**VIDEO TRANSCRIPT**

 **LEARNING HOW TO CALCULATE A RATING**

I am sure that you have heard about ratings in television. When you hear that a TV Show was ranked #1 in the Nielsen TV ratings, do you understand what this really mean?

After you finish this video lesson, you will be able to:

* Define Ratings and explain their importance
* Understand the media terminology associated with the ratings measurement
* Understand how to calculate a rating
* Understand the uses and application of ratings and impressions

Radio and television are considered broadcast media meaning that their inventory is “airtime” and the audience each program commands.

 The rating is relative to audience measurement and thus the price radio and television stations set to sell this air space to buyers, advertising agencies and clients in general is related to the “eyeballs or ears”” that these shows generate. One thing to keep in mind, and this is very important, is that in general these “eyeballs” or exposure is to the program, and not necessarily to the commercial. There are measurement of audience exposure to commercials, but the ratings we are studying in this lesson are to the program itself. This is what is negotiated between television (or radio) stations and clients. When that negotiation is completed and a commercial is placed in the commercial break of a program, the ratings that were negotiated are actually the exposure to the program, not the commercial per se. If the commercial falls in the commercial break (and you can imagine) with over a 50% DVR or delayed viewing penetration in US Households, the first thing people tend to do when watching a recorded program is to fast forward the commercial break so they can actually get back to watching the program. Keep these concepts in mind.

Now, the company that measures television ratings in the United States is called The Nielsen Company. The company that measures radio ratings in the United States is called Arbitron. Each country has their own variation of the same concept.

But in order to explain about ratings, let’s talk specifically about television ratings. Nielsen provides television ratings in order to provide an estimate of the audience for just about every program that can be seen on TV. Unlike a newspaper or a magazine, however, where the publisher can count how many copies are sold, there is no simple way to know exactly how many people are watching any given program. Nielsen estimates the audience by drawing a sample and then counting the number of viewers in the sample. The numbers recorded in the sample are then projected into the television population of that market. If you studied statistics 101, you understand the basics of how sample observations translate into projections of those results to better explain the behavior in the population at large works.

Based on these numbers, television broadcast and cable networks as well as station affiliates make decisions to keep running or cancelling shows. Remember, making money selling commercial airtime is their bread and butter, so high ratings are an equivalent to revenue. And as I mentioned before, it is also the currency used in the television and radio industry to buy and sell air time.

Let’s start with basic terminology that you need to understand:

* Rating is the audience of a particular program or station at a specific period of time expressed as a percent of a universe of the demographic. When you present a rating number, the percent symbol is never shown, just the number.
* A demographic or Demo, is the expression used for the breakdown of the audience by age and gender. For example, Adults 18 to 49 years of age, Adults 25 to 54 years of age, children 2 to 11, women 18 to 34, Households, which by the way is also a demographic.
* Universe is the total number of people in the demographic, regardless of whether they are watching or not watching television. It does not matter. It ca also be referred as population, you can use either term, universe or population and mean the same thing. Universe is always relative. For example, it can be the universe or population of Adults 18 to 49 nationally or in all of the United States, or it can be the universe or population of Adults 18 to 49 specifically in the New York City market.
* Impressions are the raw numbers from which to calculate the rating percentage from. It is the number of actual people from the demographic watching the show or program in number form.
* Network are stations that are connected with one another through carrying the same programming at designated times and airing live on the same Days and times. For example, NBC network is comprised of over 200 stations in different markets. NBC network airs Today Show every morning from 7-10am and carried by local affiliate, WTVJ in Miami Ft Lauderdale, WXIA in Atlanta and KNBC in Los Angeles. NBC is the network and the three mentioned are the individual stations or affiliates.

OK, let’s start.

The formula for ratings is as follows:

Number of people from the demographic watching the show or Impressions

Divided by the Universe of the demographic

Multiplied by 100

STEP ONE: Understanding the Universe and Program demo audience

 Let’s say that the Universe of the national population of adults 18 to 49 is 127,860,000. That means that there are 127,860,000 adults 18 to 49 in the US. Remember that the Universe is the entire population for that demographic in the designated market, regardless of whether they are watching television or not.

14,140,000 Adults 18 to 49 watched the ABC show Parks and Recreation.

STEP TWO; Calculate the Rating

14,140,000 divided by 127,860,000 = .110589

Multiply .11058971 x 100 = 11.06

You can round up to one or two decimal points for additional accuracy.

The correct answer is 11.06 rating Adults 18 to 49 for the program Parks and Recreation. This means that 11.06 percent of all the Adults 18 to 49 in the US watched Parks and Recreation. This percentage calculation includes the people that were not watching television.

Now, go to the PPT attached to this video lesson and practice with the rest of the shows shown in the table.

See you in the next video lesson.