

MEDIA RESEARCH CLUB OF CHICAGO

M R C C  
REVIEW

The newsletter for all media professionals

The Age Of Digital Media Is Here: Where's The Digital Research?

Jeff Boehme  
National Cable Communications

“Technology is developing faster than our ability to adequately measure it.”

When I first spoke those words on a media panel at the first local CAB conference in the early '90's, I was describing how the growth of cable forever changed TV viewership. I was also lamenting how our media industry was not reacting quickly enough to develop the proper tools necessary to accurately measure it. From

the personal perspective, I had lived through the introduction (and threat) of the VCR and realized that better technology not only personalizes the media experience, but can literally alter it. I realized that if content is king, then the device is the

throne. But the question is not just about the cool gadgets; it is about how consumers ultimately relate to media through these devices on a personal level and what we learn to reach them on their terms. Digital technology **connects** content with the consumer faster than ever before - welcome to the age of digital media.

The Digital Revolution Hits Home

Like many households in the U.S, mine is at the apex of the digital revolution. Besides participating in sports, the majority of my family's favorite pastimes are clearly concentrated on digital entertainment – TV, internet, XBOX360, PSP, Nintendo DS, etc. The demise of our decade-old 32" Toshiba TV encouraged our ascent into the amazing world of High Definition (HD), coupled with significant price point reductions. HD is truly one technology you have to see to believe – and it does alter viewing habits. In addition to the HD set and digital cable box, the digital video recorder (DVR) is now allowing us to define the **relevance** of our

television viewing by providing the convenience of all content whenever we want. Our usage of Video On Demand (VOD) has also doubled content that is specifically customized for the individual consumer. Apparently I'm not alone. Various industry estimates report that almost 2/3's of all homes in the U.S. are digital – and will grow past 90% by 2010.

Digital Devices Connect Consumers With Content

Digital is not only about traditional TV. The initial promise of the “information superhighway” transformed into real broadband access which attracts almost

half of all U.S. homes. Every major company now embraces the internet to electronically stimulate commerce and many consumers have quickly assimilated this technology for personalized use. Digital radio (both streaming on line, satellite and through wired cable) is attracting many listeners with custom formats selected by the user with major auto companies

installing them as standard options. Every significant print medium has a digital presence, as convenience and timeliness are now key consumer values. The continued explosion of digital cell phones (originally providing just communication) is evolving into alternate services, including interactive content as well as personal security.

Digital Media Paradigm Shifts

Clearly the digital world is changing consumer habits. The first paradigm shift is **control** – the consumer is now in charge. The second shift is **choice** – consumers have a vast array of content from which to choose. The third is **relevance** – the content must be pertinent and convenient

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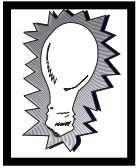
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## PRESIDENT'S NOTES

by Julia Johnston  
Arbitron

### The Future is Now

When I was a girl I remember there being three television channel choices. Soon there were four channels and finally cable arrived to my small town in Texas. My father, who was a teacher at the time, decided we watched too much television anyway so we never subscribed. How else would I be able to run around the house singing "I'm a Pepper, he's a Pepper! Wouldn't you like to be a Pepper too?" Today there are so many different choices of electronic entertainment. It's no longer what channel will I watch tonight, but what program am I in the mood to watch at that very point in time in which I want to watch it. Enter Video On Demand or VOD.

Video on demand systems allow users to select and watch video content over a network as part of an interactive television system. VOD systems either stream content, allowing viewing while the video is being downloaded, or download it in which the program is brought in its entirety to a set-top box before viewing starts. The battle is on for the viewer of the future. In fact, a Forbes.com article Advertising on Demand in July of last year, predicted that "the number of on demand viewers is expected to quadruple in the next five years and marketers are trying to create and place ad messages that these engaged TV viewers will still want to watch."

You can record anything at anytime as well as pay for any video to watch at anytime. We no longer sit with bated breath for the season premier of American Idol. In fact, I haven't watched it and I refuse to read about it until this weekend when I can sit down and enjoy the entire event – at my convenience. Besides, I can even download it to my iPod,

if I had one, and watch it on my airplane ride home. In a world where exposure is measured but engagement measurement is desired; on demand viewing allows us as researchers to speak to the engaged audience when they have chosen to listen. However, will the message be engaging enough so that the viewer will watch? At the next MRCC

luncheon on February 13th, we'll hear from **David PaJeu** from **Comcast Spotlight** as well as **Kari Hooper** from **Starcom**. They will share their views to this ever expanding and evolving digital environment and how it is altering consumer media behavior. What we considered the future of media convergence is here and it is changing how television advertising is bought and sold as well as created. What are the opportunities that surround on demand video for our clients and how do we take advantage of those opportunities at the right time and in the right manner. This will surely help us plan more effectively for our clients. Please join us on **Tuesday, February 13th** to learn more. **MRCC**

**It's no longer what channel will I watch tonight, but what program am I in the mood to watch at that very point in time...**

### RSVP by Credit Card

Note: The MRCC has made arrangements to accept credit cards via PayPal (Visa, MC, Amex, Discover). This must be done when registering online. Credit cards cannot be accepted at the door. Please be aware that there will be an additional 4% processing fee when paying by credit card.

## February Meeting Notice

### PLEASE RSVP!

<b>Topic</b>	<b>On Demand Video</b>
<b>Speaker</b>	<b>David PaJeu, Comcast Spotlight Kari Hooper, Starcom Worldwide</b>
<b>Date</b>	Tuesday, February 13th, 2007
<b>Place</b>	Maggiano's Banquets 111 W. Grand Avenue The Amarone Room
<b>Time</b>	Noon to 2 p.m.
<b>Price</b>	<b>\$35 member \$45 non-member \$5 additional charge for Walk-Ins</b>
<b>Menu</b>	Buffet-style lunch
<b>RSVP</b>	FAX your reservation to <b>312-329-0443</b> or RSVP at <a href="http://www.mrcc-online.com">www.mrcc-online.com</a> by noon Friday, February 9th. Cancellations must be received by Noon on February 12th.

**NOTE: Be sure to RSVP to guarantee yourself a seat. We can only handle a small number of walk-ins.**

### UPCOMING EVENTS



**March 13th - Radio Update with speakers from the RAB and online radio measurement**

# How On Demand Content is Driving the Evolution of Media Measurement

Carol Hinnant  
OnDemand Essentials, Rentrak Corporation

The growing availability of on demand content (entertainment, news, information, DIY, advertising, etc.) is intersecting nicely with the growing installed base of digital cable and broadband in consumer homes and offices. The shift in consumer behavior to watch what you want, when you want at a convenient time all started with the advent of VHS recorders, then progressed through multiplexing and then advanced again with the introduction of TiVo's Personal Video Recorders. The introduction of true On Demand television (OD), and the ability to view content on a TV, computer or portable video viewing device has again spurred consumer adoption of new viewing habits.

Coupled with this shift in consumer behavior is the need for more sophisticated and comprehensive media measurement to help the media community, especially advertisers and their agencies, plan what they will buy and produce in this new form of advertising spot and/or long-form commercial. The result of these intersecting behaviors and desires to enhance operations through deeper business information collection and analysis is a major change in how advertisers, cable operators and media outlets conduct business – now and in the future.

OD is experiencing a steady growth in viewership, as well as a steady growth in interest in advertising on this platform by advertisers and their agencies. Cable operators and networks are taking in more ad dollars for the same content that is now offered on OD, be it free, ad related content or advertising spots. According to Rentrak's OnDemand Essentials™, OD views have increased 47% from 2005 to 2006 and the average amount of minutes per OD view has increased to 41.7 minutes

According to Magna Global's On-Demand Quarterly, OD enabled households (cable) have grown to 84% of the U.S. market, and there are now 55% high speed accessible homes that can tap into a wide array of content via their computers. Add to this the number of workers who are viewing news and other content via their workstations at the office. Advertisers are buying OD ads using

the same business model as cable on a cost per thousand basis or on a flat rate based on a total number of guaranteed impressions and are enjoying the ability to reach a more targeted audience that has opted to watch OD programming.

As consumers increase their viewing of OD programming and the ads inserted within, cable operators and programming networks now have the ability to measure and analyze actual anonymous consumer behavior down to the zip code level, and to derive hundreds of different reports on a near real-time basis. Among the most popular metrics are Title Performance – how particular programming is performing on a cable network against other programs in the same category, or across different cable operators or TV markets.

Research departments are successfully mining OD hourly usage data to help select like programming for the same time slots on linear networks. Start-up networks are using OD data to successfully increase distribution and also increase advertiser spending. MSOs like the ease of meeting and delivering reporting to programming networks, and networks enjoy the immediate access to data. The sophisticated reporting and analytical capabilities of OnDemand Essentials are definitely delivering time savings and efficiencies across the industry for all constituents involved, with opportunities for enhancement as the ability to fully measure OD ad usage comes online.

While these sophisticated capabilities are available for OD programming, the next frontier in OD measurement is the tracking and analysis of how OD advertising is performing. Rentrak Corporation is working with MSOs, content providers and members of the media community to create a new module as an addition to its OnDemand Essentials line of services called OnDemand Essentials Adtraker. Rentrak is taking a lead in assisting the industry in its quest to respond to the request for refinement of metrics and reporting capabilities. While Rentrak's ability to collect, house and manage metric data is up and online, the industry is still wrestling with several key issues, including defining what constitutes a "view", as well as what metrics should be shared between networks, programmers and advertisers and their agencies. In addition, the technical ability for cable operators and broadband providers to insert a time stamp inside OD advertisements to enable tracking of actual minutes viewed will give Rentrak the ability to provide information on exactly what the consumer did during the ad (watch, fast forward, rewind, pause).

Although the ability for advertisers to fully track OD advertising performance is not yet available directly to advertisers, agencies and advertisers are embracing the OD platform. Networks such as Music Choice, Ripe Digital Entertainment, Scripps Networks and Concert are driving innovation and their advertisers are getting results. Cingular and Chase have created new OD content, while other advertisers are repurposing existing spots so there is no additional creative spending necessary as they test the OD waters.

The "elephant is on the table" and members of the advertising and media community must continue working together to make true OD advertising measurement a reality. Several industry bodies such as the CTAM On Demand Consortium and the AAAA Media Research Committee have already spent years studying and researching the potential of OD content measurement and have made progress, but it is not enough to deliver on the promise of true OD measurement across all types of on demand content. Operators and networks are working together to determine what metrics and in what time frame an independent third party data provider, such as Rentrak can deliver directly to advertisers and their agencies.

What can you do personally to help make timely, accurate and detailed OD advertising measurement a reality? Get involved with CTAM, CAB, IAB and other organizations which welcome members of the advertising industry. If you are already a member of a measurement and metric committee, take a more active role. If you are leading a committee, meet more often and work through the difficult issues face-to-face. If you are an advertiser or work at an agency and have yet to experience the depth and timeliness of reporting already available today, get in and test the water. Experience the difference of having actual data down to the zip code level available that can be quickly and easily analyzed to make future marketing decisions vs. settling for extrapolated "guesstimates" derived from consumer samples.

Working collaboratively with members of the media community, detailed, accurate and timely viewing data for both content and advertising can be a reality. With the billions of dollars currently being spent by advertisers to reach consumers, and indeed the right targeted consumers, you owe it to your company and/or clients to demand change to outdated measurement practices. **MRCC**

Carol Hinnant is Vice President Business Development at OnDemand Essentials, Rentrak Corporation

## Video-On-Demand = Control Shift

Edited by Gary Behlow, Nielsen Television Index  
and Mark Cwik, Nielsen Homevideo Index - Local

**V**ideo-On-Demand, or VOD, is poised to lead the total transformation of the television industry as we have known it for the past six decades. Hyperbole? Perhaps, but this is also a very real possibility. The fundamental concept driving the development of VOD is control shifting to the consumer. No longer will viewers depend upon network programmers to figure out the perfect program schedule based on audience flow by pairing programs designed to appeal to similar demographics. The idea that viewers would stay with one channel to watch program after program because pilot testing, and occasionally gut instinct said they would, began to deteriorate as soon as the penetration of remote controls reached critical mass in the late 1980s.

By the mid-1990s nearly 80% of TV households had VCRs, and consumers took the next big step to being able to watch their favorite shows when they wanted to – even if they could not always get the clock to stop flashing 12:00. Viewers learned they could

take control. Now, technology has moved quickly to make the choices nearly endless. From the viewer's perspective, that same remote control is now all that is necessary to access a vast array of choices on their trusty TV set. For programmers digital technology makes it possible to store and serve thousands of titles to extend the brand of popular shows and networks. Cable operators are making VOD a key part of their service, committing significant bandwidth and creating dedicated on-demand channels. These companies see this as a key point of distinction versus satellite providers. While Video-On-Demand has been around for some time, it is truly now on the verge of reaching its potential. Digital cable is now in roughly 1/3 of all TV households and all signs point to cable systems moving to aggressively expand that. But, telephone companies are also preparing systems that will offer customers plenty of on-demand options, viewing this as an absolute must as they roll out services to challenge both cable and satellite providers.

Note that Video-On-Demand does not specifically say "television," and it is increasingly clear that video is not reserved for the traditional TV set. Broadcast and cable networks are promoting the availability of recently telecast series through the Internet. And, a dazzling array of video-enabled devices is making it possible

to view, not just anytime, but also anywhere. Now that these options are making their way into the landscape, it is not likely that they will disappear. Quite the contrary, a future filled with viewing on computers, phones, PDAs, video games and other personal media devices seems certain. Programmers are creating new content specifically for personal, portable devices. Add to the picture a generation of young adults and children who have grown up in a media world in which they know they hold the control, one where the balance between traditional media and new user-generated and user-controlled is shifting.

In this new media environment with so much viewer control, the real question becomes how the business models work. Here, the options may be even wider than how and where to view. Advertisers and programmers are currently exploring a variety of models and developing the plans, as well as hardware and software to support innovative approaches.

Dynamic ad insertion promises the ability to pinpoint targets and is one potential change to the marketing model. Will a measure of "engagement" place special value on programs that the viewer actively selects through an on-demand service? How will advertising work in on-demand programs? Will there be models that preclude ad skipping? Perhaps on-demand commercials will become a viable model with long-form information packets served to potential buyers. This could open a whole new approach to targeting consumers. Understanding the value of product placement will also help to guide these decisions. For non-commercial programmers finding the right balance of subscription or pay-per-view or pay-per-download will be an important consideration.

Understanding consumer behavior will continue to be a challenge. Click stream data from set-top boxes and similar bits of data from Internet offerings will provide lots of information, but making sense of huge volumes of raw data will require more analysis and insight. Modeling may be required to fill in demographic data that will be essential to marketing programs and options to the right audience.

Marketing and promotion will have to evolve to meet the new realities. With media consumption fragmented and increasingly spread among so many outlets, it will be more challenging to reach targets. Effective planning will be necessary to inform and convince viewers to select programs. Established brands will help consumers make selections. But, innovative approaches will help new choices to be sampled and grow.



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for the consumers or they will move on – quickly. The fourth is **speed** – the acceleration of new device development and deployment will only increase. In short, digital technology is changing media as we know it. Successful companies realize they need to get in front of these paradigm shifts or their customers will leave them behind. Understanding how customers connect with digital media is the job of the digital researcher; it won't be easy.

As consumers, we all appreciate the personal value of each device based on our own experiences and needs. Professionally, our jobs have become much more challenging. Not only do we need to understand the technologies, we need to learn how and why the consumer is relating to these devices and content.

Select "yes" or "no" to the following questions:

- Does the consumer have access to more information/sources faster than ever before?
- Do they want information/content faster and more accurately?
- Do they want ultimate control over when and where they want it?
- Will they tolerate intrusive advertising?
- Will consumers pay for it?
- Do advertisers need to better target, motivate and engage customers?
- Do we need better data and research to guide our media decision?
- Do we all need to figure out a better way – quickly?

If you answered "yes" to most of these questions, start considering how to determine the impact of both content and the device on purchasing – and create new standards of evaluation.

### The Age Of Digital Data And Research: "Bad Research Is Worse Than No Research"

There is a big difference between data and research; they are not synonymous. Data are simply the measurements of usage. Research is the careful examination and interpretation of these data so we can make learn and make decisions. Like many of you, I continue to learn the important lessons of 'bad research'. To me, 'good research' is the art of combining good data and consistent observations with sound conclusions. 'Bad research' is the opposite, and bad things usually occur to those who use it.

Digital devices and data should ultimately provide enormous advantages over traditional media usage data and subsequent research. Traditional syndicated media research, especially television, requires survey respondents sampled from an estimated universe to provide a measure of value. Not only is the sample more difficult to

recruit and gain compliance, but the collection devices (people meter, HH meter and diary) are technically obsolete in today's environment. Experts will understand that digital data can eliminate many of the inherent problems of audience measurement, but will create some new ones. Management of these new data will be challenging for most, as is the immediacy of collecting it. Most importantly, understanding what it all means will be crucial. Critical decisions need to be based on exponentially huge databases with intelligent analyses – all in real time. A real danger is that speed can kill - digital data could be quickly manipulated in the wrong hands.

### "The Ignorance Of How To Use New Knowledge Stockpiles Exponentially."

Before many of us were born, Marshall McLuhan authored the classic *Understanding Media*, describing his discomfort about mankind's plodding toward the twenty-first century in the galoshes of nineteenth century perceptions. The originator of such memorable axioms as "the global village" also understood the value of good research and the inherent danger of bad usage. Although he died in 1980, I could only imagine his reaction to the set top box (STB) or even digital photography.

In the photo industry, consider how digital technology significantly and permanently affected consumers. Collecting and managing all those megapixels was hard, but digital cameras dramatically improved the capability to process image data. Standard software can easily manipulate digital photos and eliminate impurities. However, it is now just as easy to manipulate those megapixels, perhaps morphing day into night and ultimately distorting reality. Only experts will be able to discern the difference.

The gravitational pull of 50 years of traditional measurement may dissuade some from quickly accepting and adapting to the digital age. The good news is Nielsen has recognized the need to change and is implementing plans. But more needs to be done. In fact, the entire premise of local market definitions, the DMA, is obsolete in the digital world. Market potential will have more relevant descriptions, linking the device, content and the consumer.

Researchers should have a natural kinship with digital data, as they are sequences of zeros and ones. It therefore seems obvious that as media technology clearly and irreversibly **digitizes**, we must now become experts at:

- Collecting and managing real **digital data**
- Analyzing usage behavior through the device
- Understanding the difference between

what and how media is used and why.

- Measuring effect of content/device on purchasing
- Create **digital research** standards and consensus on digital media currency
- Create partnerships between media and advertisers to measure, understand and activate business value and accountability
- Flexibility to understand new technologies and adapt business plans

### Digital Ad Value - The Digital Home

This leads to where we are today. How does one take advantage of what exists today with real plans for tomorrow? In many ways, digital advertising is the ultimate invitation. Obtrusive ads will not be tolerated, and we need good research, digital research, to help define what works. Advertisers know that despite consumer access to multiple media, TV remains the **medium of choice**. Nielsen reports each U.S. household tunes in on average over 8 hours and 30 minutes – higher than ever

We at NCC believe strongly in the relationship of consumers and their TV. Our spot cable platform has over 70 million homes, the nucleus of the digital revolution with the most engaging linear and non-linear content. I look forward to working with many of you as we explore the next phases of digital research.

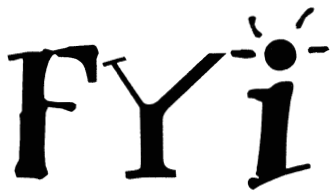
Maybe Marshall McLuhan was right when he said "the medium is the message". I just wonder if he knew how many there would be. **MRCC**

Jeff Boehme is Senior Vice President, Research at National Cable Communications

Video-On-Demand..., cont. from page 4

If it seems that there are many more questions than answers that should not be surprising. The explosion of choice brings with it uncertainty and unknowns. At Nielsen we are listening to our clients as they explore ways to embrace new technology and respond to consumers' choice. We are finding that at times it is not even clear what the questions are. On-demand will evolve and grow, and the most successful players will be those who learn enough about the audience to give the people what they want. It will then be up to those people to decide when to watch. **MRCC**

Gary Behlow is VP, Team Leader at Nielsen Television Index and Mark Cwik is VP Group Account Manager at Nielsen Homevideo Index - Local



Telmar's newborn Media Planner with MultiBasing brings product and demo targets together with MRI, SMRB and Nielsen data all in the same application. Contact Nancy End or Matthew Hodges, nancy@telmar.com or matthew@telmar.com... **Conde Nast Publications** signs multi-

year agreements with Nielsen - Monitor-Plus will supply U.S. competitive advertising intelligence and NMR will provide national ratings information... **Arbitron** will provide access to its respondent level data via its SmartPlus application. Contact your Arbitron rep for more information... **Simmons** has released its Spring 2006 SimmonsLOCAL information. For more information, contact Jill Partner at jillp@smrb.com... **NSI** announces an April 2008 launch of LPM service in Phoenix... Turn your local overnight data into information with NSI's Arianna... Please check out **IMS'** new targeting/segmentation tool IMS CHAID Explorer. For more information, contact Bob Hodlick at 312-583-5352.

**FAX YOUR MRCC RESERVATION!**

**FAX TO: JENNIFER RHODES**

If you would like to fax us your lunch reservation, please fill out the information below and fax it to the MRCC reservation line at 312-278-6066 by February 9th at noon.

Name \_\_\_\_\_  
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Phone # \_\_\_\_\_

Member (\$35)     Non-Member (\$45)  
No shows will be billed — cancellations must be received 24 hours prior to meeting.

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