**VIDEO TRANSCRIPT**

**Understanding Television Projections**

The purpose of this lesson is to study the concept of audience projections in media planning / buying and selling, in this specific example, television ratings. Understanding that we are always planning into the future, this concept of projecting audiences is very important to understand.

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

* Define the concept of projecting audiences
* Calculate a Television rating projection
* Recognize the application of shares, HUTs or PUTs in projecting television audiences
* Recognize how to use Nielsen rating book
* Recognize how Nielsen collects ratings information during “sweeps”
* Report the results of a projected ratings and audience projections in general

Let’s start with the basic terminology you need to understand this lesson.

You already know all the basic terminology needed to understand the actual calculation: rating, share, HUT or PUT. The following are definitions and explanations of what a Nielsen rating book is and what the “sweeps” are.

Rating Projections formula is share divided by 100 multiplied times HUT or PUT

Sweeps are the specific times during the year that the Nielsen Company conducts and collects audience measurements data.

Viewer "diaries" is one of the methods that Nielsen uses to gather program audience viewership data. The target audience self-records its viewing or listening habits in a paper diary sent by Nielsen (or Arbitron in the case of radio).

Set Meters is a more technologically sophisticated system where small devices or the “meter” is connected to televisions in selected homes to collect audience viewership data.

People meter is the same concept of the set meter. In addition to the set data, the people meter captures individual viewers in a more granular reading of television watching by demographic and not just household viewing information.

Let’s make sense of all of this. As you recall from previous lessons, Nielsen ratings are the audience measurement systems developed by the Nielsen Company, in an effort to determine the audience size and composition of television programming in the United States. In the case of radio, Arbitron gathers radio listening. The assembled statistical models provide a rendering of the audiences of any given show, network, and programming hour. Now the way that this data is gathered, whether it is for Households or for specific demographic such as Teens 12 to 17, Adults 18 to 49, Women 18 to 34, Men 25 to 54, etc., happens in various methodologies which we will look at shortly. If you took a course in statistics, you understand that you cannot measure every single person in a market or DMA. Remember that DMA stands for designated market area, a term coined by Nielsen to mean a region within a major city in the US in which radio and television stations audiences are measured. The way Nielsen finds out who is watching (or listening in the case of Arbitron and radio) is using a sample of typical households of television viewers in that market. A sample is defined as individuals or households selected from a universe to represent that universe. A Universe is the population chosen for a research study, which could be national meaning all of the US or an individual market or DMA. The period of measurement to gather ratings data is called Sweeps. The television industry, through Nielsen methodology, recognizes four sweeps or audience measurement periods as the most important of the year: February, May, July and November. What sweeps mean, is that Nielsen is collecting viewership information from the participating households and household members within the selected sample for that market during the month of February, or May, or July or November. It happens every year. The sweeps television viewership data collected is gathered into a Nielsen ratings report or book and distributed to its clients. The methodologies used to gather this data are paper diaries, (television) set meters, people meters, and telephone coincidentals. For more a specific understanding of how each of these works, go on the internet and search for each specific methodology. Not confuse the matter, but Nielsen also measures viewing data for a limited selection of key target audiences which are delivered to Nielsen clients at the earliest opportunity the next morning. So in other words, these “overnights” ratings are the quickest report of viewership data available for specific markets and for a few choice demos (not for all demos) and available within 24 hours or less of airing of the television program. Always remember that in television, just as with other media, an advertiser is always buying potential exposure to the media and not a guarantee that the audience actually was exposed to the commercial or advertising message.

Now back to audience projections. Understand that every time you plan a campaign, you are planning into the future. Like I tell my students, you do not have a crystal ball to know how many people will be watching or listening or consuming the media you are selecting, so you have to “guesstimate” using media mathematical equation using the data available you have available at the time of planning, right now. In the case of Nielsen, we will use the four sweeps or books that we know are most important, again, February, May, July and November. The book or data that you have in your hands at the moment provides an understanding of how well the show is doing at the time you are planning the campaign. Let say that you are planning a campaign for a major retailer during the month of February to run during the December holiday and your target demographic is Adults 18 to 49. The audience data or Nielsen book that you have available is the February book, and because your campaign will run in December, you will want to see how many people Adults 18 to 49 watched television during this period of the year. Let me also go back to how clients look at the calendar year in Quarters: 1st quarter is January / February / March, 2nd Quarter is April/ May / June, 3rd Quarter July / August / September and 4th Quarter is October / November / December. Each of the important books align with a quarter, for example February for 1st quarter, May for 2nd quarter, July for 3rd quarter, and November for 4th quarter.

There are two measurements that we look at in order to understand how to project a rating: share and HUT or PUT levels. Remember the ratings projections formula is shares divided by 100 multiplied times HUT (if Homes) or PUT (if people demo). Let’s understand why. The first number we look at is share, and if you understand a share, share is how well a television program is doing at a specific period of television viewing. Think of total Adults 18 to 49 television viewing (say) on Monday between 8 and 9pm as a pie, where the slice of the pie for each program is their share of the total pie or viewing done during Monday 8 to 9pm is their share. The total pie or total viewing done on Monday 8-9 for Adults 18 to 49 is the PUT, or people using television. If we were talking about households, it would be HUT. For illustration purposes, let’s also assume that we are planning this campaign during the month of February (which would be the present time), and that we are calculating the ratings projection of Program A for the major retailer December’s holiday campaign (which is planning to run in the future). The most accurate perspective of how well Program A is doing is by looking at the shares of the book you have available during the planning stage, which means in this example that you have the February ratings book in your hands. Remember that by looking at the share of Program A, you know what percentage of people using television Monday 8-9pm or PUTs are watching Program A, or their share of the total viewing done by Adults 18 to 49. Shares tell you how “healthy” Program A is in its time period and against other programs. Again, the share information you take from the ratings book you have available at the time of the plan, which is the February ratings book. The second piece of information you need is the HUT or PUT levels of the period of the year you are planning forward to, but because you do not have a crystal ball to look at, you have to go to the past. So in this case we look at how many total Adults 18 to 49 watched television on Monday 8 to 9pm back in November of the previous year. Remember that you do not have that future November book, so you go to the past November ratings book to study actual audience levels to estimate potential future audience.

OK, let’s start. Refer to the video lesson PPT on Understanding Television Projections to study the chart. We will keep this calculation simple to understand. Remember the general formula share divided by 100 x HUT or PUT equals projected rating.

STEP ONE: Understanding the numbers

|  |  |  |  |
| --- | --- | --- | --- |
| *Previous Year***SHARE Program A****Adults 18-49** **Mon 8-9pm** | *Previous Year***PUT** **Adults 18-49** | *Current Year***SHARE Program A****Adults 18-49****Mon 8-9pm** | *Current Year***PUT** **Adults 18-49** |
| Previous Year FEB: 16 | Previous Year FEB: 55 | Previous Year FEB: 17 | Previous Year FEB: 57 |
| Previous Year MAY: 18 | Previous Year MAY: 60 | Previous Year MAY: NA | Previous Year MAY: NA |
| Previous Year JULY: 14 | Previous Year JULY: 45 | Previous Year JULY: 16 | Previous Year JULY: NA |
| Previous Year NOV: 20 | Previous Year NOV: 65 | Previous Year NOV: 22 | Previous Year NOV: NA |

Remember that this data is provided by Nielsen and all you are doing is calculating a rating projection off this available data.

There are two sets of numbers for the previous year and for the current year you need for this calculation: share for Program A Monday 8-9 and PUTs for Adults 18-49 for Monday 8-9pm. Obviously, there are numbers in this chart that you may not use. If you are planning your campaign in the month of February of the current year, you will have the February ratings, but not the May, July or November of that year. Makes sense? Your present time is February of the current year. You will take the share for Monday 8-9pm for Program A from the Current Year February book, which is 17, meaning that out of all the Adults 18-49 watching television Monday 8-9pm or PUT, 17% (share) were watching Program A. The second number you will look at is PUT or People Using Television Monday 8-9pm during November of the previous year. Remember that PUT is all the Adults 18-49 watching Monday 8-9pm the previous year, or the addition of all the ratings and programs for Adults 18-49 on Monday 8-9pm. The PUT for November the previous year is 65, meaning that 65% of all of the Adults 18-49 in the Universe of the market were watching television Monday 8-9pm during the month of November.

STEP TWO Calculating the Rating Projection

Now let’s calculate the projected rating for the major retailer client for Program A for the campaign running in December.

First you take the share from the book you have available at the time of the plan, which in this case is the February book of the current year. The share in this example is 17. Second, you take the November PUT from the previous year, which is 65.

17

Divided by 100

Equals .17

Multiplied by 65 PUT

Equals 11.05 Projected Rating

Step THREE Understand and Report the Results

The projected rating for Program A for a campaign running in November of the current year is 11.05 Adults 18-49 rating.

We would have to wait until the campaign airs in December to see how accurate the estimated rating for Program A is.

Now practice with the other holiday periods, such as Back-to-School campaign, or a campaign running May 15 through May 31st as shown in your video lesson PPT. Tip: if you are planning the campaign at the same time of the year, in this case February, your shares will not change for any of the campaigns your are planning. You still have the February book as the most recent book for this specific example we are using. Now practice from the chart included in the video lesson PPT and remember that you will find the answers in the full lesson PPT.

Now let’s take it a step further.

If you are planning budgets and you have a planning Cost per Point or CPP, and / or Cost per Thousand or CPM, you will be able to even calculate how much you will pay for Program A in your negotiation. Remember always that CPP and CPM are market set prices, but what will ultimately drive pricing is supply of commercial inventory and market demand for that inventory.

Step FOUR Applying a planning CPP (or CPM) to project budgets and pricing

With a projected rating of 11.05 for Program A on Adults 18-49, let’s say that the agency media buyer and the media planner projected a Prime Cost per Point of $1,500. Remember that the $1,500 projected CPM is relative to each market and, in this case, data you are given to work with.

With a projected rating of 11.05 and a planning Cost Per Point of $1,500,

Rating multiplied by CPP = Rate

11.05 Rating multiplied times Cost Per Point equals $16,575 dollars expected to pay for a 30 second commercial in Program A.

Now continue practicing with the given planning Cost Per Point and Cost Per Thousand in you video lesson PPT and always remember that you will find the answer in the full lesson PPT.

See you in the next video lesson.