

In the Era of Peak TV+, Can Nielsen (or anyone) Measure TV Viewing?

By Steve Sternberg

In 2020, the era of Peak TV+ gets underway in earnest. By mid-year, there will be no less than seven major streaming services (and several smaller ones) producing original scripted series and spending upward of \$40 billion per year on video content.

More than two-thirds of TV homes already subscribe to at least one streaming service, with the average subscriber getting three. **By the end of 2020, the average SVOD household will get four streaming services, with more than three-quarters of TV homes subscribing to at least one.** Millions will be getting Disney+ and Apple TV+ free for a year through various promotional deals, while millions more will get Peacock and HBO Max for free, depending on what cable system or premium services they currently subscribe to. There will also be numerous bundles and combinations of services available to various groups of customers. It probably won't be until the end of 2021 when we start to get a handle on how many paid subscribers each new streaming service has, and for how many streaming services the average subscriber is willing to pay. We will also know by then approximately how many subscribers current streaming services lose to the newbies.

How in the world can we measure what people will actually be watching?

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- Unless they are representative of the total U.S. population based on subscriptions to individual streaming services, and combinations of streaming services, **Nielsen samples can't accurately measure TV viewing anymore.**

The whole purpose of a TV sample is to be representative of the total U.S., with the idea that you and your demographic cohorts have similar viewing habits. Your cohorts are determined based on characteristics that Nielsen has determined impact viewing behavior – such as age, sex, race/ethnicity, presence of children, income, education, language spoken at home, etc. Also important is whether or not you have cable/satellite/telco (i.e., pay TV services) or DVRs.

In the past, broad platform mattered more than individual platform. In other words, whether or not you have cable does not require the sample being representative of every cable system, because that does not significantly affect viewing choices or behavior. Nor is it important to know what type of DVR you have, since that will not substantially impact your viewing behavior and how much you fast-forward through commercials.

Whether or not you subscribe to streaming services, however, is not the same. If you only have Netflix, available programming, and your actual viewing habits, will be dramatically different than if you only subscribe to CBS All Access. Likewise, if you bundle Disney+, Hulu, and ESPN+, and add HBO Max, your viewing habits will be different than if you have Netflix, Amazon Prime Video, Peacock, and Apple TV+. **The only way to have a meaningful television sample, is to accurately represent the total U.S. based on every possible combination of streaming service and cable/satellite/telco subscriptions.** This means that the make-up of Nielsen's national and local samples could need to change dramatically every year. The days when all Nielsen needed to worry about was cable and DVR penetration are gone forever.

- **Even if the sample is representative of the total U.S., it may not be enough.** With hundreds of channels, DVRs, on-demand, and multiple streaming services, I and my demographic and psychographic cohorts no longer necessarily watch the same things even if we have access to the same programming. And we certainly don't watch at the same time. According to Nielsen data, **live viewing to traditional television among Adults 18-34 is down by a startling 40% from five years ago.** Because of the sharp increases in streaming and watching video on smartphones and tablets, however, their total video viewing is only down by 4%. But it's more splintered than ever. **Even older viewers, those 50-64 and 65+ have shown dramatic increases in streaming and watching video on smartphones** (the Baby Boomer TV Generation is nothing like their parents were at the same age). How can anything but samples approaching a full census still determine who represents the total population of TV viewers?
- In 2007 and 2008, I was involved with the Council for Research Excellence's landmark *Video Consumer Mapping Study* as co-Chair of its Media Consumption and Engagement Committee. One of the study's lesser-known findings was that Nielsen's overall usage levels of households and broad demographic segments, such as total viewers and adults 18-49 were remarkably similar to the observed viewing behavior in our sample. Once you started to look at narrower age groups, however, the reported Nielsen data started to stray significantly from the observed viewing data. And this was just overall TV usage levels, not individual program ratings (and was 12 years ago, before video viewing was nearly as splintered as it is today). DVR penetration was barely 20% of the U.S., and there were no streaming services. At the time, I suggested we replicate the study every five years, but of course that never happened.
- Cord cutting will make measuring TV viewing even more complicated. While not yet a major factor, with the proliferation of streaming services, combined with the increasing costs of

subscribing to pay TV services, the number of cord cutters will almost certainly continue to rise over the next few years. By 2025, more than one-quarter of TV homes will likely have cut the cord.

- Binge viewing is not just a Netflix, Amazon, or Hulu phenomenon, it impacts linear ad-supported TV as well. I currently have seven network and four premium cable series queued up on my DVR. Six of them have been there more than three days, and four of them have three or more episodes stored. My wife and I have different schedules, so shows I watch by myself tend to get viewed quickly, while those we watch together build up multiple episodes before we get around to watching them. I also tend to record new fall series I'm interested in, but don't start watching them until I know they've been picked up for the full season. At least half of my ad-supported TV viewing would not be picked up by Nielsen's C3 or C7 ratings (even C35 might not capture it all). Is it possible that network viewership is not actually declining as much as we think, but simply shifting beyond our current currency measurement? Or is my household just an anomaly?
- At one time, so-called single-source measurement was considered the ideal for television audience research. It now might be preferable to have separate samples for linear/time-shifted viewing on a television set, streaming services on any platform, viewing on desktops/laptops/tablets/smartphones, and out-of-home viewing. Each of these samples would be easier to construct and maintain, and ensure they are nationally representative. A single sample can no longer be expected to represent the total population's video viewing habits. I'm not sure we should even rely on a single company to do so.

It is actually easy to figure out how accurate current TV measurement is, and to determine what needs to be done to fix it. When I was on The Council for Research Excellence, I proposed a

methodology for gauging how accurate Nielsen was at measuring an increasingly splintered video viewing environment. Nielsen, of course, didn't want to have anything to do with it.

Here's all you need to do.

- Develop a sample of 100 of the top researchers in the industry (buyers, sellers, advertisers), who are adept at detailed work and understand how audience measurement works. Nielsen would meter their TVs, smartphones, and all other video viewing capable devices they own.
- Set up 20 or 30 different viewing scenarios for what and how they will view video content and commercials during a single day.
- Participants would then log in their video and advertising viewing (down to the second).
- Compare their reported viewing to what the measurement services show.

This will tell us what the industry needs to do next. It would be a good idea to have Nielsen, ComScore, and a few other audience measurement companies involved. I'd be more than happy to be involved in the project.