Audience Measurement System for Bulgaria

The way forward

STATUS QUO

*"Having had in place two different audience measurement systems (**AMS**) for a number of years, audience measurement in Bulgaria had lacked what is the most important characteristic of an audience measurement: the trust of broadcasters, advertisers and media agencies alike in a single currency for the advertising industry. Moving to a single system, as good or not good it may be, is an important first step to re-establish the trust of all stakeholders in the AMS. But there are further steps required to build a solid, unbiased structure for the AMS and to make it future-proof."*

This statement from the Position Paper that BMG submitted prior to the meeting of broadcasters (NBG, BNT and BMG) and representatives of advertisers and communication agencies (BAA, BACA) on 8 July 2020 (Annex 1), describes well the starting point of the discussion that is required to re-establish the trust of all stakeholders in the AMS which shall form the jointly accepted one currency for the Bulgarian market.

One central component to re-establish that trust is to put the AMS to tender. A regular tender of the AMS is general industry practice in all markets with an accepted AMS, but such tender has never taken place in Bulgaria. Another central component is the establishment of a Joint Industry Committee (**JIC**) - also common practice in markets with a functioning AMS structure - that owns the data from the AMS in trust for all stakeholders and which guarantees a transparent relationship between the AMS provider and the stakeholders.

In the meeting of 8 July 2020, it was BMG's impression that the representatives of the advertisers and of the communication agencies agreed with the general approach proposed by BMG. Only when NBG clearly opposed the launching of a tender and also did not support the establishment of a JIC[1], BAA and BACA expressed their reservation against tendering the AMS. Instead, NBG proposed to have the existing AMS audited, without specifying how such an audit would look like. Instead of supporting the establishment of a JIC, with the functions described above and in more detail in the Position Paper, NBG appeared to support a revival of a Users' Committee with very limited functions which would leave the intransparent system with no central holding of the measurement data but rather individual relationships between the AMS provider and the stakeholders untouched.

---

[1] BNT expressed its reservations against an active membership in a JIC. However, it was made clear in the meeting that a fair and reasonable participation of BNT, also without formally being a member of the JIC, could be achieved.

PURPOSE OF THE PAPER

The purpose of this paper is to describe in more detail why BMG believes that launching a tender for the AMS is, without any doubt, the right way forward and why merely conducting an audit does not serve the purpose of finding a common trusted ground between all stakeholders. The paper will not further touch on the subject of the JIC – the relevant arguments and structural proposals can be found in the Position Paper.

- The paper will lay out why there are good reasons to fundamentally question the validity of data produced by the current AMS.
- It will then be explained why an audit cannot validate the correctness of the measurement data in a meaningful way.
- Should the stakeholders agree that, despite these concerns, an audit ought to be conducted, it is important to recognize the limitations of the results of such an audit and to agree on an audit structure that at least ensures that the audit, within its limited sense, creates some value.

**DATA BY THE CURRENT AMS PROVIDE A DISTORTED PICTURE**

The data provided by the current AMS raises numerous questions. In particular, they show massive changes in viewership shares between BMG and NBG which are inexplicable. In detail:

- BMG audience performance declines since end of Spring season 2019, while NBG significantly improves during the same period despite no significant changes in the programme grids. This trend continues YTD 2020 and even intensifies with the measurement system reporting leadership for NBG in All Day and Prime Time in A18-49, BMG loosing approx. 10pp audience share which NBG gains.

GARB: bTV MEDIA GROUP AND NOVA BROADCASTING GROUP -
ALL CHANNELS CUMULATED - PRIME TIME AUDIENCE SHARE (%)
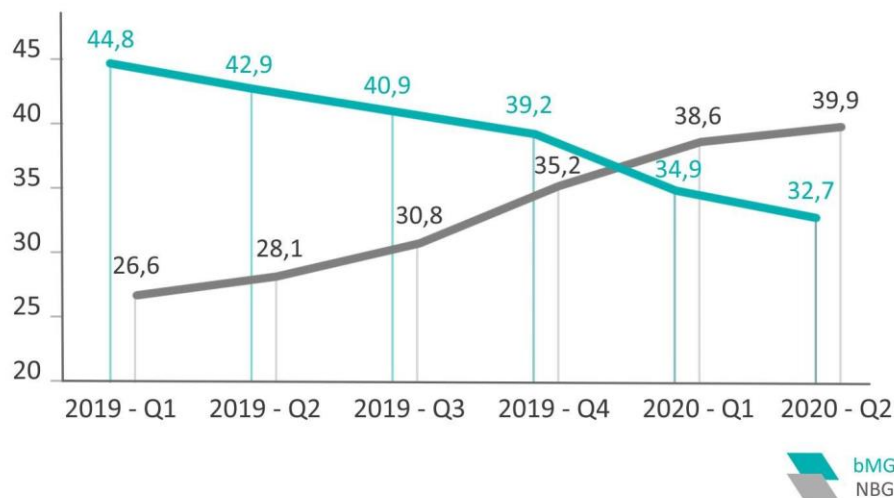
- In the Spring season 2020 all bTV shows perform below spring 2019 while all of NBG's shows outperform last year's audience shares. The decline for BMG can be observed in various slots (daytime, prime access, late fringe) and across channels (bTV and thematic channels).

GARB: bTV AND NOVA -
PRIME TIME AUDIENCE SHARE (%)
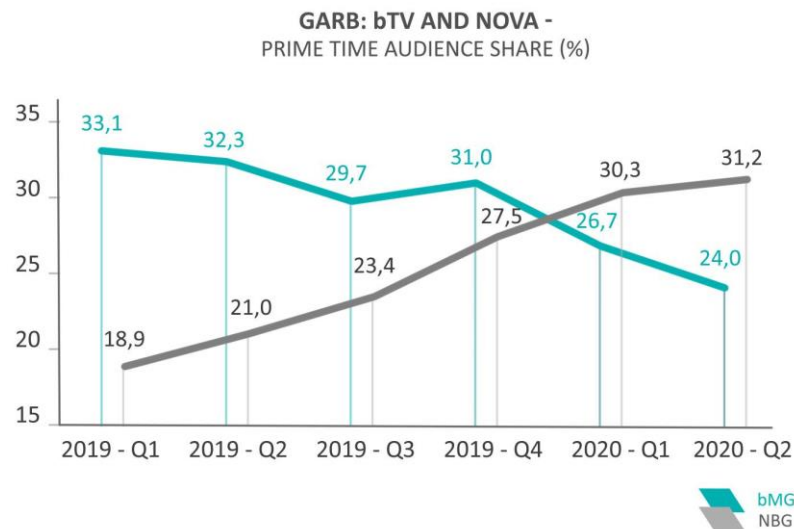
There is no good explanation for this development:

- BMG programs run against the same competing programs;
- The quality level of the shows, relating to the content of the shows as well as the production costs, has remained unchanged or even increased;
- Nevertheless the competing programs show massive performance changes.

This can be exemplified with a close look at two core programmes of bTV and NOVA, which shows massive performance changes:

GARB: CENTRAL NEWS BLOCK bTV VS. NOVA
AUDIENCE SHARE (%): 18-49
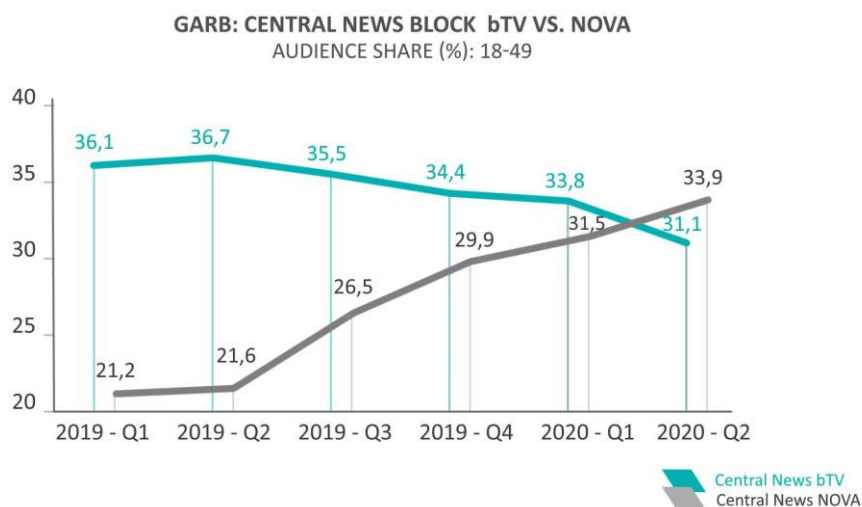
GARB: THIS MORNING (bTV) VS. HELLO, BULGARIA (NOVA)
AUDIENCE SHARE (%): 18-49
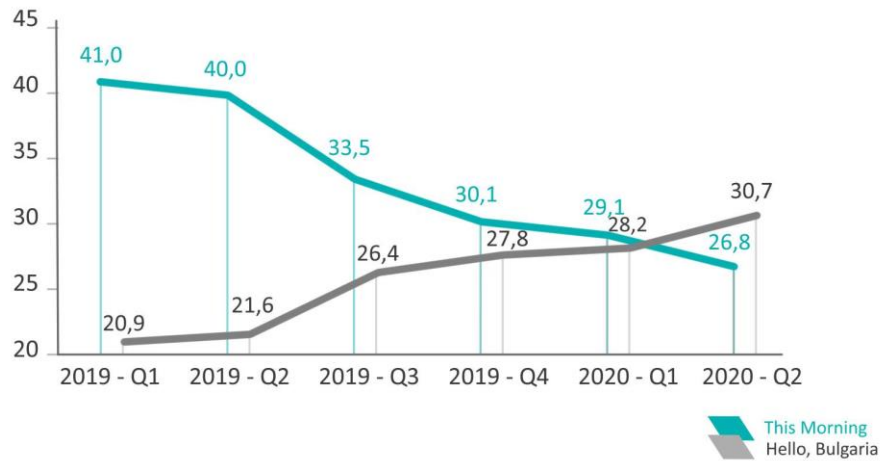
Other available data do not support the data provided by the current AMS:

- IPTV user data provided measured by Bulsatcom based on time spent by users of its IPTV service on the relevant channel(s) show that reaches of BMG and NBG and of their main channels since July 2019 have been rather close to each other. This is the case even though NOVA, in general, has a younger core audience than bTV and therefore looking at the reach on an innovative distribution path like IPTV will benefit NOVA. The fact that bTV and NOVA are nevertheless relatively even, indicates that bTV on the more traditional should be ahead of NOVA.
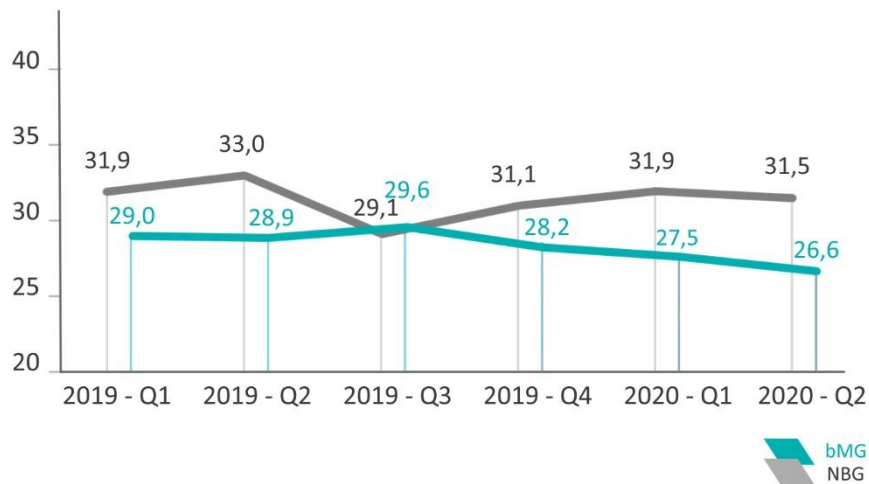

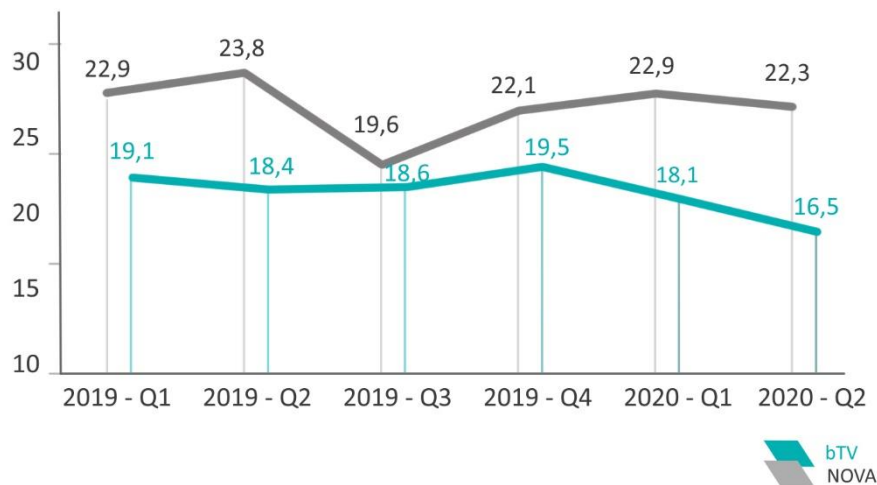BULSATCOM IPTV: PERFORMANCE OF CHANNELS (SHARE OF TIME SPENT)
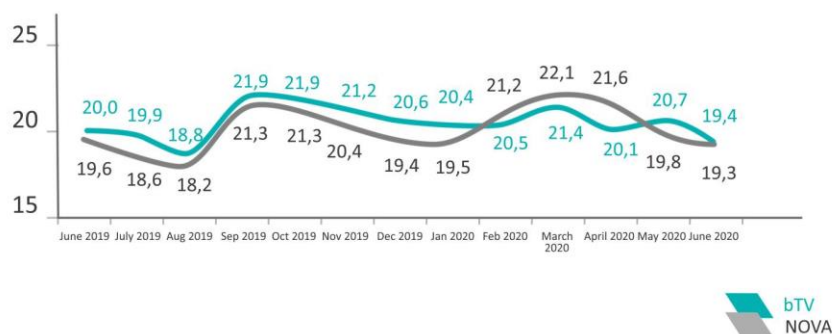
- We are aware that BMG has not relied on data provided by Nielsen Admosphere Bulgaria in relation to the sale of advertising. However, even the data provided by Nielsen contradict the current AMS`s data:

NIELSEN: bTV MEDIA GROUP AND NOVA BROADCASTING GROUP
ALL CHANNELS CUMULATED − ALL DAY AUDIENCE SHARE (%)

	2019 - Q1	2019 - Q2	2019 - Q3	2019 - Q4	2020 - Q1	2020 - Q2
NBG	31,9	33,0	29,1	31,1	31,9	31,5
bMG	29,0	28,9	29,6	28,2	27,5	26,6

bMG
NBG

NIELSEN: bTV AND NOVA
ALL DAY AUDIENCE SHARE (%)

	2019 - Q1	2019 - Q2	2019 - Q3	2019 - Q4	2020 - Q1	2020 - Q2
NOVA	22,9	23,8	19,6	22,1	22,9	22,3
bTV	19,1	18,4	18,6	19,5	18,1	16,5

bTV
NOVA

- Finally, BMG's own research, following recognised statistical principles and conducted by the independent research institute Market Links, confirms that – contrary to the AMS data – bTV prevails over NOVA and takes the leadership position in 2019 and 2020:

  o Most frequently watched TV channel

Channel / Year	2020	2019
bTV	34,3%	34,0%
Nova	31,2%	28,1%

  o First channel watched

Channel / Year	2020	2019
bTV	37,1%	36,2%
Nova	33,2%	29,8%

  o Favourite TV channel

Channel / Year	2020	2019
bTV	30,5%	31,1%
Nova	28,5%	26,4%

Given the inexplicable shift in performance measurement between BMG and NBG one could only speculate about the reasons for this.

AN AUDIT CANNOT VALIDATE THE CORRECTNESS OF THE DATA IN A MEANINGFUL WAY

It can be assumed that the data provided by the current AMS are "correct" in the sense that the AMS provider reports the data that are collected by the AMS. This, however, does not prove much. In particular, an audit will only to a very limited extent be able to validate whether the data provided reflect an accurate picture of the viewer success of a channel or a program on the market.

- By definition, an audit only operates within the system to be audited. It has to accept the general setup at that time and will then check whether within the limits of this setup, the measurement is done correctly.
- An audit will often only look at the status quo. However, in order to assess the validity of the data provided by current AMS, also historical data (and the way in which they were collected) will require detailed review.
- An audit will not benchmark the existing AMS against other AMSs. Only such benchmarking will make it possible to assess whether the approach taken by the current AMS in terms of panel establishment and maintenance, technological and measurement capabilities and scope, data production and quality control etc. is the right one.

- The audit can only review the data that the AMS is meant to measure. The current AMS does not capture all video usage, i.e. also the time-shifted usage of programs through all distribution platforms and other forms (e.g. on social media platforms, YouTube etc.), it is clear from the outset that the AMS does not provide full visibility on the relevance of the programs.

CONCLUSION

If the stakeholders with an interest in the validity of audience measurement data want to put an end to the unhealthy fundamental discussion of the past over truthfulness, transparency, and independency of the AMS in Bulgaria, the AMS must be put on a new basis. The current AMS has to prove in a tender whether the methodology which it applies is in line with international best practice and guidelines. A tender is the best audit because it allows for like-to-like benchmarking of different systems and it triggers innovation.

An audit exercise will achieve the contrary: everything will remain as it is with a few tweaks here or there to justify the exercise. It will cement one currency. But it will not provide the advertisers with the certainty that Bulgaria has a modern, transparent system in place on the basis of which they can make sensible investment decisions and ensure that their advertising money is well spent.

The current AMS has been in place for more than ten years. A system that old needs to be challenged in full and not only audited. The AMS provider will be able to participate in the tender and get a fair chance to continue to provide the AMS with any necessary revisions.

One last word on timing: If the audit is done the way it should be done we estimate that this will take approx. 6 to 9 months. It would be a forensic audit for which we have listed the typical requirements in Annex 2 to demonstrate that this by no means would be a quick exercise. A tender could be finished within 12 months – these would be 3 to 6 months of "delay" – but it would be time well spent.

Audience Measurement in Bulgaria

Position Paper

BMG

The Position Paper sets out some of the principles that BMG believes are important for the functioning of the audience measurement system (**AMS**) for audio-visual media in Bulgaria. The Position Paper is meant to contribute to the ongoing discussion by providing some guiding principles that all participants in the AMS ideally should agree about. Some of these principles will still need further discussion in detail, other should be readily acceptable since they represent generally recognized industry standards.

STATUS QUO

Having had in place two different AMSs for a number of years, audience measurement in Bulgaria had lacked what is the most important characteristic of an audience measurement: the trust of broadcasters, advertisers and media agencies alike in a single currency for the advertising industry. Moving to a single system, as good or not good it may be, is an important first step to re-establish the trust of all stakeholders in the AMS. But there are further steps required to build a solid, unbiased structure for the AMS and to make if future-proof.

GUIDING PRINCIPLES

1. **The advertising industry must jointly commission the AMS and become the trusted holder and controller of measurement data**

Currently we have a system in place under which the AMS has entered in contracts with the different broadcasters, advertisers and media agencies for the provision of measurement data. This system is inefficient and intransparent because the stakeholders have no visibility on the relationship between the AMS and the other stakeholders. Moreover, by having multiple bilateral relationships broadcasters, advertisers and media agencies depend on the AMS provider rather than being able to jointly agree on the scope of what should be measured and how this should be done. Therefore, instead of numerous individual service and license arrangement all stakeholders should jointly commission the AMS and make available the data on a license basis to those stakeholders that do not participate in the direct financing of the AMS.

2. The stakeholders should form a joint industry committee to commission, control and steer the process of further development of the AMS

Broadcasters, advertisers and media agencies should form a joint industry committee (*JIC*). The JIC should commission the AMS and hold the contract with the AMS provider. The JIC should further establish the rules under which the AMS provider operates and control that these rules are being followed. Moreover, the JIC will drive the process of further developing the AMS in accordance with the business needs of the stakeholders. More details regarding the JIC will be outlined below.

3. The AMS should be subject to regular review and tender

While the stability of an AMS is an important contributor to building trust in the measured data, an AMS needs further development and requires constant review. Like for any other important service, also the provider of the AMS must therefore be regularly challenged in order to remain incentivised to provide the best possible product at a reasonable price. It is therefore common practice to not only constantly review the existing system but also to regularly tender the AMS every 3 to 5 years. The current AMS in Bulgaria has never been tendered. A tender is therefore overdue and should be conducted without delay with the aim to be completed within 4 months and a revised panel could be in place 12 months from the establishment of the JIC. We have summarized some tender criteria which we deem relevant in the Annex.

4. The AMS must adapt to evolving business needs of the advertising industry

An AMS can never be static. It must follow the evolving needs of the advertising industry. Considering the increasing importance of video consumption outside the traditional linear broadcasting services, we need an AMS that provides full-video measurement and possibly measurement of additional parameters.

JOINT INDUSTRY COMMITTEE (JIC)

JIC will be the central body to channel the interests of all stakeholders in the AMS and to commission, control and steer the process of further development of the AMS. Experiences in other countries have shown that it is achievable to establish and operate a JIC as a truly neutral and fact-based body that acts independent from individual stakeholder interests as a trustee of the one single currency that is essential for our business.

1. Members

Ideally, the JIC should represent all relevant stakeholders. Therefore, members should include all relevant broadcasters, the Association of Advertisers and the Association of Communication Agencies. Obviously, membership will require to participate in the financing of the JIC and the AMS. Stakeholders that prefer not to participate in the direct financing will be given the possibility to acquire the AMS data on license basis.

Shareholding and voting rights in the JIC should roughly follow a split of 35% for each of BMG and NBG, 10% for each of the following groups: BNT and potential other TV stations provided that they have a certain minimum audience share, the Association of Advertisers (BAA) and the Association of Communication Agencies (BACA)[2]. Should the Association of Advertisers and/or the media agencies choose not to participate in the JIC as members they should have a consulting role in the Technical Committee; their shareholdings would be allocated to other shareholders pro rata.

2. JIC bodies

The bodies of the JIC[3] should be:

- Shareholder meeting;
- Management Board with 6-8 members, with a chairman alternating between BMG and NBG on a 2 year basis;
- Technical Committee with 8-10 members where non-members can have a consulting function;
- Working groups for individual projects, if needed, to be appointed by the Technical Committee.

3. Financing

Financing should either follow the shareholding in the JIC. The JIC would agree on a budget for each year that should cover the costs for the AMS and the operational costs of the JIC itself (which should be kept to a minimum).

Each stakeholder would be offered to receive the AMS data on the basis of a license agreement. License fees would be set by the JIC.

4. Decision making

The JIC should ideally operate on the basis of consent. However, in order to maintain the functioning of the JIC, it must be possible to take decisions with certain majorities, depending on the nature of the issue.

The JIC will be managed by the Management Board. The Decisions of the Management Board shall be taken unanimously only. If the Management Board cannot agree on a certain matter, the matter will be referred to the shareholder meeting. The Technical Committee is an advisory body to the Management Board. It will not take formal decisions. If in the Technical Committee a topic is discussed controversially, the Technical Committee shall refer such matter for decision to the Management Board. The shareholder meeting will decide on all important decisions, including the budget, tender criteria and the appointment of the AMS provider with a 2/3 majority.

Experience from the past has shown, that there is potential for dispute among stakeholders in relation to audience measurement. Therefore, we believe that it is recommendable that the JIC establishes a conflict mediation mechanism which involves, in a first step, all stakeholder at the top management level. In a second step, a well-respected outside expert should be involved to moderate the discussion.

---

[2] Those agencies which are not members of the BACA could, if they represent a certain minimum advertising budget, become individual members of the JIC. This requires further consideration.

[3] We assume that the JIC will have the form of a Limited Liability Company or another form of commercial entity. Other forms, by which the outlined principles can also be legally implemented, can be discussed.

TENDER CRITERIA AUDIENCE MEASUREMENT SYSTEM

1. Scope

Media coverage: TV and Digital / Total Video.
Representativeness: national for Bulgarian HH's and individuals 4+ for both TV and Digital universes.

2. Measurement requirements

Different types of content and advertising forms must be separately registered across all devices used for TV and Digital content consumption on all types of platforms.

Content requirements – consumption of all forms of video content:
- Total Video: Linear TV, VOSDAL, TSV, Guest Viewing, Catch-up / OTT / other Digital video;
- Advertising monitoring: all video;
- TV programs monitoring.

Technological requirements – all forms of content distribution:
- TV's;
- Set-Top-Boxes;
- Connected TV's;
- HbbTV;
- Addressable TV;
- Online browsers;
- Apps.

Types of platforms – all types of platforms:
- JIC members operated VOD / OTT platforms;
- 3rd party VOD / OTT platforms;
- Social media platforms (esp. YouTube).

3. Methodology of registration

Option 1 (preferred): single cross media measurement panel:
- Single panel for all environments (media);
- Single technology to measure all devices (not a must);
- Audio matching technology (not a must);
- Data fusion of digital consumption registered through the digital users in the panel with census data from passive digital measurement sources (script-based tracking method or by acquiring data from ISP's).

Option 2: Data fusion of three sources:
- A panel for TV;
- A panel for Digital;

- Census data from passive digital measurement sources (similar to Gemius or by acquiring data from ISP's).

4. Reporting capabilities

Different types of content and advertising forms must be separately reported. The new system must be able to report the following parameters:

1. Net reach of environments (media), content (programs / shows / videos / etc.) and all advertising forms (de-duplicated);
2. Frequency of exposure to advertising forms;
3. Cross media ratings and GRP's;
4. A software for cross media analysis of media, content and advertising must be available;
5. Data must be reported on individual level, household level capability is desirable;
6. Ideally, daily final data for total consumption should be available;
7. Ideally, live TV ratings should be available.

5. Size of panel

Option 1: If single-cross measurement: 3,000 HH's net sample / ~7,200 individuals.

Option 2: 1,000 HH's net sample for TV / 2,400 individuals; 2,500 net sample for Digital / 6,000 individuals.

6. Establishment survey

Single annual wave (Y1 2 annual waves are recommended for Q1 and Q4).
Min. 3,500-4,000 complete interviews.

7. Recruitment process *(tbd)*

8. Decision criteria *(non exhaustive)***:**

- Compliance to the brief;
- Ownership transparency;
- Compliance with global standards of Audience measurement;
- Cost;
- Technological capabilities.

Annex 2: FORENSIC AUDIT REQUIREMENTS

AUDIT GOALS

1. ASSESSMENT OF KEY ELEMENTS OF BULGARIAN TAM SYSTEM

    1.1. Establishment survey

    1.2. Panel establishment

    1.3. Panel maintenance

    1.4. Technological infrastructure and capabilities

    1.5. Measurement capabilities

    1.6. Control procedures

    1.7. Data production

    1.8. Data reporting

2. COMPLIANCE WITH BEST INTERNATIONAL PRACTICES AND GUIDELINES

3. READINESS OF THE PANEL FOR TRANSITION TO TOTAL VIDEO MEASUREMENT

<div align="center">***</div>

DETAILED BREAKDOWN OF KEY ELEMENTS OF BULGARIAN TAM SYSTEM

1.1. Establishment survey:

- Methodology and consistency of the methodology in the last 3 years;
- Sample design and size;
- Response rate and completion rate;
- Questionnaire used in the last 3 years, changes, topics covered, recruiting questions.

1.2. Panel establishment:

- Panel establishment methodology and sample design;
- Recruitment process, criteria and procedures;

- Maximum tolerances from the controlled socio-demo parameters.

1.3. Panel maintenance:

- Coincidental surveys / checks;
- Existence of regular reports for the monitoring of the system performance;
- Use of panel management rules, including nil viewing and excessive viewing thresholds. Application of warnings and exclusions for non-complying panel members and a breakdown of how these rules have been applied in practice during the last 6 months of operation;
- Levels of average daily panel size – whether the differences between installed, reported and in-tab HHs are conform to the disclosed figures. Recommendation for minimum and maximum levels is required;
- Panel attrition and rotation – retrospective detailed analysis for the period from Jan 2019 to-date:
  - o Type of attrition to the panel, main reasons and shares (HH's moving, HH's resignation, Forced resignation to achieve panel balance, Forced resignation for unsatisfactory performance, Length of service in the panel, technical reasons, etc.);
  - o Rotation of HH's – frequency, percentage of rotations on monthly and annual basis and monthly balance, forced vs. natural and rotation schedules, terms and procedures for excluding HH's, terms and procedures for including HH's, detailed description of process from ES to actual reporting in the panel incl. duration of test period;
  - o Recruited vs. actually reporting – selection criteria, questionnaires, reasons for adding or not adding a HH to the actual reporting;
  - o As part of the evaluation of attrition and recruitment process 100 on-field visits in panel households would be required. Those visits should be mainly conducted among newly added households during the period of interest. The aim of the visits is to verify the consistency between all declared and actually executed by the data provider processes and procedures related to HH's attrition and rotation, incl. households path from ES to actual reporting, additional questionnaires filled in during/before/after recruitment process, instructions given to the households pre installation, incentivizing policy and execution, concordance b/w HH files provided by the data provider and the real composition. Rate of agreed interviews for HH visits vs. actually executed and description of reasons for cancelation. Verification of persons' demography and assigned ppm-STB buttons. On-field test of ppm-STB's and further verification of data recorded in supplier's database.
- Changes of sample size – any change of the sample size must be observed in terms of: methodology, recruitment, sample design, representativeness/ balance of the sample;
- Scope and depth of the implementation of ES findings in terms of maintenance of panel representativeness;
- The incentives policies and the scheme used to encourage the cooperation of the panel members.

1.4. Technological infrastructure and capabilities:

- Review and description of the technological chain from HH to end user/ client, including communication protocol. Evaluation of the reliability of the system. Evaluation of independence of the process and system;
- % coverage of the total number of HH TV sets – if the percentage of the not wired with people meter devices TV sets corresponds to the communicated by the supplier level;
- Channels identification – method of signal identification (picture, frequency, voice, other);
- Coincidence between type of signal and installed people meter devices – are there any cases of incompatibility between type of the signal and installed meter (i.e. analog signal reception and digital meter or vice versa) and how does the existing inconsistencies impact the data accuracy;
- Capabilities of the equipment – description of all functions the system provides both on registration, production and management level;
- Types of STB's used, technologies, certifications of devices. Lab test assessment;
- Usage and reporting of equipment capabilities – which parts of all system functionalities are being used and reasons for not usage of the others;
- Synchronization of meters clocks – if the provider ensures synchronization of the clocks of the meters as being disclosed.

1.5. Measurement capabilities:

- Definition for TV viewing applied;
- Provision of 24/7 live measurement of TV viewing;
- System capability to measure all other uses of the TV sets;
- System capability to measure total video consumption across all devices;
- Provision of measurement of all distribution platforms;
- Provision of measurement of analog and digital TV signal;
- Measurement of the viewing behavior of all members of the HH;
- System capability to measure guest viewing. Definition of guest viewing applied;
- System capability to measure time shift viewing. Definition of time shift measurement applied;
- Provision of measurement of all channels accessed by the HH part of the panel;
- Metering all the TV sets in a multi-set HH at the same time.

1.6. Control procedures:

- Control of the technical infrastructure and capabilities;
- Procedures for channels identification – assessment of the method used for channels identification: frequency, speed of changes implementation – strengths and weaknesses;
- On time application of data quality control procedures. Exceptions admissibility; and in what cases;
- Ongoing supervision of the actual vs. ideal panel composition including the use reliable methods to guarantee minimum deviations;
- Application of the procedures for control of the viewing registration process;

- Control procedures of data production process (validation procedures, missing data): identification of reasons and actions;
- Fieldwork control procedures – procedures of identification of panelists' absence;
- Summary of quality control checks carried out and remedial action taken where required.

1.7. Data production:

- The production software and independence of the production process. Changes in the production software, databases and procedures since Jan 2019;
- Weighting procedures;
- Duration of the production process and procedures applied;
- Identify levels of recognized vs unrecognized channels;
- System reliability in terms of:
  o Security transmission;
  o Back up.

1.8. Data reporting:

- Accuracy of data calculations and analyses and consistency in the calculations of the separate parameters in the different modules of the clients' software;
- Sufficiency of clarifications in the final reporting to avoid different interpretation of the results;
- Existence of proper warnings when reporting small (statistically non-significant) sample sizes;
- System reliability in terms of:
  o Security transmission;
  o Back up.
- Assessment of used reporting parameters and formulas;
- Assessment of coverage of demographic variables;
- Assessment of TV program and advertising monitoring.