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Pushing the Industry to Learn How to Count

By STUART ELLIOTT

IF the 20th century was known in marketing circles as the advertising century, the 21st may be the advertising measurement century.

Marketers are increasingly focused on the effectiveness of their pitches, trying to figure out the return on investment for ad spending. That is spurring most of the major media -- along with many large research companies like Arbitron, Nielsen and Taylor Nelson Sofres -- to improve the methods by which they measure audiences.

The ability of newer digital media to provide more precise data has also led traditional media like television, radio, magazines and newspapers to try upgrading the ways they count consumers.

"There's a little something called the Internet, something that all other media are trying to get as accountable as," said Jon Mandel, chief executive at the NielsenConnect unit of the Nielsen Company in New York, which brings together data from various Nielsen divisions.

Take, for instance, the outdoor advertising industry, which has for years been trying to better quantify not only the number of people who pass by posters, billboards and other signs but also the number who notice and remember them.

Now, the industry's official auditing organization, the Traffic Audit Bureau, is accelerating plans to deliver improved information to advertisers and agencies. The bureau has set a target date of October 2008 to introduce a comprehensive measurement system for more than 200 markets nationwide.

"Sooner is better than later," said Joseph C. Philport, president and chief executive at the bureau in New York.

"The absence of better numbers has always been a barrier to entry," Mr. Philport added, referring to the reluctance of many marketers to increase spending for ads that appear outside the home.

A recent report from Wachovia Capital Markets about outdoor advertising estimated that introducing the improved measurement system would cost the industry \$25 million over the next five years.

But it has the potential to double, to 4.4 percent, the share of American ad spending devoted to signs, posters and billboards, the report estimated. The Universal McCann media agency said marketers would spend \$7.2 billion on outdoor ads this year, compared with \$6.7 billion in 2006.

That growth rate is the second fastest among all media, after the Internet. That reflects the increasing appeal of outdoor advertising -- one of the oldest of the old media -- as advertisers explore tactics that consumers cannot avoid by changing the channel or turning the page.

"The out-of-home medium provides a broad-reach platform to showcase our products in a cost-effective way," said Mark A. Kaline, global media manager at the Ford Motor Company in Dearborn, Mich.

The medium should become more attractive as more digital signs become available, Mr. Kaline added. The digital signs, which can be changed continuously, offer "the ability for marketers to tailor copy to a given market, at a given time of day, to specific market conditions," he said.

Such improvements, however, would require more accurate methods to measure audiences. The current system is based on traffic -- estimating the number of passers-by, with no idea of whether they actually look at a sign or recall the product being peddled.

It is "somewhat admittedly a crude system, counting the people who pass our signs," said Paul J. Meyer, president and chief operating officer at Clear Channel Outdoor in Phoenix, one of the three largest outdoor-media companies, with CBS and Lamar Advertising.

"The industry has been perceived to be slow and overly methodical" in considering changes, Mr. Meyer added. "If we could provide good rich demographic data, in a form compatible with what advertisers are accustomed to seeing from other media, they will start spending dollars in our medium or spend more."

The Traffic Audit Bureau has hired three research companies -- the GfK Group, the Telmar Group and Transearch -- to compile various kinds of data including traffic counts and travel patterns, and even to track eye movements of people as they pass outdoor signs.

"What the research measures is 'eye-dwell,'" said Erwin Ephron, a principal at Ephron Papazian & Ephron in New York, who is working with the bureau on the project. "If the eye fixes on it, you've noticed it."

"Like newspapers saying all sales are local, what outdoor has been saying is that you can't avoid that kind of ad-vertising," Mr. Ephron added. After someone notices a sign, he said, the rest is a question of how creative the ad is and how relevant the product.

The growing popularity of digital signs brings a new urgency to the bureau's efforts, Mr. Ephron said, because a sign that can be shared by several advertisers "lowers the price of entry." Advertisers would no longer have to commit to a sign for 30 days, and the effect, he said, would be like the upheaval decades ago when the standard TV commercial "went from the 60-second spot to the 30."

This month, the Mediamark Research unit of GfK began conducting 4,200 traffic surveys for the bureau in five major markets: Atlanta, Chicago, Dallas, Philadelphia and San Francisco. Plans call for Mediamark to conduct 45,000 additional surveys in a total of 15 large cities, Mr. Philport said.

The bureau intends to brief media and agency executives about its progress at a meeting in New York scheduled for March 27, he added.

As the bureau moves forward, so, too, does Nielsen, which in 2005 announced that Nielsen Outdoor intended to improve the data it reported about outdoor ads. The Nielsen efforts are centered on a global positioning system it calls Npod, while the bureau is using various methods that include diaries.

Nielsen released data from its first market, Chicago, in December 2005. Information from the second market, Los Angeles, is to come out in late spring, said Lorraine V. Hadfield, managing director for international audience measurement at Nielsen, and the company is "targeting a roll-out to the top 10 markets in the U.S., where the most interest is from potential subscribers."

Ms. Hadfield added that Nielsen intended to brief agencies and advertisers about its plans at the 2007 media conference and trade show of the American Association of Advertising Agencies, scheduled for next week in Las Vegas.

There is some elbows-out competition, reminiscent of the cola wars, between Nielsen and the bureau over their dueling measurement systems.

As Mr. Mandel of Nielsen put it, laughing, "Let the games begin."

Nielsen plans to sell its data; the bureau's would be free to members. Nielsen was considered -- but not hired -- by the bureau to help produce its new measurement system. And Mr. Philport, the bureau's chief, formerly worked for Nielsen.

As for competing sets of figures, "it depends on how cost-effective each application is," Mr. Kaline of Ford Motor said. "The industry will address that issue."