

Rentrak's Influence Growing In Ratings Wars

By Janet Stilson

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When Gerald Belton travels to Nielsen's facilities in Florida to take a look at diaries filled out by the viewers in his Raleigh-Durham, N.C. market, he says he's "always shocked."

"They're kind of a mess," says the research director for Capitol Broadcasting WRAZ, a Fox affiliate. "Out of the thousands they send out, only a small percentage of them are in tab. Those are the ones we get to look at. And some of those are pretty sloppy."

The situation is no prettier in Baltimore, where viewership is measured by local people meters (LPMs). In the nine months he's been at Hearst Television's WBAL, GM Dan Joerres says the ratings have fluctuated so much that the NBC affiliate and its rival CBS O&O WJZ waffle back and forth between No. 1 and No. 2 status depending on the sample.

"Right now [the LPMs] are way over-sampled in homes with over five individuals, and they're way under-sampled with homes with one or two individuals. So the ratings aren't helping us; they're helping the competition," Joerres says. "Equal meter placement is a very crucial thing."

Such tales are examples of the frustration that many station executives across the country feel about Nielsen local TV ratings — LPMs in the top 25 markets, household meters and diaries in markets 26 to 56 and dairies only in markets 57 plus.

Nielsen is well aware of the frustration and says it is determined to improve the ratings to better reflect actual viewership, keep paying station-clients satisfied and head off competition from Rentrak and other services based on set-top box data from cable and satellite.

"There's a year-long effort that's getting into high gear here around local quality acceleration," says Patrick Dineen, Nielsen's SVP of local markets product leadership. "There's a concentrated effort

across every bit of the process chain in diary measurement to improve its effectiveness."

For Nielsen, set-top box data are an opportunity as much as they are a threat.

Starting in the second half of next year, Dineen says, Nielsen plans to enhance its service in diary markets by supplementing the diary data with set-top box data and introducing a new form of low-cost metering.

The investment is "going to change the economics," he says. "The goal...is to not radically change [what stations pay], but dramatically improve the sample size."

And that's just a first step, he says. "We think we can transform the diary over time to be more of an online or mobile device so it is a more reliable, less biased instrument, but continues to give that demographic component that is not available in set-top box measurement."

In the meantime, Nielsen isn't contemplating the addition of more local people meter markets -- and not everybody wants them.

In the past, it's goal was to provide LPMs in the top 25 markets, but even though Raleigh-Durham has moved up into that group, to the No. 24 spot, and Baltimore has moved down to No. 26, the measurement won't change in either location.

Dineen explains that's because Nielsen needs to build consensus among all the stations in a given market that LPMs should be added before the company does so.

WRAZ's Belton says that trading diaries for LPMs won't necessarily solve his problems. "In markets where LPMs have been introduced, the ratings have gone down. Nielsen wants us to pay a lot of money for data that hurts the bottom line. So we don't see LPMs as an advantage for us."

Using set-top box data, Rentrak and its TV Essentials service have made significant inroads into the local TV ratings world once

exclusively Nielsen's domain. More than 109 station stations now subscribe to its service, although about two-thirds use it as a supplement to Nielsen rather than as a replacement.

“At the end of the day, it’s about the reliability of the data — how predictive is it in gauging the future performance of programming,” says Steve Walsh, SVP of local market sales at Rentrak. “One of the hallmarks of Rentrak is the stability and predictive-ness of the data. A 4 rating is a 4 rating is a 4 rating.”

“In the 160 markets, or so, that remain diary only, it’s a comprehensive advantage, because we’ve got thousands of homes passively measured with information every single day of the year. So there are no more sweeps — there’s nothing more than people watching TV as they live. So if you’re in a mid-size or small market with nothing but diaries, the competitive advantages are significant.”

Among Rentrak's clients is the Sinclair Broadcast Group, which employs the service in eight of its diary markets. “[I]t gives us an additional source of ratings performance in between the diary ratings periods,” says Bill Butler, VP of programming and promotions.

“Our experience is that the Rentrak data, because of its sheer size, is more stable,” Butler says, referring to Rentrak’s sample base of about eight million nationally.

“There appear to be fewer random walks than a smaller data set might generate,” Butler adds. By “random walks,” he refers to situations where a show might get a 3 Nielsen rating one week, a 0 rating the next, and then back to a 3 in week three.

Nexstar Broadcasting uses Rentrak in two markets, Hagerstown, Md., and Rochester, N.Y., despite the lack of true demographic information on a per-viewer basis and questions about how representative of markets the data are. [Editor's note: The original posting of this story said Nexstar had pick up Rentrak in all markiets.]

Louis Gattozzi, GM of Nexstar's WROC Rochester says he doesn't miss Nielsen, and neither do his local advertisers. “The information we get from Rentrak is sufficient. It’s real time, 365 days a year, and it’s a much larger base of data, 14,000 households.”

For all its difficulties with Nielsen, WBAL doesn't see Rentrak as a real alternative because it lacks gender and age demos and because it is not widely accepted at the national level.

Because of "all the agency involvement we have, our percentage of direct local business is nowhere near what it would be in a smaller market. So that makes Nielsen's demographics so important," Joerres says.

And then there is the matter of cost. London Broadcasting has been using both Rentrak and Nielsen data for its outlets in smaller markets. But it has decided to go with Rentrak only in Dallas where it just acquired independent KTAQ, says Phil Hurley, London's EVP-COO. "It makes no economic sense to try and afford Nielsen in Dallas, based on its rate card."

London's ratings situation could change. "I'd like Nielsen to go to set-top boxes just as soon as they can, and when we've got both of these [contracts] coming up for renewal, we can figure out which one is most advantageous. In the future, we'll probably use one or the other, not both," Hurley says.

Kevin Gallagher, EVP and local activation director at Starcom USA, says his agency still uses Nielsen numbers as the currency when transacting business. But Starcom now uses Rentrak to make smarter targeting decisions.

There are "certain workflow issues related to software tools" with Rentrak data, he says. "But one of the things we really like about Rentrak is it can look at viewership patterns on a more granular level in a DMA. We can use the Rentrak data to determine what's the No. 1 station in a sub-geography. And the buyer can skew its buy and the shares of the buy to the more appropriate stations."

Mitch Oscar, EVP of televisual applications at the media agency MPG, points to set-top box research from a group of TV and advertising companies organized by MPG's Collaborative Alliance workshop. It looked at one advertiser's flight of more than 100 spots on stations in Grand Rapids, Mich., and determined that Rentrak's household ratings for news programming were 79% higher than Nielsen's. "News is a cash cow for stations. That really hurts them,"

says Oscar, speaking of Nielsen's numbers.

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