

## **Nielsen Media Research's Primary Data Collection**

The two principal ways to collect new or primary data for a marketing study are by (1) observing people and (2) asking them questions.

National TV ratings, such as those of Nielsen Media Research use “people meter” to collect mechanical observational data.

The people meter is a box that (1) is attached to TV sets, VCRs, cable boxes, and satellite dishes in over 6,000 homes across the country; (2) has a remote that operates the meter when a viewer begins and finishes watching a TV program; and (3) stores and then transmits the viewing information each night to Nielsen Media Research.



Also, Nielsen Media Research employs a much larger sample of households in 210 TV markets in the United States to record their viewing behavior in TV diaries or booklets (not a mechanical but a manual measurement system) during the months of February, May, July, and November, which are known as “the sweeps.”

On the basis of all this observational data, Nielsen Media Research then calculates the “rating” and “share” of each TV program. With 109.6 million TV households in the United States based on the 2000 U.S. Census, a single ratings point equals 1 percent, or 1,096,000 TV households. In TV viewing a share point is the percentage of TV sets in use tuned to a particular program. Because TV networks and cable sell more than \$32 billion annually in advertising and set advertising rates to advertisers on the basis of those data, precision in the Nielsen data is critical. Thus, a change of one percentage point in a rating can mean gaining or losing up to \$50 million in advertising revenue because advertisers pay rates on the basis of the size of the audience for a TV program.

Table below shows an example of mechanical observational data collected by a “people meter.”

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Nielsen ratings of the top 10 national television programs from September 27, 2004, through October 3, 2004.

RANK	PROGRAM	NETWORK	RATING	SHARE
1	<i>Desperate Housewives</i>	ABC	13.6	20.0
2	<i>CSI: Miami</i>	CBS	13.0	21.0
2	<i>NFL Monday Night Football</i>	ABC	13.0	22.0
4	<i>CSI: NY</i>	CBS	12.5	20.0
5	<i>Everybody Loves Raymond</i>	CBS	12.1	18.0
6	<i>Survivor: Vanuatu</i>	CBS	11.5	18.0
7	<i>Two and a Half Men</i>	CBS	10.9	16.0
8	<i>CSI Special(s)</i>	CBS	10.8	17.0
9	<i>Lost</i>	ABC	10.5	17.0
10	<i>60 Minutes</i>	CBS	10.2	17.0

In observing the table, we might expect to pay more for a 30-second TV ad on *CSI: Miami* than one on *Survivor: Vanuatu*. Broadcast and cable networks may change the time slot or even cancel a TV program if its ratings are consistently poor and advertisers are unwilling to pay a rate based on a higher guaranteed rating.

Companies can learn from this example, and enlist assistance from Market Research Firms such as Nielsen to aide decision making – instead of making false assumptions-. However, on should note that Primary Research comes as a cost and should not overweight benefits.

Nielsen//NetRatings also uses an electronic meter to record Internet user behavior. These data are collected by tracking the actual mouse clicks made by users from more than 100,000 individuals in 13 countries as they surf the Internet via a meter installed on their home or work computers. Nielsen//NetRatings identifies the top websites that have the largest unique audiences, the top advertising banners viewed, the top Internet advertisers, and global Internet usage for selected European and Asian countries.

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