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1 Why the Ratings Are Important

A huge apparatus is called into play.

Leo Bogart (Bogart 2000a: 301)

In this chapter the authors show why the measurement of audiences has become critical in modern society. Audience ratings are the currency by which decisions are made on whether an audience does, in fact, exist and the subsequent media buying and selling that happens as a result. Ratings, though, are also more than this. Like public opinion polls, they have become an established and socially accepted way of representing individuals and groups in markets or in political decisions. In order to gain this acceptance, modern ratings involves a large range of organizations, private and public, that have to agree on the methodologies and knowledge involved. This agreement is the basis of the ratings convention. As the number of media channels has grown, so has the capacity of audience ratings to represent everything, as the standard, come under pressure.

Introduction

Knowledge of audience preferences and behaviour is critical to the operation of contemporary media organizations. Systems of audience measurement, known colloquially as 'ratings', influence the timing, placement and markets for media content and advertising. Audience measurement companies emerged in the 1930s to fill this need. Over the years, these companies' abilities to describe and predict audience behaviour have varied, along with the techniques and technologies developed to measure audiences. While the technology, panels and survey frequency of ratings instruments have become more sophisticated over time, ratings *conventions* are still beset with the problem of the differential between the actual and the measured audience. Indeed, in the contemporary period, characterized by media fragmentation, niche channels and dispersed audiences, questions have been raised over the adequacy and appropriateness of ratings systems and instruments in measuring audience behaviour, with significant economic cost as a result (Napoli 2003). Investigation into the conventions that govern the relationship between measurement and markets has become more urgent. *Rating the Audience* provides the first historical study of the overall trajectory of the audience ratings technologies and conventions, the companies providing these ratings and the media

organizations using them. The study provides a detailed analysis of the emergence, development and transformation of audience ratings in order to promote better public and media industry understanding of the nature, character, productivity, limits and challenges facing ratings conventions.

The aims of our study are to: (i) establish and interrogate the nature, character and evolution of the audience-ratings conventions used to address the complicated trade-offs between the need for accuracy and the acceptance of 'imperfections' (issues often confused in the public mind with the rigging or fixing of ratings by broadcasters); (ii) establish and interrogate the nature, character and evolution of methodologies and technologies used in audience ratings, such as diaries, interviews and peplemeters; (iii) analyse the consequences of the audience-ratings conventions, in their different forms, for the operations of media audience markets and media content markets, over time; (iv) analyse the consequences of the decline in exposure-based pricing, typically cost-per-thousand (CPM), and alternative pricing structures; (v) analyse the balance between social control and manipulation in audience-ratings conventions and ethical and transparent conduct; and (vi) document the decline in audience participation in audience data collection.

Research on audience exposure technologies has typically been conducted for particular and local purposes, and largely without reference to existing and prior historical research. Audience measurement research is characteristically fragmented both institutionally and methodologically. Records on the development and application of audience research methodologies are also fragmented. Much of the knowledge about both the history and the rationale for selection and use of audience measurement methodologies and technologies is only available through interviews with those who made the selections and archives of media research companies. This book is based in large part on interviews conducted by the authors with historical and contemporary figures from around the world who have contributed to the development of audience ratings.

Audience ratings systems provide an economic foundation for advertiser-supported media. Consequently the audience measurement process affects the structure and behaviour of media companies and regulators alike. When the techniques and technologies of the ratings change, these changes can, as Napoli observes, have 'a significant effect on the economics of media industries (because these changes can affect advertiser behaviour), the relative economic health of various segments of the media industry, and the nature of the content that media organisations provide' (Napoli 2003: 65). The authors' own preliminary research into the ratings convention in Australia (Balnaves and O'Regan 2002; Balnaves and O'Regan 2008) confirms this estimation. These changes are driven by the desire on the part of all participants to the convention to minimize the inevitable gap between

the measured audience and the actual audience for a service or programmes. With the advent of a more diverse and fragmented media environment and new methods for segmenting audiences, this gap has become even more evident, leading to challenges to the validity of ratings as currency for buying and selling media. Napoli suggests that changes in technologies and audiences are leading to a decline in the quality and value of the 'audience product' – data on who is watching (Napoli 2003). The provision of reliable third-party syndicated and customized audience measurement systems for the production of ratings, however, remains essential to good media management nationally and internationally. As industrialized countries move into a more fragmented and differentiated multichannel broadcasting environment these issues will become more important.

Napoli's recent analysis has identified the empirical trend for audience and content markets, which historically have been connected, to separate (Napoli 2003: 181). The audience market and ratings have traditionally informed programmers and advertisers on what content to provide and where to target advertising. With the emergence of cable, satellite and internet delivery systems, direct audience payment for content has become more common, with a series of implications for advertiser-supported media (Napoli 2003: 180). In the new media environment, it is technologically possible to gather more information about audiences than ever before, but media and audience fragmentation have made it more expensive for media producers and distributors to find audiences, to discover their viewing or listening preferences and to deliver content across a range of different media.

In order to understand the current situation and its difficulties it is worthwhile thinking about audience ratings development as falling into three major periods:

- 'The Old Regime', 1930–50. This was a period in which few media channels existed. Despite their desire to target narrow demographic groups, advertisers and programmers relied in this era on simple audience size as an indicator of audience value. Extensive audience segmentation was not technologically or economically feasible. This was the era of paper diaries and interviews, and the first audience segmentations (A,B,C,D) were focused on the family environment.
- 'The Transitional Regime'. The period 1950–90 was a time of increased fragmentation of the media system, more television channels, more radio channels, and increased sophistication of audience measurement systems. There were a number of challenges to the ratings conventions leading to a move towards a single convention in a media form. The introduction of peplemeters continued the 'technologizing' of audience ratings that had begun with Arthur (Art) C. Nielsen's Audimeter, which began to be rolled

out in 1942 in the United States but did not achieve national coverage until 1949 (Beville 1988: 20). With an increased number of media channels came demand for and development of increasingly sophisticated technologies of measurement (together with an erosion of the concept of a 'mass audience') (Turow 1997). Advertiser valuations of different audience segments now affected media content decisions. This 'transitional regime' is important to the study, because while the sophistication of the measurement technologies increased significantly, the emerging changes in the media technologies, such as the Internet, are also having effects on the nature of audiences and their accessibility to advertisers.

- 'The Contemporary Moment'. The period 1990 to the present involves increased sophistication in measurement technologies, including the rise of database analysis of audience exposure data on users' desktops. There is, at the same time, a decline in the quality of the audience market; a decline in television ratings panel participation, indicating growing reluctance to participate in audience ratings research and 'conduit multiplication' with network viewing dropping from 95 per cent to 40 per cent in the United States and elsewhere. The consequent 'audience fragmentation' makes it harder for advertisers to reach a critical mass audience. There is more 'ad avoidance', a trend that started with 'time shifting' equipment like VCRs. And there is 'ambience' in media, where television is shifting more to the background (like radio), with people doing more and more tasks (e.g. surfing the net) while watching television, and growing 'out of home' (OOH) viewing, which creates problems for the traditional home-based forms of measurement. In the United States the cable TV (known as subscription TV or pay-TV in Australia) industry benefited, initially, with the shift of audiences to 'pay for content' rather than 'advertising-supported' services. But the need to understand audience preferences on content remains and the decline in the quality of audience as a market is now affecting pay-TV (Turow 1997; Napoli 2003).

Significant effort in modern advertising is directed towards maximizing exposure – to ensure that a broadcast audience, for example, is exposed to an optimum number of messages in a media planning schedule. 'Interactivity' as it is emerging, however, has a dramatic effect on traditional assumptions about frequency and reach (how many times the message is repeated and how extensively it is received). Interactivity potentially shifts choice back to the audience allowing a 'bypassing' of attempts to repeat messages.

There has been significant cultural and media studies analysis and theorization about discursive practices associated with audience research and the idea of the

audience itself (Ang 1991; Hartley 1992a; Hartley 2005; Nightingale 2003). Some of this has touched on the role of ratings, especially its limitations. There has been little or no analytical study, however, on the historical development of ideas about media exposure and engagement or the discourses surrounding those ideas. The idea or concept of exposure is at the heart of modern audience measurement for audience ratings. In the economics of media and advertising measurement of exposure is the key factor in making decisions on buying and selling media space. *Rating the Audience* examines in detail the history of the methodologies and conventions that have emerged to govern how measurement of exposure has played out in the marketplace.

Over forty years ago, for example, an Advertising Research Foundation (ARF) committee headed by Dr Seymour Banks, director of media research at Leo Burnett in the United States, created a model for evaluating media that has become the standard model for the media industry. That model was divided into six stages: distribution of the media advertising vehicle; audience exposure to the vehicle; audience exposure to a specific advertisement in the vehicle; audience members' perception of the advertisement; communication of the advertising message to the audience; and, eventual decision regarding whether to purchase the advertised item. There have been attempts by the ARF to update this model (Phelps 1989) and focus on 'engagement', rather than 'exposure', but as the debates about ratings measurement in Australia and elsewhere show, exposure is still perceived as key to making decisions about buying and selling but at the same time is not as viable for a modern metrics. Understanding the trajectories of measurement, therefore, is the key to understanding the future of the ratings 'currency'.

There has been an historical demand that ratings be public, transparent and, preferably, derived from an independent third party. But persuading the full range of media players from the competing media companies through to advertisers that a particular technology for collecting and analysing audience data is suitable is no small achievement (Miller 1994; Balnaves and O'Regan 2002: 33). *Rating the Audience* is both an analysis of the evolution of the concept of 'exposure' in methodologies for collecting ratings, from diary methods to ratings panels, and an historical and cultural account of the media players involved.

In countries like Australia ratings research itself has historically been a public issue. Bob Rogers in his talk-back radio programme on 4 February 1970 said that he had never met anyone who had completed a ratings survey and invited people with survey books to call in. Later he announced that several people had rung and they had admitted keeping their records in a 'slap-happy method'. One woman had turned her diary over to her nine-year-old daughter. Sydney TV stations TCN-9 and TEN-10 claimed that people had rung them saying they had heard prizes

were being offered to holders of survey diaries. In the ensuing furore, the stations demanded that the whole four-week survey, the first of the year, be abandoned (Jones and Bednall 1980: 11). Public representatives also sometimes intervene to review audience research technology. For example, in 1963 a US Congressional committee investigated broadcast ratings and the issue of measurement. The hearings suggested that the illusion of exact accuracy was necessary to the ratings industry in order to heighten the confidence of their clients in the validity of the data they sell. 'This myth was sustained by the practice of reporting audience ratings down to the decimal point, even when the sampling tolerances ranged over several percentage points.' Audience research in the future, the US Senate hearings concluded, must face the task of distinguishing among different kinds of communications experience which are now represented under the heading of total-audience figures (Kover 1967: 50–54).

Arguments about the role of measurement, and the limitations of measurement in audience research, were well established in the marketing research literature by the 1960s and well before the contemporary debates about 'ethnography' and 'active audiences'. Bogart (Bogart 1966) and Kover (Kover 1967), for example, provided detailed critiques about audience conceptions and measurement that would fit easily into contemporary cultural studies journals. Industry reacted to these research critiques and public reviews, and qualitative research emerged as a complement to statistical ratings research.

The authors, in writing *Rating the Audience*, sought documentation from company archives such as Nielsen's archive of ratings books, through to personal archives, such as those of Tony Twyman and Gale Metzger. There is also significant documentation from international government hearings and research that have investigated issues in ratings methodologies, such as a controversy in the 1980s in the United States over sampling methodologies. Historical figures involved in developing methodologies, technologies and conventions were interviewed to help clarify many of the decisions to change conventions and methodologies.

The Single Number

We can get a sense of the importance of authoritative audience measurement by looking at how a new market entrant in the 1940s used it. In 1942 Joseph Creamer was the promotion and research director of WOR (World of Radio), owner and operator of an FM radio station in New York, W71NY. His company urgently needed to show advertisers and clients that W71NY's 60,000 FM set owners were a valuable audience. W71NY had won the first FM commercial contract with an advertiser in 1941. Creamer knew though that if radio ratings were showing

Figure 1.1 W71NY FM station coverage

Source: Nielsen Historical Archive

that FM listeners represented only a single demographic of classical music listeners, then that stereotype would affect advertiser perceptions. W71NY, as you can see above, was in 1942 broadcasting to a major metropolitan audience in the United States.

Creamer's answer was to undertake commissioned research by A.C. Nielsen, a broadcast ratings provider, to demonstrate to advertising clients like 'Miss Deane' (see next page) that a diverse audience for the radio station did in fact exist.

Creamer's letter and WOR's commissioned study on FM audiences are wonderful examples of the demands made upon those involved in the media industry to demonstrate the existence of their audiences. Creamer concludes in his report that 'listener families were scientifically distributed among ALL income groups: i.e. A, B, C, and D. That results are, in other words, representative of ALL kinds of people in ALL kinds of homes' (1942: 3). A,B,C,D were the social class classifications used in radio ratings. What the radio ratings produced for subscribers like WOR were *single numbers* that showed the size and the nature of the audience, in simple terms, for individual stations and programmes.

The basic system that Creamer would have seen for calculating share and rating has not changed. Share is the percentage of the total viewing or listening audience

WOR

*BAMBERGER BROADCASTING SERVICE, INC. • NEW YORK CITY, N. Y.
BUSINESS OFFICE AND STUDIOS • 1440 BROADWAY, PE 6-8600*

March 17, 1942

Dear Miss Deane:

Funny, isn't it, the way people substitute beliefs for facts?

Take this new kind of broadcasting called FM, or frequency modulation. Why, to hear the talk, you'd think it was all classic chords and white tie and deep bass.

We never really believed this, of course. But a lot of good it did us here at WOR to say that our W71NY, or FM station, listeners were like any other kind of listeners. A lot of good it did us to say that they, too, like their music down, or sticky-sweet, with lots of move in it; or their commentators loud, or maybe subtle, and their news often.

So, we called in some people whose only job is digging up the truth and squaring it. What they found, where they found it, and what the whole thing means to you is told in the attached report, "A Study of FM Listening."

Read it carefully, won't you? And then consider how W71NY might fit into your idea of selling goods, or some service, or just talking in a new and very special kind of way to 60,000 people who own FM sets in the area W71NY covers.

Figure 1.2 Creamer's Letter to Clients

Source: Nielsen Historical Archive

for a particular programme. The rating is the percentage of all people or households in a city, nation or a particular demographic tuned into a specific channel.

The breakdown of A,B,C,D for Creamer in 1942 is outlined in Table 1.1.

Table 1.1 Breakdown of audiences by social classification (US\$)

Group	Income	% of Total
A	\$5,000+	6.7
B	\$3,000–4,999	13.3
C	\$2,000–2,999	26.7
D	Under \$2,000	53.3

Most radio programmes in Creamer's day were directed towards C as it had a high level of listening. WOR did not want FM to be perceived as only an A or B medium. What Creamer understood was that audience measurement, well established by the 1940s, not only analysed radio markets: they altered them. They were an active force transforming the broadcasting environment and not just a camera passively recording it. The distinction between 'engine' and 'camera' was made by Donald MacKenzie (MacKenzie 2006) in his analysis of financial markets where statistical measures and calculations were used to standardize a range of market transactions in the finance industry. This distinction is helpful as audience ratings are not only important because of the numbers they produce but also due to the whole set of agreements and activities that operate around them. Ratings were used as *currency* – as the basis for determining whether an audience in fact existed, prices in advertising, success or failure of programmes and, not least, in planning for the future.

The often stated idea that the buying and selling of audiences shapes media programming is of course a part of the phenomenon of ratings. At the time of the primacy of the free-to-air television networks in the United States, Erik Barnouw traced some of this history in *The Sponsor: Notes on a Modern Potentate* (Barnouw 1978). Barnouw showed that sponsors' demands for particular demographics helped shape the programming of both radio and television, but most particularly the latter. He shows how, as the TV ratings companies refined their total audience counts into age, sex and income demographics, sponsors began to offer networks investments worth millions of dollars to make shows aimed at women aged 18–49 and so on. The aim was to create programmes that would appeal to their target audience, and therefore increase the prospect of the advertising messages reaching their intended consumers. The sponsor linked his computer to the Nielsen rating computers in Florida and found that *Gunsmoke* had high ratings but bad demographics – its audience was too old and rural – so he shot down *Gunsmoke* in a blaze of bans.

Sponsorship also revolutionized the payment of actors. They could earn big money from appearing in commercials, some of which cost more than the programmes into which they were inserted, as Michael Arlen showed in his book about the production

of just one of them, *Thirty Seconds* (Arlen 1980). By 1972, members of the Screen Actors Guild earned US\$62 million from acting in commercials, US\$38 million from acting in television films, and US\$22 million from acting in feature films. Soup in a can, so to speak, became three times more valuable than film in a can. Sponsorship also revolutionized television drama as particular sponsors sought particular desired demographics with consequent shifts in programme type and orientation.

Ads themselves were designed to arrest attention long enough for an otherwise overlooked message to be delivered (Twitchell 1996). Twitchell claims that much TV drama was advertising friendly in another way: predominantly 'middle-class stories' revolving around 'consumable objects' and 'told in discrete twelve-minute segments', with the dramatic arc 'the result of the demands of the advertisers' (Twitchell 1996: 178). But all this started to change when the advent of pay-TV in the 1970s in the United States and afterwards elsewhere made part of the broadcasting industry more concerned with attracting and retaining subscribers than with solely attracting audiences to sell to advertisers.

It would be a mistake to conclude that advertisers are the only key to understanding the influence of ratings or their purpose or, indeed, that advertisers are the only users of ratings. Ratings became integral to the work not only of programme-making, but broadcast scheduling and planning. Audience ratings were created at the same time as their twin, public opinion polls, and, indeed, were instigated by the same people who were involved in both. In societies with millions of people there are limited ways in which to read the public mind. Ratings and polls have become, universally, the accepted way to represent the public in democratic societies, outside of traditional voting cycles and participatory tools on the internet. The methodologies behind those techniques, therefore, have, equally, become very important as they determine whether or not the public and its governments or businesses trust them. Unlike commercial-in-confidence non-public research, audience ratings and public opinion polls require scrutiny.

What is clear from the historical record is that broadcasting, and television in particular, made the ratings its own. Print never caught up with broadcasting in the audience measurement stakes. It had circulation audits and readership surveys but it could not match the system that quickly grew around broadcasting. Figure 1.3 (on page 12) shows the rapid adoption and diffusion of the radio in the home during the 1920s and the 1930s in the United States, compared with other household purchases. Remember, 'radio homes' in these early days were exactly that – homes. People would come home to their families, lie on the living-room floor, switch off the lights, and listen to the latest drama or comedy. Radio was cheaper than other household appliances, even compared with the telephone, vacuum cleaners and irons. The dips in the sales, of course, represent the impact of the Depression.

Table 1.2 Advertising expenditure 1928–37 (millions US\$)

	Newspaper	Magazines	Radio	Outdoor	Farm	Total
1928	720	190	20	85	30	1,045
1929	760	210	35	80	30	1,115
1930	670	180	50	65	25	990
1931	590	150	70	50	20	880
1932	470	110	75	35	10	700
1933	430	100	65	30	10	635
1934	470	125	90	30	13	728
1935	500	130	110	35	14	789
1936	550	150	135	45	17	897
1937	570	165	165	50	18	968

Source: Dygert 1939

The popularity of radio shifted advertising expenditure between media as radio grew from a US\$20 million advertising revenue industry in 1928 to a US\$165 million a year industry in 1937. As this occurred fan mail, one of the major ways of determining radio programme popularity early on, gave way to new measurements of radio-listening behaviour which gave advertisers and sponsors relatively quick feedback on the success or not of particular programmes. Table 1.2 shows the increasing radio revenue, compared with its counterparts (in percentage terms print did not change much over the same period). The ratings with its quick feedback loops and quality demographic data very became radio's advantage and selling point amidst stiff media competition.

If we flash forward to today we see a very different and more complex advertising media mix. The parallel to the advent of radio as a commercial medium in the 1930s is probably the internet today. It has emerged as another medium that splits the advertising revenue pie as Figure 1.3, drawn from the British telecommunications and broadcasting watchdog, Ofcom shows. At the same time each medium is becoming increasingly more complex as convergence increases (for example, Internet radio; IPTV). What Table 1.3 also shows is that there are large variations among the larger western countries in terms of their advertising mix which have consequences for the kinds of audience measurement services provided.

When we combined these figures with the huge proliferation of media within each of the main advertising categories we can get a sense of the problems facing both advertisers and media companies. Comparing 1985 to 2008 in the United States is especially instructive as to how complex things have become, in terms of choice of medium for advertising, since Creamer's day.

Figure 1.3 Radio homes in the United States, 1921–38

Source: Dygert 1939

In 1985 in the United States there were 3 Networks, 7,744 Radio Stations, 2,722 Print Options and 4 Outdoor Forms with analogue terrestrial, satellite and cable systems. By contrast in 2008 there were 7 Networks (plus Video on Demand,

Table 1.3 Distribution of advertising expenditure, 2007

	Net	Outdoor	Cinema	Radio	TV	Magazine	Newspaper
UK	14	7			28	13	34
FRANCE		10		8	32	20	26
GERMANY		5	26			18	43
ITALY					54	16	20
USA	10			11	38	10	27
CANADA	9			12	32	11	33
JAPAN	8	12			44	9	23
POLAND		6		8	51	15	16
SPAIN	6			9	45	10	27
HOLLAND	7	4		7	22	21	39
SWEDEN	12	5			21	11	48
IRELAND		9		8	21		59

Source: Ofcom. The International Communications Market, 2007

DVD and [H]DTV), 12,718 Radio Stations, 12,709 Print Options, 150+ Cable Networks, 500 Digital Channels, Digital Cable, Interactive TV, IPTV, Gaming Internet, Podcasting Email, Video Ads Mobile, Virtual Communications, Advergaming, Social Networking, Widgets, Twitter (microblogging) and Search.

This expansion of media channels has also seen an expansion in the measurement of different audiences as audience measurement companies have struggled to keep up. Nowhere is this more evident than in the proliferation in the number and range of panels that Nielsen alone uses to cover different types of media and circumstances in which media might be used.

The problem with this diversity of measurement across many different types of media is, as Gale Metzger points out, that not everyone now agrees with the efficacy of the *single number* of Creamer's day, when there were fewer media and more homogenous audiences. For Metzger, the major problem today is one of trying to 'measure microscopic shares' whereas once these were 'big' audience shares. He observes:

If you're the Campbell's Soup advertising manager, and you advertise and want a measure of the audience reached, today's challenge is different than yesterday's. In the old days Campbell's Soup had a 40 per cent share of the soup market and they were getting 20 television ratings. The random duplication of those two phenomena is the cross product of 20 per cent and 40 per cent, or 8 per cent. Today, a media plan that reaches 10 per cent of the market and a brand that's got a 5 per cent share, you're dealing with less than an expected 1 per cent incidence within the population of people who use both the brand and that medium.

And because that dimension is very hard to measure with any kind of precision, it is the major issue of the day. Metzger goes on to wryly observe that the main reason 'we know less about the computer world than we knew about the slide rule world ... is largely because of the size of things; it is easier to measure huge entities than microscopic elements' (Metzger 2008).

Moreover, the very ways of measuring audiences have come under the microscope, not least in the internet environment, which has grown very rapidly as an advertising platform. In 2009, according to the *Independent*, internet advertising revenue exceeded television advertising revenue for the first time in the United Kingdom. Internet advertising grew 4.6 per cent in the first half of 2009 to £1.7 billion, or 23.5 per cent of the total market, compared with television's £1.6 billion, down from £1.9 billion in 2008. Total advertising spend in the United Kingdom fell 3.5 per cent to £17.5 billion (Clark 2009). You might think that it is easy to measure what people do on the internet: you simply track where people go and what they

Table 1.4 Nielsen panels

	Year	Households in panel	Location
National Peoplemeter	1987	14,000	US
Local Peoplemeter	2002	600–800	US in 13 markets
Set Metered Markets (Electronic boxes that track viewing but information about the view is in a diary)	1959	21,000	US
Hispanic Peoplemeter Supplement	1994	270	US
Out of Home (Measures TV viewing at work, bars, airports, and so on, using sounds from the programmes that are recorded automatically by special mobile phones)	2008	4,700	US
Homescan Global (Purchasing behaviour)	1988	135,000	27 countries
Homescan US consumers	1988	125,000	US
Homescan Hispanic	2007	2,500	US/Latin America
FANLinks (Cross-references Homescan with their fan interests)	2005	50,000	US
Project Apollo (Multimedia consumption and purchasing – now cancelled)	2006	5,000	US
Nielsen BookScan (US book industry data) (booksellers)	2001	12,000	US
Your Voice (Online community for opinions)	2000	500,000+	Global
Nielsen Mobile Bill Panel (Activity on mobiles) (mobile bills)	2005	20,000	US
Hey! Nielsen (Website where users rate TV shows, movies and so on)	2007	30,000	US
NetView & MegaPanel (Offline and online audience and market research)	1997	475,000	US and 9 other countries
Pine Cone Research (Product and concept surveys)	1999	173,000	Global
The Hub (Former members of other panels who allow Nielsen to track them)	2008	1,000	US

Source: Adapted from Story 2008

purchase. But it is not that simple. Take the example of Meebo – a service which was designed to fill a gap in the market for an instant messaging service which would enable the interoperability of the different messaging services.

Life is good for 27-year-old Seth J. Sternberg. A year ago, he dropped out of Stanford Business School to work full-time on Meebo Inc ... Today Meebo is going gangbusters. It has raised \$3.5 million from the Silicon Valley crème-de-la-crème, including Marc Andreessen of Netscape fame and venture capital heavyweight Sequoia Capital. More impressively, the service attracts almost a million people every day, who swap more than 60 million messages.

However the company finds it difficult to prove its site is as popular as the company says it is. As the *Businessweek* article noted:

Look up Meebo's Web traffic using the comScore Networks Inc. service, and you'll find that a European competitor eBuddy.com is four times as big. Alexa, a competing Web measurement service owned by Amazon.com Inc., shows Meebo is bigger. Which is true? Probably neither. Sternberg's best guess is that the two rivals are about the same size. Yet even he doesn't know for sure. (*Businessweek* 2006)

There is no agreement on metrics for the internet. This is precisely why agreements emerged on radio ratings in the 1920s – at the time various stations claimed that they had the best radio station but each would use a different way to measure the audience. A standard way of measuring was required.

Knowing, measuring and understanding media audiences have become a multi-billion dollar business. But the convention that underpins that business, audience ratings, is in contention. Joseph Creamer today would find a crowded market and he would be scratching his head about which business model might work. Audiences are no longer limited to watching television via cable, terrestrial and satellite broadcasts. The legal and illegal viewing of television content on the internet is rapidly increasing, and internet protocol television (IPTV) is growing in popularity. These developments have created the need to measure smaller, more fragmented audiences and more and more everyday exposure to media. There is now heated industry debate and experimentation with new and controversial ways of innovating the collection and analysis of the ratings to deal with this new reality. Sampling in its turn has also become the subject of political and methodological battles over how to best represent people, in the census, on the internet and as audiences for broadcast television. At the same time, audience participation in research is declining. The traditional ratings convention is under pressure from all sides.

The chapters ahead demonstrate why and how audience ratings research became a *convention*, an agreement, and interrogate the ways that agreement is under pressure and is seeking to innovate to meet these challenges. With Google in alliance with Nielsen, one of the world's leading media researchers, planning to literally auction audiences off to the highest bidder, there are now attempts to establish new ratings-based coordination rules and currencies. At the same time the survey and sampling methodologies that produce audience ratings, and the various technologies from Art Nielsen's original 'black box' – the Audimeter – to the contemporary peplemeter and its rival – the personal peplemeter – are often in public dispute. The practices of ratings measurement have become the subject of court cases in the United States as different media companies seek ways of reshaping the ratings in ways that better reflect their view of their audience. The crisis in the ratings convention matters because who is and who is not measured affects all aspects of media production, funding and consumption. The value of services, advertising expenditure, funding for content, technological developments, and the delivery and circulation of programming, are all dependent, to some degree, on the measurement and valuing of audiences.

As you will see, the contemporary controversy and crisis in the ratings convention recalls earlier controversies and crises, where there was the same querying of methodologies and technologies of counting and the same emergence of serious rivals using different methods from incumbent providers. What is different today are the ways in which *all aspects* of the ratings convention are in dispute at the same time rather than one particular issue dominating debate. Previous studies have tended to see the ratings from one particular angle, for instance, measurement, to the exclusion of others. Now is the time to see audience ratings as they are, as a complex set of formal and informal agreements, a compact that governs a multibillion-dollar business. The authors will show how new uses for the ratings convention developed over time. We analyse how the ratings have been used not only in commercial broadcasting, but also in public service broadcasting, in subscription TV and on the internet. And we demonstrate how the ratings have served as the coordination rule and currency for diverse industry stakeholders, in the process becoming integral to the ongoing operation, planning and development of the media industries.

Summary

Audience ratings are important because they permit agreement among parties involved in the creation and use of ratings that audiences exist and that the numbers produced from ratings surveys represent what those audiences watch or listen to.

The ratings numbers from surveys are then used as currency in media buying. This is called *syndicated research* because a range of clients, from advertisers to stations, buy the ratings. The syndication reduces the cost to subscribers because they do not have to conduct their own research to get a picture of the whole market – unless, of course, like Joseph Creamer, a new entrant with a new technology (in this case FM), there is a need for *customized* research to convince clients there is an audience. Customized research, of course, is often used for other things, like getting feedback on pilots for TV programmes and other types of in-depth programme- or station-specific work.

As Gale Metzger, Art Nielsen's protégé in the 1960s points out, audience research is not like other types of social-science survey research. It is a special type of measurement in that the estimates it produces of the number of people reached are bought and sold. Consequently, 'the number of people reached is a key fact about how well a media outlet is doing its job':

Effectively, the numbers are the product. The numbers dimension and value the audience. Research on the sales of soap or cars or any other commodity or service or business, may provide insights on why or how people buy. But soap and cars are what is sold. With media audiences, users have a greater stake in the results. Accordingly, the estimates are subjected to closer scrutiny than statistics that only provide commentary about a product. Therefore, media audience research is generally of a somewhat higher quality than other measurements. The fact that the numbers are the product brings pressure for better quality. (Metzger 2008)

Chapter 2 provides a detailed introduction to the rise of the audience-ratings convention and the rules, established very early on, that have grown to define expectations among the different players in each market.

Chapter 3 looks at the history of the different ratings methodologies, especially panels and surveys, and how the early ratings intellectuals shaped their development and use. Broadcast ratings have a close resemblance with public polling and voting. This is not surprising. The ratings intellectuals who designed the ratings also created the first opinion polls. Audience ratings as a particular form of humanistic social research also adopted the revolutionary panel-based survey research technique using probabilistic representative samples. This enabled the media industry to see 'audience flow' over time and to estimate 'audience share' of a broadcaster. Sampling and surveys in audience ratings have, therefore, a dual identity. They are a public interest vehicle showing the public vote for programmes and media providers, and a market mechanism for making decisions on the media dollar. Ratings are part of politics because they represent the public and the market at the same time.

Chapter 4 maps the rise of formal and informal ways of auditing audience ratings. Various ways of checking the way audience ratings are collected and used have emerged. These range from in-house research by ratings agencies, competitors or technical committees of commissioning organizations like the Broadcasters' Audience Research Board (BARB), to public forums like the American Association for Public Opinion Research (AAPOR), to ad hoc Congressional Committees in the United States and public inquiries in the United Kingdom, through to legal action and ratings councils. These formal and informal ways of checking on audience ratings have had a dramatic effect on the content we end up with, either on our television screens or through our radios. The process of auditing is never ending in the ratings convention. It works out who is accepted as an audience, what is accepted as a reasonable sample or measure, and so on, and it is integral to the maintenance of confidence in the adequacy of methods of data collection and analysis.

Chapter 5 looks at the technologies of counting themselves, from the early use of the telephone for aided-recall and telephone coincidental research techniques, the development of the 'mechanized' Audimeter and the paper diary, to the development of the personal peplemeter and finally digital set-top boxes designed to monitor contemporary media use. These technologies of counting have been the subject of continuous innovation under constant industry pressure, technological advances and the weight of changing media environments. This chapter examines the ratings as an innovation system. It explores the emergence and deployment of particular technologies in response to technological advances, changes in patterns of media use, and the different needs of the various parties to the convention. Modern technologies of counting have also expanded to ratings-like innovations for subscription television services such as Sky in the United Kingdom and Foxtel in Australia, and the different metrics for online audiences.

Chapter 6 provides an historical overview of the rise of the ratings provider as the key knowledge broker. The ratings provider is most likely the organization to be used, criticized, threatened and cajoled, both within the industry and from without. The ratings provider's strengths and vulnerabilities alike are an important part of our story. In this chapter we explore why ratings providers look the way they do.

In different ways similar concerns have been expressed in Australia, the United Kingdom and continental Europe around 'single ratings providers', with a clearly discernible trend first evident in the United Kingdom in the 1950s with the introduction of Independent Television towards industry-sponsored services whose form and organization are decided by committees comprising broadcasters, advertisers and advertising agencies.

Chapter 7 shows how the content providers became the fulcrum of the ratings convention. Although the larger and more dominant broadcasters initially were often

not supportive of the ratings, they have been among the principal beneficiaries of systematic audience measurement. Television networks brought the ratings into media economics and, with advertisers, built a system for buying and selling audiences and content. The chapter outlines the challenge to the convention in each country, arising from the introduction of subscription services as an alternative economic model for television, and examines the ways that the responses of traditional broadcasters to the needs and demands of subscription television providers shaped research and ratings methods, approaches and debates in each country. In the United Kingdom, for example, public service management at the British Broadcasting Corporation (BBC) actively resisted the development of systematic ratings, preferring self-selecting listener panels. In the end, however, audience ratings became central to all broadcasters – commercial, public service providers and later cable TV (subscription TV) networks. We will see how the ratings benefited networks and later independent operators and cable TV. This central reliance on ratings among broadcasters in their competitive strategy has, at the same time, become a problem as ratings map the decline in free-to-air audiences. Ratings have, as a result, entered into the ‘life and death’ struggle of broadcast networks and other media.

Chapter 8 provides a detailed insight into the analytical techniques and vocabularies built by the advertisers to sell audiences around ratings as currency. Advertisers in the early part of the twentieth century were heavily involved in research and housed many of the research intellectuals, not least J.B. Watson, the behavioural psychologist and his work with JWT (formerly J. Walter Thompson). Advertisers were responsible for the development of the first ratings surveys in the United States and were critical in the early development of ratings in Australian radio. They have traditionally been among the most sophisticated users and critics of the ratings. And they have also been the group most likely to experiment with different sorts of research. We will look at the combination of declining media advertising spend and allocation of advertising spend away from broadcasting. Advertisers have flagged a lack of confidence in traditional advertiser-supported media and an intense interest in how newer media might provide more appropriate vehicles. With media advertising revenue either static or even declining and below-the-line advertising, such as trade shows and promotions, increasing, there is now considerable ferment within the advertising-marketing-promotions field about the best strategies for reaching consumers and the best methods for interacting with consumers.

Chapter 9 turns to the audience, an important but often unacknowledged partner to the audience-ratings convention. When Nielsen and Arbitron joined forces to set up the experimental Project Apollo in 2005 they expected to capture all of the

everyday behaviour of audiences, from reading papers through to using mobile phones and buying food. To their surprise they found that people did not want to participate. The more they were asked to do and to provide, the more they resisted and refused. Increased interest in the 'fusion' of different sources of data was a result, together with increased understanding of audience behaviour. This is just one of the ways in which the audience has a 'voice' in how audience ratings are developed and how the audience as informants and respondents actively sets limits to what information can be collected and how it can be collected. Audience consent to research has been essential to the success of the ratings industry.

Chapter 10 investigates the different types of criticism of the ratings from the point of view of one of the most famous internal critics of the ratings, Leo Bogart. Audience ratings are structurally different from other market phenomena, because the audience market is separated from the media content market, and politically different, because audience ratings are perceived as a public service. Within this context there is a range of criticisms Bogart raises, from the modern dependence on secondary data and computation through to a perceived deprofessionalization of media research.

Chapter 11 peers into the future of the audience-ratings convention. Audience ratings remain a gilt-edged, gold-standard form of survey and panel research. The chapter reviews the key element of the audience-ratings convention and tensions that exist in the contemporary moment.