Minutes from Quarterly CRE Meeting
December 8, 2011
Sentry Center
New York, NY

Members In Attendance: Pat Liguori, Billy McDowell, Brad Adgate, Ed Gaffney, Ceril Shagrin, Dan Murphy, Paul Donato, Sharon Warden, David Poltrack, Kate Sirkin, David Marans, Michael Nathanson, Nancy Gallagher, Hadassa Gerber, Emily Vanides, Alex Corteselli, Beth Rockwood, Ira Sussman, Noreen Simmons, Matt Ross,

Present by Phone: Michele Buslik, Greg Ross, Janet Gallent, Mike Pardee, Lisa Quan, Mark Kaline, Robin Thomas, Beth Uyenco

Absent: Jack Wakshlag, Keenan Pendergrass, JoAnne Burns

Also Attending: Tom Campo, Shelley Drasal and Richard Zackon

Opening

CRE Chair Ceril Shagrin called the meeting to order at 1:00 PM. Ceril began by looking back to the founding of the Council in 2005 and its accomplishments since. She acknowledged those involved for their thinking and their energy and Nielsen for its funding.

Members were asked "What is something that you think may not be true that we have believed for a long time" and the responses are given in Addendum #1.

Steering Committee

GREG ROSS reported that Judy Vogel of Media Storm was recommended by the Steering Committee for membership on the CRE. A motion was made and seconded to admit Judy. Her admission passed without opposition.

Greg also reported that the Steering Committee considered a request by Steve Sternberg, now at Ion, to rejoin the Council. The Steering Committee recommended that Steve be invited to join a CRE committee at this time. Based on his participation his request to join the Council would be reviewed at the following Council meeting. No one offered a further comment and Richard said he would reach out to Steve.

Greg commented that the 85% attendance at the CRE meeting was a good thing and reported that Richard had been asked to reach out to those members whose participation at Council and committee has been low and to understand what we can do to support them in meeting membership requirements at a time when everyone is exceedingly busy.

Measurement Science Report
Paul Donato used the term Sociology and Art to describe his role at Nielsen focusing on innovation and product development. Companies with the reputation for innovation focus on the use of technology, the use of social science and a sense of art in terms of what they do.

This year Paul is focused on five horizontals: mobile, social programs, local television, consumer development and panels. Talent hires include econometricians, experts in pattern recognition and neural sciences, fuzzy logic, predictive modeling, and fusion

What distinguishes the world's most innovative companies is their sense of time. Pandora's product development cycle is 90 days. This is what Nielsen will shoot for moving faster than clients have ever seen before.

Kate Sirkin noted innovation companies often had low success rates and asked about Nielsen's expectation. Paul said Nielsen cannot afford the risks of many new companies but that Dave Calhoun recognized the need to take more risks than it has in the past. He acknowledged the responsibility of protecting currency. Beth Rockwood asked about the relative balance of US and international within Nielsen. Paul said the consumer side has shifted to developing markets, not so media which still has the US as the biggest media market.

Committee Reports

Local Measurement
Billy McDowell discussed two initiatives. The first was an analysis by consultant Susan Weiss looking at relative error of quarter hour diary ratings across 31 local markets showing greater variability over a ten year period. The committee is working with Nielsen to explain the findings and the CRE will have an update before the March meeting. The second initiative is looking at brand level ratings for specific station schedules. The committee has not yet received the data from Nielsen. Paul Donato offered support if needed.

Billy spoke to discussions with Catherine Herkovic of Nielsen regarding other diary initiatives with the understanding that a paper or electronic version of the diary will remain for some time. He didn't see more than $50,000 for analysis in the coming year.

Sample Quality
Ceril Shagrin reported on progress for the Sample Quality initiative. Three markets have been selected for May measurement: Dallas-Ft Worth (Local People meter), Albuquerque-Santa Fe (metered) and Paducah-Cape Gerardo-Harrisburg (diary). Consideration was given to cell phone penetration, address-based versus telephone response rate differences and hyphenated markets.

The study will look at the ability of weighting to reduce nonresponse bias, obtaining media equipment ownership from diary samples, improving modeling using return path data and viewership of TV programs in homes considered non-TV households. Much work with Nielsen remains. Data will be available after July with a report out by 4th quarter. The Council had voted $1.5 million for the study.

Kate Sirkin requested the details of the project be shared with the CRE. Ceril agreed to do it by the next meeting.

Social Media

Beth Rockwood spoke to the differences in social media data coming from different providers. Nielsen recently shared some of its results on the relationships of TV viewing and social media with the committee.

The committee has asked for proposals from various vendors concerning the relationship between TV viewing and social media: Keller Fay, MBI, Buzz Metrics, Life 360 and Bluefin labs.

The price is expected to be around $750,000.

Digital Research

Dan Murphy said that the final report from Ernst & Young will be delivered in January. It is a snapshot of current practices which vary widely across publishers. A follow-up study next year ought be considered and Dan reminded the Council he will be stepping down as Chair.

Universe Estimates

Nancy Gallagher reported that the final report on the Media Related Universe Estimate study has been posted to the CRE website.

Set Top Box

Pat Liguori declared that the project with Dr. Marty Frankel was complete but never really came to fruition. She announced an upcoming meeting of her committee to explore ideas for future research. The committee would like to reserve $250,000 for 2012.

Media Consumption and Engagement

Richard Zackon noted the MCE committee is currently seeking a chair. Regarding projects, it is considering five possibilities.

Mike Pardee discussed one possible project concerning audience decisions about viewing devices and simultaneous use of those devices.

Hadassa Gerber considered studying whether tablets, PCs and mobile are taking away from or adding to commercial TV viewing, both in and outside the home. She also proposed a separate acceleration project, championed by Jack Wakshlag, which looks emerging technologies. It has been four years since CRE last conducted such a study. Dave Poltrack noted the need to distinguish audiences which have and do not have broadband.

Mike Pardee offered another possible project concerning cannibalization by subscription services like Netflix and Hulu and their potential to erode television viewing. Nielsen's approach to Netflix was not clear.

Emily Vanides presented a fifth direction concerning workplace video measurement. Dave Poltrack suggested Touchpoints methodology as a start.

An unofficial poll showed the most appealing project concerned Tablets and Mobile.

Return on Investment

Dave Poltrack spoke of his committee being in an exploratory stage. The next step is to get together with the ARF which is also looking at this issue and has already established business contacts with a lot of the leading players. After this exploration would be time for experimentation which would likely be expensive. He does not expect to spend more than $100,000 in 2012.

Insights to Practice

Nancy Gallagher suggested that in the future it might be a good idea to begin discussions mid-project rather than wait until the project is complete. Ceril Shagrin invited Nielsen to report back to CRE on changes that have occurred as a result of CRE research. Ira Sussman said it would be valuable for the Council to cooperate with Nielsen on projects Nielsen is pursuing.

Education

Sharon Warden spoke of an upcoming internship effort, first through CRE member companies. We will use the website and provide links, working with the Broadcast Education Association in the process. She also spoke of sponsoring a table at the BEA conference, of a training outreach to university professors and support of career days for college students. A survey was sent out to CRE members to get the internship initiative launched.

Communications

Emily Vanides, supported by Tom Campo, reviewed 2011 and laid out plans for 2012. Current challenges remain low awareness, long periods between research announcements and the continued perception that CRE does not operate independently. Responses have been a newsletter, by-lined columns, and engagement of the press in CRE events.

Goals for 2012 is to continue to report out findings, to encourage industry access to CRE resources and to increase participation with CRE. Plans are to make the CRE website more useful and enriched with more information. Nielsen clients will be reached out to with introductory webinars. Another big initiative for this year will be establishing a social media presence. A logo modification was discussed.

Emily invited members to leverage their relationships with the press on behalf of the CRE. Tom Campo made himself available to help draft written pieces.

Richard Zackon proposed industry events focusing on areas of CRE research. Ira Sussman proposed reaching out to Nielsen personnel, recognizing CRE independence. He offered to create a space CRE could present and Emily offered to work with him.

Dave Poltrack suggested that CRE do something with NAB and local measurement. He and Kate Sirkin spoke to the CRE need for SEO capabilities

Treasurer Report

MICHAEL NATHANSON notes that it has been difficult securing information from Nielsen. He also said the CRE had $3.9 million available for spending, based upon a financial summary which was distributed,

Election of Officers

Ceril Shagrin agreed to Chair for the next year after which a motion was made, seconded and unanimously accepted by the Council. Greg Ross, in absentia, was also voted in for another term. Paul Donato thanked Ceril and Greg Ross for their service.

Emily Vanides and Michael Nathanson, both present, were similarly extended in their roles as Secretary and treasurer respectively.

The Council voted to fill three openings on the Steering Committee with Nancy Gallagher, Beth Uyenco, and Kate Sirkin.

New Business

Pat Liguori commented how it would be valuable if Council members knew more about each other's work. It would be good to learn how we spend our days. Sharon Warden saw a possible education project. Noreen Simmons noted that Unilever has used Facebook to connect people in each other's business. Kate Sirkin endorsed the idea as it builds empathy. Dave Poltrack said it would be instructive to follow the development of an agency pitch. Ceril suggested a "wine and cheese" event to explore.

Ceril Shagrin raised the topic of new members. Dave Poltrack encouraged Nielsen to suggest names because Nielsen is often aware of projects engaged in by the clients. Ira Sussman said Nielsen would be willing to suggest names if CRE were identifies gaps.

Richard Zackon confirmed the dates of the 2012 meetings: March 8th, June 21st, September 20th, and December 6th.

Adjournment

Ceril thanked everyone for a stimulating meeting and invited everyone to comment on how they would feel if there was no CRE See Appendix 2).

The meeting was adjourned at 4.29pm.

Appendix 1

Question: What do you see as a strongly held belief? Something that we kind of take for granted or believe we know that you wonder is that really true?

JANET GALLANT: I think there is a misconception about the DVR -- that it is sort of something that we should all be afraid of rather than embrace. I think the DVR to some degree is our frienemy, but I think there is a misconception that it is the enemy.

GREG ROSS: I think one of the things is that, some days we follow the numbers out the door and, where they should be a guide to judgment, we take data as 100% correct vs. more of a statistical estimate; we should look at trends and things. Your generation tends to take things very much as black and white. "This is the number and it has to be exactly this number."

MIKE PARADEE: This is one of those love/hate relationships. I think that set top box data can be immensely valuable and we have gotten a lot of value out of it over the last 4 or 5 years. I think with all the change to new IP set top devices replacing traditional set top devices it is going to be trickier to get reliable information out of set tops.

LISA QUAN: Mike stole my thought actually about set top boxes -- how they originally thought to maybe use the panel based data; that is not going to happen at this point.

ROBIN THOMAS: I don't know if this is a strongly held belief, but one of the things I have been experiencing is our disconnect internally with consumers, and an understanding of a lot of the new media/ digital space. We are still "inside" and work with all of these terminologies every day -- but consumers are not as savvy as we maybe expect them to be, and there is a lot of confusion in the marketplace.

MICHELLE BUSLIK: We grew up thinking we knew the answers and they were easy to get to. I think in today's media environment, it just changes too rapidly -- and we never get the answer to what we are really looking for.

BILLY MCDOWELL: I think that I will borrow a phrase from Michael Nathanson on the resiliency of local television. You know how people thought television was going to be dead -- but it keeps coming back and performing at high levels. It's funny, Christmas season is here and, of all the new technological devices that are out there, TV sets are some of the hottest items for sale right now.

SHARON WARDEN: Following on that with the notion that OTA (Over The Air) is dying and dead: I don't buy it and I don't think it really is. I think it is going to have to see a resurrection even.

ALEX CORTESELLI: To kind of build on what Billy said, because I am in the same side of the business, the thought that the growth of new media -- DVRs, internet, social media sites -- has to come at the expense of the established media just isn't true. I think that we have seen in some of the committee work here that they can actually play together very nicely and we can have new media growing and television and traditional media still very, very strong.

MICHAEL NATHANSON: Following on those three points, is this leap of faith that because content is available widely online -- not because the content is there -- is going to massively disrupt the eco-system that everyone is investing in for original content. For me, it is just this technology driven view that, where the content lines up it is basically going to destroy everything that is not in the same place. This means that "the eco-system is going to die because content is available online."   That is kind of the belief that people have that is not proven to be true at this point.

BETH ROCKWOOD: My view from a longtime background as a planning person would be that we just can't make generalizations anymore. It is easy to make generalizations. It is fine to say this works unconditionally or this doesn't work unconditionally, but I think that we are finding it to be very true that those generalizations always fall apart; we have to get into a specific advertiser's programs, categories, and people to actually figure out what is going on out there.

ED GAFFNEY: That "fragmentation is a bad thing." We see it as a *good* thing. It presents lots of opportunities for better targeting. You get different media forms. Hadassa has an iPad; she can watch TV on it. I watch on a big 56" screen TV and the notion is that the effect is different. We are not so sure it is. We like the idea of video aggregation.

HADASSA GERBER: Beth took one of the things that I was going to say. I will find something else to say. I think one of the misconceptions of the industry is that we don't embrace change very well. I don't feel that, today, that holds true. We really need to dimension this change to put it within context of overall media usage habits. Sometimes, we might get caught up in something new and not put it into perspective.

NANCY GALLAGHER: I think that you keep hearing that the broadcast networks are dinosaurs and are dead or dying but yet I can't think of anything on cable that gets 20 million viewers.

PAT LIGUORI: The concept that the technology today and within the next 5 or 10 years will afford accurate, granular, precise and predictive measurement I believe is an illusion -- yet many hold onto it.

IRA SUSSMAN: I think at one time we thought if we read it in the press it was true and we can't quite believe everything you read these days.

EMILY VANIDES: I was also going to echo what Beth said so I will say that it has been a common belief that measurement of media in the workplace cannot be done. We will be talking about this a little bit later but I think it can be done. We just need to try.

DAVE POLTRACK: I am actually prepared for this because I just gave a speech on this subject earlier this week. There is an excellent paper that I suggest everybody read that is called "Smarter Targeting" from the [Aronburg Vass] Institute. It is written by a professor, [Jenny Romaniuc] and the concept basically says that "targeting is great conceptually but it basically doesn't work." Everybody now is focused on the concept of greater and greater targeting. When you actually try to execute it, it doesn't work. You have all heard of the 80/20 rule. That is that 20% of the people represent 80% of your consumption. They actually represent 50% to 60%, not 80%, in almost every case. That is a false rule. The other thing is the concept of targeted

media. Most targeted media, half their audience is not in the target. The third thing is that light users represent the majority of consumption for most products and services. When you actually talk about the concept of targeting and targeted media, it actually sounds logical but it doesn't work. The paper has a lot of very good research.

DAN MURPHY: I think on one hand that there is a strong belief out there that they understand what the media is going to be in five years and I believe that people have no clue what it is going to be. The other point I would like to throw out there is that there is a strong belief that the proliferation of devices and bandwidth and infrastructure is going to run amok and we are just going to get further and further behind. I believe that there is pragmatic, materialistic sanity that is introduced as we shift our media to devices where we can't monetize things like mobile -- that there is a natural tendency for things to scale back. I think that people are scared "Chicken Little" -- about media. I think there will be some natural dollars that introduce some sanity to the process.

BRAD ADGATE: The misnomer that "cutting the cord" means the end of television. I think that the content is going to migrate. I think companies like Netflix and even YouTube are copying the television model in terms of putting on original content, selling advertising, creating revenue. I think that television penetration may drop, but I don't think television is going away; it is going to continue to be video screens.

PAUL DONATO: I do think we are going to change the definition of what a home television is. We will have to very soon. I guess I would debate the fact that you can debunk conventional wisdom in the following sense. There is some element of truth to every concept that everyone has expressed so far. The problem is very often they contradict one another and all that is a definition of a complex environment in which we live. New media, over the top services, offer something different than what traditional television offers. Does that threaten traditional television? Well, by the numbers it hasn't so far. It hasn't seemed to have that impact. On the other hand, some of the potential, could that be a real threat? Of course, but will traditional media and stations utilize some of those same over-the-top services to enhance the viewing experience? Yes. I think so. There is truth to all of these elements of conventional wisdom and the problem is that they often contradict each other. That is why we have the jobs that we do: Just to sort this out.

MATT ROSS: First, just to echo some of what has been said, I still believe broadcast TV watched on nice, big flat screens is king. Secondly, to me, Facebook is highly over-rated.

TOM CAMPO: I will echo primarily what Ira said; obviously an ongoing "betenoire" for someone in my role is to try to ensure the press gets it right. That can be kind of dicey sometimes. And, hand in hand with that, I will echo Beth on the point she made about generalities and generalization. And on Paul's point on "conventional wisdom" -- that is part of the process of dealing with the press in this particular space; it is getting people throughout the industry, not just the press, beyond any hide-bound viewpoints and narratives and encouraging progress toward greater open-mindedness in general.

KATE SIRKIN: Echoing a bit what Beth said, I don't think the past is going to be a good reflection of the future. And so from our perspective it means everything that

we have done in the past -- and expected to work -- we need to start fresh, and think "bottom-up" rather than "top down."

NOREEN SIMMONS: I would echo virtually everything that I have heard, but the one thing I will add is that I think we are guilty of rational exuberance. By that I mean, as soon as any of us in the industry hears about something, and I will say this for Unilever, we are very quick to try and jump on the bandwagon. And we presume that because we know of something, the rest of the world knows of something. I have had too many reality checks with my own nieces and nephews who are of the generation that I would expect to be up on everything. I would say to them, "Well, have you ever used Twitter?" They would look at me with a look of "Aunt Noreen, what are you talking about, what is Twitter?" We assume that because we know about it and we are trying to figure out how to use it, the rest of the world, or the average person, knows what we are talking about -- and they don't.

DAVID MARANS: Pat, thank you for your optimism. That is what I wanted to talk about. Thirty years ago, Paul Donato showed us a passive magical meter that read our eyes and that one day maybe it will happen. In a country that is becoming so increasingly heterogeneous with so many options in complexity, I think the word "Consumer" has no meaning. Maybe you can tell me about the "Pepsi-drinker-who-switches–brands" consumer, but to talk about some homogeneous world doesn't seem to have much meaning.

CERIL SHAGRIN: I already gave my views. I think that I will echo some of the sentiments about set top box measurement and the importance and existence of over-the-air. One thing that I believe very strongly is that you can't model what you don't have.

MARK KALINE: I would like to echo a little bit about what Noreen said but I would like to echo it a little different way and that would be because something is high tech doesn't mean it is a good idea. I think that too often we spend a lot of time in our world chasing bright, shiny objects. Even if you added them all up together they wouldn't have the power and the total impact of some of our traditional media today. It kind of echoes a little bit about the strength of television in what was a prophesied downfall, but really a lot of these brand new technologies are actually relatively so small you couldn't sustain your business if you had to drive all your volume through them.

BETH UYENCO: I think what I would expect to happen is the full concept of the existence of a currency that would be acceptable or usable by everyone. I think what is happening now between buyers and sellers -- or strategists and sellers -- is this notion of being able to sell *experiences* or to trade out experiences. I think that is where a lot of research is going to go -- as opposed to this great attention on this concept of "currency."

RICHARD ZACKON: Thank you, Beth. I will give mine. The first one is that I used to think TV advertising works. I guess it doesn't anymore. Just joking. I didn't think we would get a good turnout today and we are 85% here. I congratulate people taking time in the holiday season. There still may be a couple more people who show up so that is good news.

Appendix 2

Question: How would you feel if the CRE went away.

EMILY VANIDES: I would be very disappointed. It's something that I would definitely miss in my career, and in my personal work fulfillment.

PAT LIGUORI: Given that it's only six years old, it would create a surprisingly large void, I think, when you consider some of the things that have come out of the CRE -- the studies. It would be a tremendous loss.

NANCY GALLAGHER: I think it would be a loss, because one of the special things I think about this group is that we have funding, but we can do with the funding what we see fit. And there's very few groups where you really have this level of funding, and that level of freedom.

HADASSA GERBER: I think it would be missed because this committee actually does things, and gets things accomplished, versus just having meetings in full rooms.

ED GAFFNEY: I'd be dumbfounded that we couldn't get a bunch of people together to spend Nielsen's money on things we all know we need to do.

BETH ROCKWOOD: I would be concerned if it went away, because I think it was put into practice for some really good reasons. And that (the CRE going away) would be saying that we no longer believe in those. That would be pretty disappointing, and I think negative for the industry.

MICHAEL NATHANSON: As the lone Wall Street representative, I'd be, first, very, very disappointed, because I enjoy coming, reporting, and participating. But I'd say, very much about the industry, and in terms of the trustworthiness of the data that we're all paying for, if it wasn't for this group, to assess and analyze and lead studies, I think it would be very, very bad for the industry that I analyze -- and try to invest in, too. So that's my point of view.

ALEX CORTESELLI: I think it would be a loss. It would be a tremendous loss because the thing that this committee has is the ability, as you've seen sitting here today, to quickly make decisions about particular topics that are of interest and need to be -- and we'd like to be – covering, and to combine that with the resources to be able to do it. And there aren't a lot of other organizations that have both. And so the loss of the CRE would be a tremendous loss, I think, for the whole industry.

SHARON WARDEN: Ditto.

BILLY MCDOWELL: It would create a tremendous amount of confusion out there, much more so than there already is, because I think there's an ability of our council to kind of help people understand what's real and what's not real.

NOREEN SIMMONS: I think it would definitely be a loss to the industry, because the industry benefits from the collective brainpower of people working on research that they probably couldn't afford to fund on their own -- yet the work gets done, because Nielsen is funding it.

And I also just think that on an external basis within the industry: What would the industry think if an organization like this went away? Does it mean that looking at the strength of research data no longer matters?

KATE SIRKIN: Ditto to Noreen.

MARK KALINE: I can't imagine this is a really unique forum where you get so many different players from so many different sides of viewpoints to sit together and come to some consensus on some many important issues. And it would be a huge void if we didn't have that.

PAUL DONATO: I had an interesting morning. I met with the new COO of Video Research, the Japanese research company. We have joint ventures with them, and I meet with them from time to time. The interesting thing is the last question; what they asked me was: Can you tell me something about the Council for Research Excellence?

And I know that you feel like you need to publicize it more, but what is interesting is that the Japanese television rating service is interested in what has happened. And obviously that doesn't come from having *no* reputation, or a *bad* reputation, but obviously a very *good* reputation. It's something that they--I'm assuming--are thinking about us in consequence.

VOICE   Well, I think it's a great group, there's a lot of camaraderie, I think there's a lot of passion. I don't think any of us are full of shit, like other people are. And I think that that's the best part of it, is that we're all--even though we all come from different areas of expertise--we all kind of have a common goal. And I think that's a little different than say, other groups -- or whatever other things are out there.

DAVE POLTRACK: I think it not only would be a shame, I think it would be an *indictment* on us all ...... I mean I'd be hard-pressed to explain to my CEO why an operation funded by Nielsen has brought together the best in the business to answer questions we want to know, is *folding* -- and I'm asking for research budget to answer the same questions.

I think it would be, you know, we should all be shot if we let this go away.

CERIL SHAGRIN: And you all said exactly what I'd hope you'd say. I think it would be--I would be so totally disillusioned in either Nielsen - - the only reason it could go away is that we, as the users of data, no longer wanted to participate, or Nielsen, as a provider of our currency, no longer wanted to fund. And I think that would be--I think if that happened, I've have to retire. So you'll know when I retire.

RICHARD ZACKON: I'd have to look for work, so I don't want to say it. And I tell you this personally: I really enjoyed the relationships I've created, working with everyone at this table and working with everyone who was on the phone.

TOM CAMPO: Well, I would hate it if the CRE went away. Not just for the obvious reason, but also because it's been a highly rewarding, gratifying, deep honor for me to be able to serve this council. And I think, "globally," the Council does extremely important work.