

# QUICK TAKE



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## Why comScore And Nielsen Disagree, And Marketers Moan

Three Steps To Improve Your Online Metrics Use

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### EXECUTIVE SUMMARY

One of the true business models of the bubbly Internet era is advertising-driven revenue for online properties with the proven ability to attract relevant buyers. Such a model requires a scorekeeper. Radio has Arbitron. TV has Nielsen. Online properties have a shootout between comScore and Nielsen//NetRatings, two dominant providers of net ratings whose numbers often disagree. comScore is going public, Nielsen//NetRatings is going private, the Interactive Advertising Bureau (IAB) has weighed in, and market interest in their offerings is at an all-time high. While panels — and behavior panels specifically — are wrought with challenges, Forrester recommends that market researchers demand maximum transparency from their online research vendors, support industry groups to establish standards, and, when possible, source from multiple vendors to get a holistic story.

### TARGET AUDIENCE

Market research professional

### HYPE HAS REACHED THE BOILING POINT FOR WEB PROPERTY METRICS

With the rapid growth of marketing on the Internet, Web analytics have become hot. Web-based research panels are currently one of the most commonly used methods for providing online measurements of Web traffic. These panels provide the metrics that keep score for property owners to promote themselves and advertisers to make advertising marketing decisions. Real money can be lost due to incorrect ad placement, and these panels pose unique challenges in terms of accuracy if not managed in a very sophisticated manner.<sup>1</sup> Why such a focus on these measurements of Web traffic today?

- **Companies are making big financial bets.** comScore, a seven-year-old dedicated online market research company that leverages unique behavioral tracking technology, has announced plans to go public.<sup>2</sup> Its biggest competitor, Nielsen//NetRatings, is taking itself private. Hitwise, a provider of online metrics using an ISP relationship model of data gathering, is being purchased by financial information services provider Experian.
- **The IAB has written an open letter to the industry demanding transparency.** Further adding fuel to the fire, respected advertising industry association IAB wrote an open letter to the industry in

April 2007 in response to complaints from major users.<sup>3</sup> IAB asked online Web metrics vendors for ongoing auditing of panel recruitment methodology and weighting approaches, generating a lot of attention. Why was this necessary? While comScore and Nielsen//NetRatings lead the market, they are not transparent or auditable about how their numbers are generated.

- **Every day it becomes clearer that online metrics drive monetization.** Sites want to prove how much traffic they get and how attractive their demographics are. Marketers want to be assured that they are hitting valid targets. Agencies want to be able to deal with one source and not have to rely on thousands of self-reported metrics by self-interested site owners. Case in point? Recently announced metrics show Google's continued lead of the search marketplace. Buyers care because it tells them where to advertise. Google cares because the metrics allow it to monetize its search property at a higher rate. Google and similar Web-property companies need vendors like comScore and Nielsen//NetRatings to provide these numbers so they don't have to make their own self-interested traffic claims.

### THE SCOREKEEPERS DISAGREE DUE TO DIFFERENCES IN PANEL MAKEUP AND WEIGHTING

It's no secret that the two leaders in Web metrics — comScore and Nielsen//NetRatings — often disagree.

“If you compare comScore's numbers with Nielsen//NetRatings', it's often surprising how different the measurements would be, even though they are measuring the same things.”  
(Alan S. Gould, analyst with Natexis Bleichroeder, a New York investment bank)

Each provider can report wildly different numbers. For example, Nielsen//NetRatings reports that online search numbers between 2006 and 2007 have grown by 39%, while comScore reports 10.7% growth.<sup>4</sup> Stories about differences in scale of traffic — even one showing growth where another showed decline — are not uncommon. What are the reasons for this discrepancy?

- **Panels create challenges, and behavioral panels exacerbate the challenge.** comScore and Nielsen//NetRatings both have behavior-tracking panels. These panels analyze what obliging panel members are actually doing, not just what they say they are doing, as with traditional research panels. Tracking behavior includes seeing where Web site participants go, and even extends to seeing what they buy online, how much they spend, and what mode of payment was used. Sure, behavior-tracking panels are “way cool,” but a panel is still a panel, with all the projectability challenges of panel research. Standard panels are composed of people who have agreed to take surveys. Behavioral panels are composed of those who have agreed to have their behavior tracked, so representativeness can be a question.<sup>5</sup>

- **Their panel recruitment methodologies are different and hard to compare.** Nielsen//NetRatings explicitly states that its panel is “drawn from the world’s largest Internet panel generated through random digit dial (RDD) recruitment.”<sup>6</sup> comScore is less explicit but states that its panel “represents a cross-section of the Internet population” and has been reviewed by the Advertising Research Foundation (ARF).<sup>7</sup> comScore claims an actively tracked panel of 2 million individuals, while Nielsen//NetRatings’ panel is somewhat smaller, probably due to the higher cost of RDD recruitment. Forrester believes that both comScore and Nielsen//NetRatings are reputable firms that actively try to ensure that they have good panels and respondents who have given informed consent.<sup>8</sup> Nonetheless, they will be different, which can drive different results.
- **Inconsistent weightings between vendors add to the metric comparison challenge.** Both comScore and Nielsen//NetRatings have techniques to weight their panel populations back to the universe that customers are interested in understanding.<sup>9</sup> Nielsen//NetRatings also integrates data from Web site analytics to help tune its weightings.<sup>10</sup> The challenge in weighting is a combination of the fact that different techniques drive different answers (especially for Web properties with smaller visitation numbers), with the more fundamental issue that the exact makeup of the Internet is not agreed upon. In contrast to traditional research where market researchers can rely on the census to help normalize results, there is no clarity in the “truth” of the online world. It’s not so easy to determine who is actually sitting at a PC — Mom, Dad, Junior, Grandpa, or the family dog.

### MARKET RESEARCH BUYERS: INSIST ON TRANSPARENCY

As in life, truth is relative for these panels. In terms of online metrics, however, having two major competitors (and a host of other sources) coming up with different numbers is undesirable. Market research buyers must insist that vendors like comScore and Nielsen//NetRatings become more transparent with panel makeup and the algorithms being used to weight data. Without transparency, market researchers, marketers, and agencies are taking leaps of faith about which vendor to use. What to do?

- **Stop buying blind.** Understand that different numbers are being generated, but buying data without understanding its grounding is unacceptable. Until there is public transparency, press your vendor of choice to disclose panel makeup and recruitment — your company’s funds are on the line. Increasing the chance of maximizing ad spend returns is worth your focus.
- **Back transparency and standards initiatives.** Be publicly supportive of various initiatives by the IAB and others to create an agreed-upon auditable framework for evaluating findings. It’s in all online market researchers’ and marketing professionals’ interests and it will reduce the buy-by-buy burden of making your own assessments about whose data is best. Make your voice

heard by joining groups that support transparency and voting with the transparency terms you require from vendors in this space.

- **Buy from multiple sources.** For those interested in making the best possible ad buy decision, the optimal solution may be to buy online research from multiple sources until the market sorts itself out in terms of reliability. Sure, it's more expensive, but there is a better chance of accuracy.<sup>11</sup>

## ENDNOTES

<sup>1</sup> Using data from online panels requires integrating sophisticated weightings and other controls. See the May 1, 2007, Trends "[Online Panels: Cheap And Effective, But Buyer Beware.](#)"

<sup>2</sup> Source: Kim Hart, "ComScore Plans Initial Public Offering," *The Washington Post*, April 3, 2007 (<http://www.washingtonpost.com/wp-dyn/content/article/2007/04/02/AR2007040201424.html>).

Forrester purchased preferred shares of comScore in July 2000, and we believe that our current ownership represents less than 1% of comScore's fully diluted outstanding capital stock.

<sup>3</sup> Source: "The Interactive Advertising Bureau Challenges comScore and Nielsen//NetRatings in Open Letter; Demands Third-Party Audit of Methods that Count the Size of Web Audiences," IAB press release, April 20, 2007 ([http://www.iab.net/news/pr\\_2007\\_04\\_20.asp](http://www.iab.net/news/pr_2007_04_20.asp)).

<sup>4</sup> Source: "Online Search Hits All-Time High Of 5.7 Billion Searches, Rising 39 Percent Year-Over-Year In January 2006, According To Nielsen//NetRatings," Nielsen//NetRatings press release, March 3, 2006 ([http://www.Nielsen-netratings.com/pr/pr\\_060302.pdf](http://www.Nielsen-netratings.com/pr/pr_060302.pdf)) and "Google Continues To Increase Search Engine Market Share," comScore press release, February 28, 2006 (<http://www.comscore.com/press/displaycontent.asp?press=764&suffix=pdf>).

<sup>5</sup> Both companies try to ensure that they have good panels using various recruitment and testing methodologies, but there are inherent biases in panels. See the May 1, 2007, Trends "[Online Panels: Cheap And Effective, But Buyer Beware.](#)"

<sup>6</sup> Source: Nielsen//NetRatings NetView ([http://www.nielsen-netratings.com/solutions.jsp?section=sol\\_1&nav=1](http://www.nielsen-netratings.com/solutions.jsp?section=sol_1&nav=1)).

<sup>7</sup> Source: Advertising Research Foundation (ARF) Review of comScore Methodology (<http://www.comscore.com/method/arf.asp>).

<sup>8</sup> It would be counter to the companies' self-interest and business model to promote "spyware" or subpar panels.

<sup>9</sup> Source: comScore Overview of Measurement Techniques ([http://www.comscore.com/method/tech\\_compare.asp](http://www.comscore.com/method/tech_compare.asp)) and Nielsen//NetRatings NetView ([http://www.nielsen-netratings.com/solutions.jsp?section=sol\\_1&nav=1](http://www.nielsen-netratings.com/solutions.jsp?section=sol_1&nav=1)).

<sup>10</sup> One obvious solution to these measurement differences would be to rely on self-reported data from the Web site properties themselves. Unfortunately, there is reason to believe that they are not the final word of truth, either. Aside from the matter of self-interest (property owners have a vested interest in showing more traffic, rather than less), Web analytics tools tend to rely on cookies, and there is evidence that many people delete their cookies at least occasionally. This would tend to skew metrics of visits and page views higher. See the August 26, 2005, Best Practices “[Web Analytics Cookies: Perception Versus Reality](#).”

It is also unlikely that any agency or marketer would want to take on the task of consolidating data for all of the different properties they might wish to use. Finally, Web analytics do not give the unique reach and cross-site survey capability that comScore and Nielsen//NetRatings provide. Note that Nielsen//NetRatings does collect data from Web-based analytics to help adjust their panel data weightings.

<sup>11</sup> Many would argue that TV and radio metrics are also flawed. There was even a recent brouhaha when Nielsen tried to move from diaries to devices that actually measured TV viewing. Arguments about why such data would be less accurate (generally proposed by marketers who thought their numbers would drop) were quite heated. What was not openly discussed were the imperfections of the current metrics. They were accepted as a standard.