

# Broadcasting *The Newsweekly of Television and Radio* & Cable

## Broadcasters hope they're SMART

*Advertisers, stations eagerly await test results of commissioned alternative ratings system*

By Cynthia Littleton

**W**hat began as an industry-backed experiment to improve the accuracy and accessibility of TV ratings has evolved into an insurgent force that likely will significantly affect the way Nielsen Media Research does business.

Westfield, N.J.-based Statistical Research Inc. has been testing the framework of an alternative ratings system in hundreds of Philadelphia homes for more than six months. The \$30 million experiment was commissioned in early 1994 by the Committee on Nationwide Television Audience Measurement, a group comprising ABC, CBS, NBC and the National Association of Broadcasters.

Interest in the project, dubbed SMART (Systems for Measuring and Reporting Television), grew as frustration with Nielsen mounted on several fronts. When the SMART concept made the leap from SRI's research laboratory to Philadelphia homes last summer, more than one of TV's major players quietly asked SRI President Gale Metzger when the project would be ready to serve as a full-fledged national competitor to Nielsen.

But as far as Metzger is concerned, SRI already is competing with Nielsen: "We are competing with Nielsen in the market for better ideas," Metzger says. "The concept [behind SMART] has been improvement through competition. Without competition, there's a tendency to stay with the old methods. The question now is whether we can really energize Nielsen to move toward improvements and whether they can be moved—short of having real competition."

Metzger and the network executives working closely with SRI on the project have kept a tight lid on the specifics of their plans for SMART. "We're now



SRI President Gale Metzger holds SMART's set-top ratings device.

## THE RATINGS DILEMMA

focused on making the Philadelphia laboratory a state-of-the-art ratings system," says Neil Braun, president of NBC Television Network. "When that's achieved, it won't be hard to attract subscribers and then financing."

Veteran observers speculate that the networks are using the SMART threat as a bargaining chip to force Nielsen to upgrade its services, much like the short-lived threat from AGB Television Research in the mid-1980s spurred Nielsen's introduction of the peplemeter. Cable industry researchers also note that the recent spate of Nielsen-bashing comes at a time when the networks' share of the national TV audience has dropped to historic lows.

But sources close to the project say there have been serious discussions about unveiling a plan for an alternative national service by the end of this year. SRI officials have made presentations to ABC, CBS and NBC during the past month, and momentum for rolling out the Philadelphia model nationally appears to be building. Although funding and other issues still are being debated, sources say key players estimate that it would take about three years and \$50 million-\$100 million to create a national service based on the Philadelphia model, which is expected to reach SRI's target of 500 homes by the end

of this month.

Although SRI could emerge as a direct competitor to Nielsen, some observers say it is more likely that the company will license its technology to a third party that would take on Nielsen. "That could well be," says NBC Television Network President Neil Braun. "SRI doesn't have the funding right now," although that could change when the bugs are

### **The SMART alternative**

A New Jersey firm is testing an alternative ratings system. The project, dubbed SMART, is aiming for improvement through competition.

worked out of the Philadelphia test.

But Braun also says he has had extensive conversations with a handful of "top ratings companies very adept at measuring various industries," with pockets deep enough to launch a competing ratings service with the SRI technology. He declined to identify the companies.

In Philadelphia, SRI has all the pieces of SMART in place except for the one vital element required to generate program ratings: the Universal Television Program Code.

The SMART revolution hinges on

the industry's cooperation in developing a universal coding system for all programing, to be installed at the point of transmission. Set-top boxes in the sample homes track the codes to monitor viewing habits. NBC's Philadelphia WCAU-TV, began running tests of the UTPC last month, and SRI hopes to have the decoder boxes in place to generate program ratings by the end of the year.

By contrast, Nielsen's peplemeters monitor the channels tuned in TVs, VCRs and cable boxes. Researchers later match the channel data with specific programs to determine ratings, although Nielsen is at work on a similar encoding technology.

To determine who's watching what in SMART homes, each family member is assigned a symbol that is registered in the set-top box via remote control. Metzger says the SMART hardware will make recruiting easier because it does not require special wiring in the home or the dismantling of TVs and other delivery devices to install meters.

All told, broadcasters and cable industry leaders say they welcome the idea of new competition on the information-gathering side of the ratings game. But that support is contingent on the advertising community's accepting SMART ratings as a viable Nielsen alternative. ■

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# S•M•A•R•T

(Systems for Measuring And Reporting Television)

