survey methods, each of which is made up of many complex operations, I think the committee did a superb job and should be highly commended for its work. Also, with only a few minor reservations, I agree with the committee's conclusions and support its recommendations.

I was especially glad to see a recommendation that the broadcast industry develop an Office of Research Methodology. I don't know to what extent the rating services would be willing to cooperate with such an organization, but it makes a great deal of sense from a users point of view. Certainly it will make the user feel more secure in accepting the research findings.

It is no secret that methodological research reported by the rating services often seems to prove what the rating services would want it to prove. And I suspect that many users of ratings simply throw up their hands at most of it. This may be grossly unfair to the rating service which may have conducted the research primarily to learn how to improve its own service.

The Technical Committee was apparently aware of this problem, and commented that the methodological research conducted by the rating services "suffers from the defects that it has been made by the services most directly concerned". But at the same time, in Recommendations 4 and 5, the committee urges the rating services to perform methodological research to estimate the size of the sampling biases and response errors in their rating surveys. This seems to be inconsistent with the committee's earlier views on the sponsorship of methodological research.

Under Recommendation 4 there is also a suggestion that the rating services try to increase representation of the general population in their rating surveys to a minimum of at least 80%. The committee estimates that the field yield in rating surveys now ranges from 52% to 62% among the principal services.

To increase this yield by 20 to 30 percentage points seems to me to require a major overhauling of the rating services and probably would increase the cost of ratings to subscribers very appreciably. I would seriously question the wisdom of this additional expense. If we now judge ratings to be sufficiently accurate for our needs, we should look to invest additional research funds elsewhere -- specifically in research that can provide estimates of the relative values of reaching prospects with commercials in different programs and different media units. The same comment would apply to Recommendation 9, though I am in sympathy with the need for improving rating surveys in small marketing areas.

Recommendation 8 on the use of an audience per dollar measure also makes sense to me -- not only because it is unbiased, unlike cost per thousand, but because it makes the return on the media investment much easier to visualize. I think the idea, say, of a program delivering 300 homes per dollar is much more readily conceptualized than the idea of a program costing \$3.33 for every 1,000 homes delivered.

Also, the homes per dollar measure will simplify our media arithmetic. It is additive among the various subgroups in the audience so that media researchers can simply multiply the audience size of each group by the reciprocal of the cost of the program. With the cost per thousand

measure, the denominator changes with each calculation so that the job of computing this index for each subgroup requires a separate division.

I found the analysis of the methods used by the rating services to be extremely helpful. But I was struck by what seemed to be a small, yet important, omission in this section of the report.

The committee reviewed the sampling methods of the rating services with considerable thoroughness. It also devoted a full chapter to the interviewing procedures. But I missed a discussion and critique of the questionnaires used by the rating services --- particularly the diaries.

Apart from sampling considerations, our greatest concern about diaries is that they may not be administered methodically and accurately. There is also a difference of opinion in the broadcast industry on optimum diary design.

In filling out the Nielsen diary the viewer merely has to indicate when the set is on and off, enter the station call letters or channel number for the time periods in which he viewed, and list the number of men, women and children viewing. This has been criticized on the grounds that when people come to fill out the diaries they are more likely to be sure of the program they viewed than the station to which the set was tuned.

In contrast, the ARB diary requires the viewer to write the name of the program as well as enter the station call letters. But he must also list the starting and ending times whenever the channel is changed and report the number of men, women, and children paying attention to the program. This has been criticized on the grounds that it requires too much work for the diary keeper and may result in excessive reporting errors.

It would have been instructive to have heard the views of the Technical Committee on this subject.

In summary, I think that the committee did an excellent job of carrying out the assignment of evaluating the statistical methods used by the rating services. I would have preferred the assignment to have been broader in scope, to include technical problems of the application of ratings and other broadcast measurement. But perhaps these are subjects for another report.

The finding that the methods of the rating services are reasonably adequate for the purposes they serve is important to the broadcast industry. It should answer most of the unfounded criticisms of the accuracy of ratings. It would not satisfy all the critics of ratings -- and, in fact, it should not. For ratings by themselves are not adequate for many broadcast research

problems.

The conclusions of the committee are basically sound, and both the broadcast industry and the rating services would profit by following the

committee's recommendations. I would caution only against over-investing in ratings to improve their quality. There are new areas in broadcast research now developing which could benefit more from our support.