



MRC UPDATE

A LETTER TO OUR CLIENTS FROM DAVID KENNY, CEO

09-01-2021

I'm writing to inform you that members of the Media Rating Council (MRC) have responded to our request for a hiatus with a vote to suspend accreditation for our National TV Ratings service, as well as our Local TV Ratings service.

Rest assured, we will continue to provide the most representative, reliable and robust audience measurement available, which the market can continue to trade on with confidence. While we work to remediate issues raised by the MRC, we think it's also critical to continue building a media future that accurately measures and reflects the consumer cross-platform journey and keeps pace with rapid technological advancements.

We know that the role we play is critical to your business – and the industry as a whole. We want to be transparent about the factors the MRC called out in their decision, the actions we are taking to address outstanding issues and the ongoing work we're doing to build a new measurement model that reflects where the industry is going.

The MRC cited these primary areas that need remediation in order to restore accreditation of Nielsen's TV measurement:

- Panel size and maintenance need to return to target levels
- Business continuity and recovery processes need to be strengthened and tested
- Process for recording and communicating any changes in methods needs to be more transparent and clear
- Nielsen's decision to include broadband only homes in local measurement, following the methodology used in national measurement since 2013, was cited as the primary reason for suspending Local TV accreditation

We understand and accept the issues laid out – which is why we recently requested a hiatus in accreditation to address them. In fact, we have already taken considerable action on these items. Here is a report on our progress and important context:

- 1. Panel size and health.** When the COVID-19 pandemic struck, we prioritized the health and safety of our panelists and our employees. A key decision we made at the time was to not enter panelists' homes. This decision was designed to protect the health and safety of our panelists and employees and followed CDC and local government guidelines. The by-product hindered recruitment of new panelists and maintenance of existing panelist technology, resulting in a decrease in panel size. With increasing vaccination rates in 2021, we have been able to resume in-home visits, allowing us to troubleshoot issues and add 2,500 homes since March 2021. We have further accelerated our panel recovery efforts to meet the contract install target of 41,600 homes by Q1 2022 and further expand the sample by 15% by Q2 2023.
- 2. Continuity.** Nielsen has long had a business continuity plan in place for unforeseen events such as the loss of power or computing resources. However, we admittedly had not considered an unprecedented global pandemic with extended restrictions on in-home visits in our planning. We have since added this scenario to our procedures and now have systems in place to allow greater remote recruiting and monitoring.
- 3. Reporting.** We were not as fast nor were we as transparent as we could have been in reporting issues with our panel resulting from the decision not to enter homes at the start of the pandemic. We understand how critical our data is to our clients and the industry, and have put new policies in place to ensure we communicate more frequently. To assist in this, we will work with the MRC to create a subcommittee with which we will share the details of methodological or procedural changes and provide guidance on general marketplace disclosure. In addition, we have increased the quality control functions on both data input and output to better assess the impact of any changes in the future.
- 4. Broadband only.** Broadband only homes are an important audience now representing nearly 30% of TV households in some local markets. We believe it is critical to include them in local measurement as soon as possible, but we agree that we need to move to an explicit universe estimate. Their exclusion to-date means a gap and bias in measurement and we have been and continue to commit to integrating them in a responsible way. Over the next few weeks, we will work with the MRC to refine and audit universe estimates for weighting and sample controls which will provide safeguards to ensure broadband only, cable and over-the-air homes are properly represented in our panel.

As consumer viewing behaviors continue to shift, the industry's biggest challenge is to reimagine the way buyers and sellers account for and transact on media to ensure that they are monetizing their inventories and maximizing investments. In response, we are working on our National and Local TV solutions and focusing on integrating big data, expanding streaming and CTV coverage and making critical enhancements to methodologies. These include integrating broadband only homes into our local panels in order to capture more streaming impressions and

deliver greater comparability across Local and National, which will ultimately result in a cross-media currency. This is the future of our measurement solutions and one that will be at the cornerstone of every decision we make going forward to ensure our clients can continue to transact on our data with confidence in the future, as you do today.

At the same time, we cannot lose sight of where the industry is heading. We are focused on evolving our measurement in four key areas so that we can better serve all of you far into the future.

- **Evolve measurement to reflect how people are truly consuming media.** At Nielsen, our responsibility is to accurately measure how consumers behave. As new platforms and technologies emerge, we must act quickly to create new tracking models and work with the industry to integrate them into existing measurement solutions as noted above.
- **Ensure inclusion and representation of all people in audience measures.** Nielsen has long benefited from an external advisory council which helps ensure we live up to our purpose of powering a better media future for all people. One of the reasons for validating census data with a robust panel is to ensure full representation. We will continue to challenge ourselves to do this at Nielsen, and we encourage the industry to work to make sure that media is measured and audited in a manner that serves the fast-changing demographics.
- **Enable true comparability across all platforms and deduplicate audiences.** We understand that comparability across platforms and deduplicated audiences are the holy grail for marketers and advertisers. That's why we're putting tremendous energy and investment into a new measurement approach, called Nielsen ONE, which will dramatically simplify measurement to a single, de-duplicated cross-media metric. We are confident in our vision, have made significant progress and are on track to deliver parallel data in Q4 2022. We believe strongly that the industry as a whole – including the MRC and all its members – would be well-served to embrace this cross-media future regardless of how uncomfortable it may feel in the near-term. Doing so will greatly benefit consumers and the industry in the long-term.
- **Embrace the most advanced data science.** We must always push ourselves to embrace the latest technological capabilities, including cloud computing, big data and artificial intelligence, to build entirely new and forward-looking forms of measurement that are adaptable and resilient to technology and privacy changes. We at Nielsen are working to lead the industry in embracing this new future while we work to resolve current issues.

We know how much you and the larger industry rely on the work we do. I want to personally let you know that we are working hard to address the issues laid out above and that we will be fully transparent in reporting on our progress. We welcome you to hold us accountable to our commitments – and fully expect you'll do so.

Nielsen remains committed to working alongside the MRC and we fully support the audit process. At the same time, please know that we are not going to stop innovating and building the measurement platform for the future. We ask the industry to support and collaborate with us on these efforts.

I look forward to a continued dialogue with you on these topics, sharing our remediation progress and helping the industry better serve a diverse and technologically empowered audience as we work to build a better media future for all.

David Kenny

CEO, Nielsen

<https://www.nielsen.com/us/en/press-releases/2021/mrc-update/>