



THOUGHTS ON COMPARING AUDIENCE ESTIMATES

Recent releases of audience estimates for Internet music services have raised a number of questions about the comparability of Nielsen survey-based Portable People Meter™ (PPM™) radio audience estimates to estimates derived from server log files. We urge those reviewing audience estimates from Internet music services not to make direct comparisons to our audience estimates in any market.

Our goal is to assist the marketplace in making the best decisions possible when using estimates to buy and sell access to audiences. Understanding differences in methodology can enlighten users. Highlighting the differences between estimates, even those with the same names and descriptors, is part of our obligation to the industries we serve.

There are many areas to be carefully considered when comparing Nielsen audience estimates with those from another source. We advise clients to avoid comparing self-reported audience estimates from Internet music services to Nielsen radio audience estimates given the following:

- The difference between “one-to-many” broadcast stations and “one-to-one” Internet music services;
- The differences between our published methodology and calculations for its audience estimates and the estimates used by Internet music services;
- The ability of the provider to determine if a person is completing the survey task and should be counted as “exposed” to the content; and
- The reliability of self-reported demographic data and the steps taken to validate the information.

ONE TO MANY VS. ONE TO ONE

Some Internet music services are using the traditional radio audience metrics of average quarter-hour (AQH) and Cume. To date, these metrics have only been applied to “one-to-many” curated broadcast stations, which then can be aggregated to create combinations of stations. AQH and Cume estimates, whether produced by Nielsen or other measurement services, historically have been subject to minimum reporting standards limiting the number of stations that are reported in any individual market, even though some listening occurs to small local or out-of-market stations.

The listening model for most Internet music services is “one to one.” As an example, a user of an Internet music service may not be served an ad until being signed on for a specified amount of time.

The listening model for broadcast radio is “one to many;” specifically, listeners are exposed to the same commercials at the same time and without regard to how long they have been listening to the station.

HOW ESTIMATES ARE CALCULATED

Our audience estimates are subject to limitations explicitly cited in our reports, and we publish a Description of Methodology that explains in full detail the methods employed in developing our audience estimates. Users of audience estimates from Internet music services should consider whether those estimates come with a similar set of limitations and whether they are accompanied by a detailed description of methodology that allows potential



users of the data to evaluate the estimates. Important factors to consider include the source of the population estimates required to create the ratings and the geographic definitions of the “metro survey areas,” as well as many other procedures.

We believe that unless a user of Internet music service audience estimates has directly comparable descriptions of how each of the estimates is derived, the estimates should not be considered equivalent to Nielsen audience estimates.

WHO’S THERE?

One important attribute of the Nielsen PPM methodology is the number of tools that we employ to indicate what persons are exposed to and the duration of the exposure. To our knowledge, many Internet music channels simply indicate that a session started. There appears to be no way of confirming if anyone is on the other end throughout the session.

For example, the PPM service requires that panelists keep the device with them and in motion. If the minimum requirement for motion is not met in a day, then the panelist will not be counted. If a panelist moves away from the encoded audio source, the PPM detects this change. Nielsen also applies a Qualification Edit, which is a process that screens data quality, meter status, and motion detection data in order to determine a panelist’s In-Tab status for a given media day.

Likewise, with the Radio Diary service, Nielsen instructs participants to write down when they hear a radio—whether they chose the station or not—from the time they start listening to the time they stop.

Users of audience estimates from Internet music services should consider that while these services may use a “time out” or similar function to determine if someone is listening, this is not equivalent to the Diary and PPM compliance requirements, and that non-equivalency may result in editing rules that impact the audience estimate.

VALIDATION OF SELF-REPORTED DEMOGRAPHIC/GEOGRAPHIC DATA

Users of Internet music service audience estimates should consider whether the service’s self-reported registration data are reliable and that users do not have multiple accounts (the “unique” aspect of the Cume estimate) or have provided inaccurate information about their gender, age, or location. As part of Nielsen’s services, participating households are directly contacted to ensure that household composition data are correct. For example, if a person uses more than one account, it would invalidate any measure of reach or Cume because a single person would be counted more than once.

ENGAGING WITH THE INDUSTRY TO ACHIEVE A CONSENSUS

Nielsen has a long history of working with all segments of the industry when developing new audience measurement services. The introduction of the Portable People Meter service, for example, began with open trial of the technology in Philadelphia in 2002-2003 and a subsequent public market trial in Houston in 2005-2006.

We recommend that before any new audience metrics are used in advertising transactions, all parties should review the relevant information on the criteria and procedures used to derive the estimates. Unless the differences and limitations of each method are carefully considered, we advise clients to avoid comparing estimates for users of Internet music services to Nielsen radio audience estimates.

PPM ratings are based on audience estimates and are the opinion of Nielsen and should not be relied on for precise accuracy or precise representativeness of a demographic or radio market.

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