

HOW RELIABLE IS MY AUDIENCE?

COPING WITH AUDIENCE FRAGMENTATION

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INTRODUCTION

Faced with increasing penetration of digital television and increasing numbers of available digital channels, SKO, the JIC in charge of the television audience measurement in the Netherlands, decided to include 35 exclusively digital, thematic channels in their measurement. In August 2008, Intomart GfK started measurement of these channels in a pilot project within the Dutch TAM.

The pilot has two main objectives. The first is to find out if it is technically possible to measure the wide range of channels. Audio channel identification technology (EAM) is used to measure digital channels on television panel households, because they are able to register viewing behaviour through digital equipment. The second objective is to test whether an existing panel operation would be big enough to produce reliable figures.

The principal reasons to use a pilot to start measurement of the new digital channels, and not to simply include them in regular audience measurement, are threefold. You may consider that TAM measurement is expensive, the more so when taking into account the relatively low penetration of digital channels. The still very modest viewing time generated by these channels should also be considered.

While state of the art technology is available for the measurement of digital television, the major challenge appears to be to report reliably on the large (and still growing) number of digital channels. In this context, the techniques we use in reporting on regular channels can

prove insufficient (with regards to the possibility of zero ratings) or economically not viable (as we would have to use larger panel sizes).

The big question that rose from our pilot project: when can a channel be reported reliably? This is a central question, not only for television audiences but also for the scattered media landscape in the digital era. In the wake of this, an important, new objective emerged: the development of a measure that objectively determines if a certain combination of a channel with limited audience and a relative small panel size matches up into reportable figures.

Both the technical committee of SKO and all the participants in the pilot have monitored whether exclusively digital channels can be reliably reported with the use of reach measures. While these digital channels have already been included in the regular audience measurement in the group tagged "other channels", no public insights into detailed figures per individual channel have as yet been released, nor have results in terms of reliability been published. We present the first results in this paper.

BACKGROUND

Channel availability: more choice

By the end of the 1980s, the television audiences in the Netherlands could choose between four channels from two major Dutch broadcasters. In 1988, they welcomed a new channel from the RTL Nederland group, as well as Kindernet and Eurosport. As in other European

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countries, the Public Broadcasters were the only channels available: Nederland 1 since 1951, Nederland 2 since 1964 and Nederland 3 since 1989.

In the 1990s, 14 new national channels were introduced. A number of regional channels also made an appearance. In this period, the Dutch TAM consisted of 30 channels.

In the last eight years, however, the number of channels has risen to 144. This number only includes channels established in the Netherlands, excluding regional and local channels. In 2008, the European Observatory counted 346 channels, including local and regional channels. When we include all the channels available to Dutch audiences, the total number rises to 437. Six percent of these channels are generalists; thematic channels represent almost 40% of the supply.

Digitalisation

Digital distribution is an important driver behind the increase in the number of channels. A minimum of 50 different channels are now included in standard digital television subscription packages of diverse

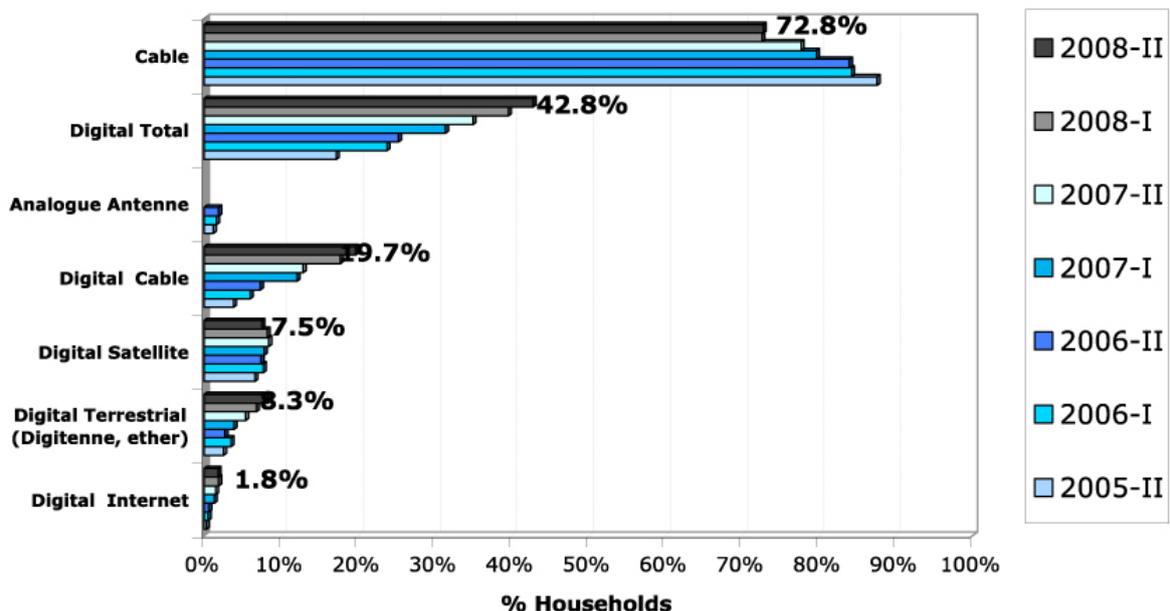
cable operators, whereas analogue cable subscription packages traditionally offered a maximum of 35 channels. By subscribing to additional digital packages in the Netherlands, it is possible to receive more than 100 digital channels, some of them premium subscription channels.

The audiovisual landscape in the Netherlands is changing rapidly. Through the rapid increase in digital reception, digital, thematic channels are becoming available to a larger proportion of the population.

Traditionally, the Dutch rate of cable television penetration is among the highest in Europe. Eighty-five percent of the Dutch households had analogue cable reception in the first half of 2005. In the first half of 2008, 72% of the households still had analogue cable television. Co-existence of digital and analogue cable within households is unique to the Dutch television market.

The total penetration of digital reception increased from 17% in the second half of 2005 to 35% in the second half 2007. In the first half of 2008 digital reception increased further, reaching 40% of the households. (See figure 1.)

FIGURE 1
TV SIGNAL



Source: SKO ES 2nd half 2005 – 2nd half 2008

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In the second half of 2008, digital cable television could be found in almost 19% of the households. Eight percent of the households received a television signal through satellite and 8% had digital terrestrial reception, while only 1.8% of the households had a digital internet reception.

As a result of the growing penetration of digital television, The Netherlands faces an increase in the number of digital channels. These channels will have to be included in audience measurement. Subsequent section in the paper discuss how these new channels can be measured.

Fragmentation

Between 1990 and 2008, the average yearly market share of the four largest channels shrunk from 83% to 54%. Over the same period, the average viewing time increased from approximately two hours in 1990 to more than three hours in 2008. Since 2002 the average viewing time remained stable at just above three hours. This, in combination with an explosive increase in the number of channels available, has resulted in audience fragmentation. (See table 1.)

There are a number of problems associated with fragmentation. They are related to the diminishing accuracy of published ratings by stable sample sizes and the increase in fluctuation for reported ratings (see Kirkham, 1996). This poses problems to the reliability of the results, especially when making prediction models, even for larger target groups. SKO has developed a methodology to deal with these reliability problems, as further explained in a later section of the paper.

SKO DIGITAL PILOT: PROJECT SET UP

There were two big questions that had to be answered before measurement of exclusively digital, thematic channels could take off: *Is our panel big enough? How*

large is the audience of these digital channels? The answers to both questions would be instrumental in deciding if and how ratings of digital channels could be reliably reported. After calculating the costs for oversampling our panel with digital households, and discussing the possible outcomes for the channels, we decided to change our approach and to do things differently. We would not take the traditional path of starting with a long discussion on how to tackle possible issues, but we would simply begin the pilot and tackle any issues as they came along.

Participants

Participants were found among the organizations that deploy channels already measured by SKO: MTV Networks, Discovery Channel Benelux, Dutch Public Broadcasting. Through cable and satellite companies, other channels (some UK-based) heard about the project. In the end, a total of 35 channels got involved in the pilot, with new channels still being added as we speak. (See table 2.)

For two channels currently participating in the pilot, there are still some measurement problems due to extreme simulcast situations. There are two exclusively digital channels, 'NOS Journaal 24' and 'NOS Politiek 24', which presented a lot of audio simulcast with reference to public channels. This issue is under investigation. SKO will start reporting them from April 1st on.

Technical setup

Intomart GfK was asked to set up Enhanced Audio Matching reference sites for the participating digital channels. It was decided that only one technique would be sufficient for the pilot, as channels were willing to take the risk of missing some measurement in the case of signal downtime. This part of the project was needed

TABLE 1
SHARE OF VIEWING (TOP 4 CHANNELS)

	1990	1994	1998	2002	2006	2008
All day (02:00-26:00)	83%	77%	58%	53%	50%	52%
Prime time (18:00-24:00)	83%	76%	58%	57%	54%	54%

Source: 1990-2002 CKO, 2002-2008 SKO