

**SECTOR INQUIRY ON MEDIA AUDIENCE MEASUREMENT  
SYSTEMS**

**June 2017**

## *Summary*

- The sector inquiry, approved with Deliberation No. 236/17/CONS of June 12, 2017, aims at analysing media audience measurement systems, focusing on the impact of latest technological developments on users' content and media consumption habits. The inquiry also examines those methods and measurement systems that, once adopted, would lead to an improvement in the efficiency and objectivity in measuring the audiences, with the purpose of identifying any areas of actions for AGCOM, the Italian Regulatory Authority of Communications.
- The great interest shown for this topic is due to the significant impact that audience measurement systems and media dissemination have on the markets, both in terms of defining the competition in advertising markets and of promoting information pluralism.
- Media audience measurement activities respond primarily to the need of operators and investors to evaluate the actual number of consumers reached by various media. Such analysis is also important to evaluate the dissemination of different media among users and, thus, the possibility for them to have access to a wide variety of information and contents offered by several operators.
- By analysing European and Italian *antitrust* case studies, it can be noticed that, from a product dimension point of view, audience measurement activities have been divided into different markets for each analysed medium. The reasons why are that measurement methods and technologies are not interchangeable among the various media, there is no demand-side and supply-side substitutability between media; as well as to the existence of different advertising markets. Concerning the geographical market definition, taking into account the territorial boundaries of advertising markets as well as the characteristics of the product offered (data and information on audience), a delimitation of different areas corresponding to the national territory was determined.
- Data and information on audience are essential to the proper operation of advertising market negotiations. The whole advertising system is based on media audience measurement services which, therefore, play a crucial role in determining the advertisements' price as well as in assessing the return of investments, planning and optimization of future investments.
- As previously noticed, the audience measurement sector is composed of a number of different relevant markets, each linked to their respective advertising market. In this context, media represent the platform – a virtual or physical marketplace / intermediary that promotes mutual interactions, minimizing transaction costs –

through which a specific operator (the publisher, the television or radio broadcaster, the website) is able to “sell” the audience reached (users or consumers reached by a media provider) to advertisers interested in purchasing advertising space for the promotion of their products. The platform managed by the operator, thus, becomes the physical or virtual place where the demand of two distinct groups of customers who need each other in some way are coordinated and satisfied: media users and advertisers, according to the two-sided markets theory. On the one side of the market, users satisfy their need for information, communication and entertainment through media while on the other side, advertisers ask the publisher for advertising space used to promote their products to final consumers in return of a number of advertising contacts reached through the media.

- The starting point of negotiating an advertising space therefore, is represented by the media audience measurement system by which the number and percentage of consumers reached by a specific media provider, in a given period of time is collected. These indicators, together with other parameters contributing to the definition of the target audience (socio-demographic characteristics, income, spending ability, etc.), affect advertisers’ willingness to pay to buy the advertising space and determine, together with other factors, the final price of the same.
- The dynamics ruling audience measurement systems therefore influence the organizational structure of their respective advertising markets. Given that advertising represents the major source (and, in some cases, the only one) of financial support for content distribution, it is easy to notice that market conditions linked to such sector and to other related sectors, including audience measurement, have a great impact on the quantity and quality of media content distribution, including news. Therefore, it is clear that such market conditions may also influence information pluralism.
- Data on media audience also have a direct impact on the exercise of the AGCOM implementing powers, as provided by Art. 43 of Law Decree n. 177, July 31, 2005 “*Consolidated Law on audio-visual and radio media services*” (*Testo unico dei servizi di media audiovisivi e radiofonici*” - TUSMAR). Quantitative indicators on media consumption, among other parameters, are used for the assessment of prohibited positions on the SIC (Integrated System of Communications) as well as on the markets that are part of it.
- Therefore, given the central role played by such data in identifying the strategic choices of the interested parties (publishers, media centres, advertisers), the need to ensure that all information is shared and audience measurement is based on independent and transparent mechanisms has been outlined by this Inquiry. Such need led to a market structure where a single body – whose experience and competence is recognised by all users of data on media consumption – holds a dominant position

and is responsible for a specific medium audience measurement, making the collected data available, in accordance to the procedures previously established. Due to the latest technological developments, this monopolistic structure of the market is changing, with different effects depending on the type of medium involved.

### Regulatory Framework

- Due to the importance of audience measurement activities for competition on the media market and for information pluralism, AGCOM is entrusted with important responsibilities and policy objectives by the Italian Law. The powers conferred to the Authority by the Law led such body to exercise monitoring and ruling activities to control the companies that carry out audience measurement activities, focusing on *governance* and the research methods adopted.
- Over the last few years, therefore, AGCOM has monitored and analysed this sector by adopting, when necessary, regulatory decisions of general scope or related to specific types of media (e.g. broadcasting television, radio, etc.).
- The general measures adopted by AGCOM, addressed to all media, have been designed to provide audience measurement organisations with guidelines ruling the sector as well as the general principles to be met. In more details, the AGCOM guidelines address the audience measurement system-governance and define the methods to be applied when conducting media audience surveys.
- In addition to general measures, AGCOM has established, over the years, *ad hoc* guidelines resulting from its continuous monitoring activity, with the purpose of issuing further recommendations and specific measures, to solve, for each type of media, issues concerning the corporate *governance* of audience measurement companies' and data collection methodology.
- Therefore, the first part of the Inquiry focuses on the AGCOM's former regulatory actions on *audience* measurement markets, in order to provide a comprehensive overview of the measures adopted to address in general or in specific situations the enduring and structural issues of the *audience* measurement system, to solve – from a general point of view and in specific cases - the persistence and structural problems of the *audience* measurement system, as emerged during the *performance* of its regulatory tasks.
- Such overview of the regulatory framework also aims at providing – together with the results of the *benchmarking* analysis among selected Member States - and detailed analyses of audience measurement systems – the information required to assess the need for any further regulatory action in this sector.

### Overview of the European situation

- The analysis then focuses on the audience measurement systems implemented by a number of selected Member States - France, Germany, the Netherlands, the United Kingdom and Spain - for each of the mass media that is monitored and regulated by AGCOM.
- The purpose of this study is to analyse the ways in which audience measurement activities are carried out in Europe, both in terms of system governance of the audience measurement organisations and in terms of audience measuring methods and techniques. The European context will be later compared, as far as possible, to the Italian situation in order to obtain useful information from any new method or system adopted abroad – i.e. innovative measurement technologies - and to examine the possibility of implementing new methodologies in Italy.
- The *benchmarking* activity conducted during the Inquiry also aim at analysing how any problem emerged in other Member States in relation to the audience measuring has been dealt with by the audience measurement organisations and if such measures/actions led to any intervention by the regulator, where provided for by the national regulatory framework.
- In this respect, the Inquiry outlined – for each single medium – a number of trends that seem to be common to the different European countries examined, in terms both of corporate governance and of methods adopted.
- With a quick overview, it is important to underline that, in terms of *governance*, the *Joint Industry Committee* (JIC), is the model adopted by most audience measurement organisations. As for the measurement methodologies, it may be noted that, for television contents, a homogeneous picture emerged, with all countries adopting passive audience measurement methods, involving the use of *meter* devices. Web measurements are also mainly based on passive techniques - mostly census-type surveys, involving a *panel* equipped with *meters* - but may differ depending on the way in which they are implemented, i.e. in terms of number and type of devices on which the measurement is conducted. For the measurement of radio audiences, on the other hand, most European countries adopt active methodologies – i.e. conducting interviews and compiling diaries – even though the use of *meter* devices have been introduced over the past few years. The measurement of readership and circulation of publishing contents is also conducted through active methods - mostly based on face-to-face surveys or web interviews -, with the exception of one research, the only case in which a physical device (a barcode readers) is used jointly to active methods.

### Audience measurement activities

- The Inquiry has, therefore, investigated in depth the Italian *audience* measurement systems used for the different types of media (television, radio, publishing industry and *web*) that are subject to the AGCOM monitoring and regulatory tasks . As illustrated in the Table below, which offers a brief description of audience measurement organisations operating in Italy, divided according to the type of media, corporate *governance* and research institutes operating on behalf of the companies themselves, as well as to the research methodology and techniques used – the national system is still characterized by a traditional *medium-centric* approach. Under this approach, one (television and radio) or more organisations (publishers, *web*) carry out audience measurement activities exclusively on one specific medium.
- Audience measurement companies are now trying to broaden their field of investigation by conducting experimental projects that focus not only on the single medium, with the purpose to analyse those convergence and multimedia processes that characterize consumers’ experience – an example in case is the Audiweb and Auditel basic research project, currently under development. However, the Inquiry highlighted the current lack of complex measurement systems that can provide audience analysis in a single and integrated context based on methodologies, metrics and information shared by the market and comparable across different types of media.
- In this respect, the Inquiry first focuses on the description and analysis of the audience measurement systems of specific types of media, pointing out that in Italy, as in most European countries, media audience measurement activities are still carried out separately for each single medium. The bodies that carry out audience measurement activities, by using methods that were submitted to AGCOM, include: Auditel for television, Audipress and ADS for the publishing industry, Audiweb for *online* systems, GfK Eurisko and, in the near future, Tavolo Editori Radio (TER) for radio.
- In particular, the structure of advertising markets of each single medium is firstly analysed to identify any critical aspect related to the dynamics of audience measurement markets, whose data and information, as previously stated, may have a great impact on prices and selling conditions of advertisements on the different media.
- After this, the analysis focused on the structures of audience measurement markets for each single medium: traditional media are organized in monopolistic (television, radio) or duopolistic structures (newspapers, magazines); as for the *web*, it may be noticed the existence, at present, of an increasing number of multiple operators.
- For each means of communication, the operating structure and governance of audience measurement organisations is then illustrated, as well as the research methods adopted – in terms of period and object of measurement. The Inquiry also

describes the type of basic research carried out, the criteria used for the constitution of the sample, measurement methods and techniques, and *audience* indicators.

- The analysis of *governance* and structure of the measuring organisations subjected to regulatory monitoring aims at verifying compliance with the principle of full openness of the companies' share capital to all market participants. Moreover, it focuses on the effective representativeness of the sector shareholders and the presence of suitable conditions to ensure independence of their Technical Committees that are empowered with authority on decisions involving the scientific and methodological aspects of measuring, relevant to ensure fairness and non-discrimination among market operators. The detailed study of *audience* measurement methods and techniques related to a specific medium is aimed at verifying the fairness, transparency and independence of the current *audience* measurement system in Italy, taking into account the ongoing evolution of the whole media system in different sectors. All types of media are characterized by technological progress including the use of increasingly rapid and pervasive methods and tools of measurement as well as profound changes in corporate *business* models and media consumption habits. Given the importance of audience measurement data for the strategic choices adopted by the media system (publishers, advertising investors, intermediaries, authorities), it is necessary to ensure that information and data are univocal and shared among all stakeholders.
- In particular, with regard to *governance* models, it may be noticed that, with the only exception of the TER (the radio audience measurement company) which is set up as a Media Owner Contract (MOC), all *audience* survey companies are organized according to the JIC model, which, as previously said, represents the corporate structure mainly used by the bodies that offer audience measurement services in most European countries.
- For all the categories of media examined in the Inquiry, it has been noticed that the respective audience measurement companies are managed by a Board of Directors, in collaboration with a Technical Committee, with the functions of providing proposals and advice on research approaches and audience measurement methods, regulated by the Rules approved by the Boards of Directors. Considering the importance of the composition of these bodies and of the corporate management rules on audience measurement activities and, consequently, on the data provided to the market, this Inquiry also examined in detail the features, structure, roles and decision-making function of the main corporate bodies, as set out in the statutes and corporate regulations, with the aim of assessing the presence of any structural aspect that could affect the objectivity and impartiality of the research and ensure the complete autonomy of the technical management bodies over the administrative bodies.

- In particular, the study underlines the absence of advertising among the market components of the TER and, as far as Audiweb is concerned, the absence of international *players* with high online advertising revenues (Google and Facebook) as well as of associations representing national *online* publishers with significantly smaller advertising revenue (including ANSO).

**Table – audience measurement companies in Italy**

Medium	Organisation	Governance	Research company	Basic research	Measurement methods
Tv	Auditel	JIC (66% broadcasters, 33% ad investors and advertising agencies, 1% FIEG)	Ipsos e Nielsen	Sample survey (24.000 <i>face-to-face</i> interviews – CAPI – every year, in 7 monthly cycles)	Sample survey (5.760 households, about 14.700 persons, more than 10.270 <i>meter</i> GTAM installed)
	GfK Eurisko	Private Company	GfK Eurisko	Sample survey	Previously, two surveys: <i>i) panel</i> composed of 10.000 persons using <i>meter</i> devices and “dialogatore” (handheld surveying device); <i>ii) telephone</i> interviews (120.000 CATI every year); later, only CATI was used.
Radio	TER	MOC (70% national broadcasters, 30% associations representing local broadcasters)	GfK Eurisko e Ipsos		Sample survey (120.000 telephone interviews – CATI – every year)
	Audipress	JIC (49,5% FIEG, 49,5% ad investors and advertising agencies, 1% Auditel)	Doxa e Ipsos	Sample survey (selection of two independent samples for newspapers and magazines)	Sample survey (60.000 <i>face-to-face</i> interviews CAPI – every year divided in 3 cycles : every cycle with 11.000 interviews for newspapers and 7.000 interviews for magazines)
Newspapers and magazines	ADS	JIC (50% publishers and intermediaries, 50% ad investors and advertising agencies)	Many auditing companies carry out verifications on data provided by publishers		Verifications on the data provided by publishing companies that submit their newspapers/magazines to internal/external ADS audits
	Audiweb	JIC (50% Fedoweb, 50% users and advertising agencies)	Doxa e Nielsen	Sample survey (10.000 <i>face-to-face</i> interviews every year, 4 quarterly rounds with CAPI technique)	<ul style="list-style-type: none"> <li>- Sample survey (<i>panel pc</i> through <i>meter</i>; <i>panel mobile</i> through <i>meter</i> Android/<i>proxy server system</i> for iOS)</li> <li>- census-based survey with the use of <i>tag</i></li> <li>- Mixed technique survey (video measurement)</li> </ul>
Web	Google	Private Company			Google <i>Analytics</i> (census-based survey with the use of <i>tag</i> GATC)
	Facebook	Private Company			Facebook Insight (census-based survey on its platforms)
	comScore	Private Company			Sample survey (2 million users in Italy, with the use of <i>meter</i> )
					Census-based survey by using <i>tag</i>
	SninyStat	Private Company			Census-based survey by using <i>tag</i>

- Equally relevant to the Inquiry, it is the analysis of the various tools and measurement systems adopted by the bodies that offer audience measurement services. To be extremely brief, media audience measurement may be divided into the following phases: *i*) identifying a representative sample of the target population through a “basic research”; *ii*) installation of specific electronic devices ("passive" methodologies) and/or conducting interviews ("active" methodologies); *iii*) using statistical methodologies to apply the data collected from the sample to the target population.
- It is therefore clear that the methods adopted by audience measurement companies may have an impact on the results and their reliability: in terms of representativeness of the sample, such methods identify the number of people included in the sample and the stratification of the same. The tools and technologies (active or passive) used for audience measurement are also important to ensure efficient and reliable surveys.
- As a result of this, the Inquiry carries out an in-depth analysis of audience measurement methods to make an assessment of their adherence with the principles of transparency, compliance, adequacy and fairness. Furthermore, it aims at verifying that data are consistent with the representation of the media consumption, the truthfulness of data produced as well as the general criteria adopted to identify and stratify the sample population according to the analysed medium.
- As summarized in the Table above, there are a number of different audience measurement methods and tools used in Italy, in line with most European countries. This is partly due to the specific features of the analysed medium and partly due to the existence of different companies that conduct audience measurement activities by adopting an approach focused on the medium rather than on consumers.
- Specifically, it is possible to outline a diversified scenario characterized by the adoption of: *i*) passive methods based on the use of latest generation *meter* devices for the measurement of television contents; *ii*) active methods such as telephone interviews – CATI – so far used by the private company GfK Eurisko and later by the company TER (for radio measurement) and *face-to-face* surveys – CAPI – conducted by Audipress to collect data on newspapers and magazines, based on the reliability of people’s memories; *iii*) complex measurement systems for *web* media based on census-based, sample-based or mixed surveys. As for the web-audience measurement, given the technological peculiarities of the Internet, it was necessary to extend the analysis to the main online audience measurement systems used nationwide, in addition to the Audiweb survey. As a result of this, an extremely complex picture has emerged not only for the great number of companies offering web analytics services, but also for the variety of measurement techniques and models, services (including the *ex-ante* and *ex-post* evaluation of the advertising campaign, the *viewability/impression* certification) and data as well as metrics provided.

## Television

- As for the television audience measurement, the Inquiry has taken into account the measures adopted by Auditel to face the problems that AGCOM has been highlighting in the past few years, during the course of its analysis of and monitoring on audience measurement markets.
- In the progressive implementation of the objectives set with the purpose of innovating and improving its activity, Auditel has tackled the issues highlighted by the Authority in terms of: *i)* basic research and organization of the panel, taking into account the existence of Italian households without television or with at least one foreign member; *ii)* panel's representativeness, tripled in number with the *super-panel* project; *iii)* adoption of latest generation *meter* devices as measurement equipment. Auditel's project is also relevant for the development of the measurement system as it includes the use of new measurement devices and the upgrade of basic research as well as improving measures in the organization and financial asset of the company.
- With regard to the *super-panel* and the related transition plan, the collected data on audience will be released to the market from July 30, 2017, and no preview of such data is expected before this date. At this launch stage, the survey company has organized a series of information workshops and tutorials for the various stakeholders (*software houses*, media centers, publishers and authorities, users). In the light of this gradual implementation process, it is deemed necessary to intensify supervisory activities and to start a specific and constant monitoring activity to deeply analyse the methodology adopted, with particular reference to the algorithm used to estimate individual audience share and to the extension of audience surveys to contents consumed through new devices (*smartphones*, *tablets*, *PCs*, and *smart-TVs*).
- The measurement of television audience is also characterized by the challenge of measuring the consumption of television contents, and more generally audiovisual content, on connected *devices* such as *PCs*, *smartphones*, *tablets* and *connected televisions*. This phenomenon is constantly increasing and, therefore, it is necessary for the entire sector, including publishers, content providers and advertisers, in order to properly measure such consumption, which is difficult to quantify with usual audience measurement instruments.
- With regard to this issue, it is important to focus on some specific aspects and problems of audience measurement. As for the first aspect, it seems crucial to underline that media consumption measured through connected *devices* is carried out with different techniques (*tag* and *software meter devices* rather than *people meter devices* and *audio matching*, used for television audience measurement). In addition, audience data concerning contents available on connected devices are census-based, in some cases integrated with *ad hoc panels* in order not to “burden” the panel used

to measure traditional television audience. This means that specific algorithms are needed to measure the consumption detected on *devices* connected to “traditional” television, to obtain a single metric and avoid any duplication. As for the second aspect, it can be noticed that this measurement includes overlapping areas between “television *currency*” *survey*, focused on audience measurement of television contents available on connected *devices*, and that of the Internet, focused on audience measurement of all video contents including those of television publishers. Considering the project launched by Auditel, aimed at covering the measurement of all audiovisual contents shared through connected devices (hence, on the web) – a project that the Authority wishes to complete as quickly as possible – as well as considering the measurement activity currently conducted by Audiweb, it may be identified a possible overlapping area, due to the absence of effective “coordination” between the two types of measurement or a desirable “definition of boundaries” of their respective fields of activity.

- The use of different metrics (with respect to *viewability*, data release timing and techniques, methods of the sample stratification), the absence of shared *standards*, including at an international level, and the existence of various companies conducting measurement activities are all factors of uncertainty for the market participants that need reliable, precise data to guide advertising and publishing planning.
- The Inquiry, after all, has proved that these issues are common to other European markets, where, however, the development of tools suitable for measuring this type of consumption appears to be more advanced and, in some cases, very close to the conclusion. In more than one national context, increasing convergence (alignment) between measurement methods for the television audiences and Internet usage data observed, precisely in terms of video audience measurement. Such convergence process aims at gathering all collected data with equal criteria, starting with the use of the same *panel*, to obtain univocal data.
- In view of the growth of the market of audiovisual contents on *online* platforms, both in terms of consumption and ad investments, AGCOM deems necessary to avoid the use of multiple and not comparable metrics for the measurement of such contents consumption. For this reason, AGCOM invites Auditel and Audiweb to continue their cooperation by creating, *inter alia*, a *steering committee* with the task of identifying overlapping areas of measurement activities in which they could cooperate in order to develop and share common measuring methods. AGCOM will carefully monitor this process and, if needed, will take any appropriate measure to ensure certainty for the market. A first step could be the sharing of the basic research used by Auditel and Audiweb, to which both companies referred in the survey, taking into account the differences in the methods adopted. In this regard, the project jointly carried out by Auditel, Istat and the Bank of Italy, aimed at developing Auditel's methodological

approach, is considered to be a useful starting point for reviewing basic research with the purpose of starting a possible cooperation between Audiweb and other survey companies.

- Regarding the issue of Auditel's governance as well as of the absence of representatives of local television broadcasters among the organs of such company, it is important to point out that Auditel's corporate identity and its own governance have changed in recent years in the intent to ensure a wider representation. In particular, the company's Charter has been amended and the number of Directors has been increased, in order to ensure the presence of the most representative publishers *per share*. As far as local broadcasters are concerned, they are currently represented – even though not directly – in the Board of Directors through Confindustria RadioTV. Moreover, local televisions are directly represented in the Technical Committee, a body that, as revealed by the Inquiry, plays a significant role within the company.

### Radio

- With regard to radio audience measurement, over the years, AGCOM has found divergent positions that have repeatedly underlined the difficulty of identifying a shared position by the stakeholders, both in terms of *governance* and in terms of methodology. Following the winding-up of Audiradio at the beginning of 2011, with Deliberation No. 182/11/CSP, AGCOM adopted the "*Guidelines on the organization of radio audience measurement activity*" and set up a technical roundtable to promote the adoption of a shared solution by the radio stakeholders. The complexity of the radio sector and the diverging positions on the methods to be adopted have led, as previously explained, to an organizational model of the MOC type. TER is today the new "implementing subject" responsible for organizing and conducting radio audience measurement in Italy.
- However, given the absence of the advertising market component, and in particular of the association of advertising users (UPA) in the current corporate model and *governance* of TER, AGCOM considers it appropriate, as has already been repeatedly emphasized during the work of the above mentioned roundtable, that this audience measurement company adopt any useful initiative in order to increase shareholding percentages (in the BoD and the Technical Committee) of representatives from advertising companies. To this aim, it shall include representatives of the advertising component of the market to ensure objectivity and transparency, as well as greater independence of the company from audience measurement companies.
- In this context, in view of the problems highlighted by some stakeholders regarding TER's decision to adopt active survey techniques based on conducting CATI interviews, AGCOM considers it necessary to continue with a specific supervisory

activity in order to monitor the development of radio audience measurement techniques, also in the light of international experiences, whilst maintaining the ability to exercise its powers to ensure the adequacy of the methods adopted.

### Publishing industry

- Regarding the collection and certification of data related to readership and circulation of newspapers and periodicals, some aspects have emerged from the Inquiry, which have required further insights. In particular, in terms of the potential distorting effects on the market's competitive dynamics as a result of the statement released by some newspapers of an excessive number of multiple digital copies sold, it may be noticed that ADS has recently approved a new regulation detailing the methods of certification to be adopted in such cases. The new certification methods set out in this regulation will allow the Company to restore the normal disclosure of data by solving the problems previously encountered. In the light of this, while waiting for the audience measurement company to disclose the first data certified in accordance with the principles contained in the new regulation, it is considered necessary to strengthen the AGCOM monitoring tasks in order to control the accuracy of the measurement services for daily and periodical press and the truthfulness of published data.
- Regarding the fact that neither ADS nor Audipress certify or disclose, at the moment, data on circulation and readership of newspaper distributed exclusively in digital format, AGCOM invites the two companies to adopt any further useful initiative to extend the scope of their data measurement as soon as possible, by including in their regulations the detection and certification of data distributed by web native publication and indicating the methods with which such measurement should be conducted.
- As for the measurement of readership data of daily and periodic press, it may be noticed that Audipress adopted an active measurement technique based on conducting interviews by using the CAPI method. While, on the one hand, this choice is in line with the methods used in other analysed countries, it should be also emphasized that, on the other hand, these methods have been coupled with other passive techniques in many other contexts (see, for example, the case of the *media-scanner* device adopted in Germany, or the use of a digital *panel* in the UK).
- The Inquiry has also shown how, at an international level, the *currency* for measuring the data on readership of news is evolving and trying to integrate information on newspapers (or their digital format) readership with data on consumption of the related *online* websites. There has, actually, been a shift from a model where readers' connection with daily or periodic press – including its digital format – was at the centre to a model focused on the editorial *brand* in all its forms. AGCOM believes

that this approach is more in line with current trends and more responsive to the demands expressed by market players, and therefore promotes an evolution in the measurement of press consumption in this direction in Italy, too.

- Moreover, in this regard, cooperation initiatives adopted in some countries between companies measuring *readership* and those measuring the use of the Internet, aiming at integrating their respective data, have become particularly important to provide an overview of press and news consumption on all available media and platforms. AGCOM, therefore, looks forward to any collaboration between Audipress and Audiweb, which may go in such direction.
- In addition to this, the Inquiry also shows how some stakeholders have pointed out that the data on circulation and readership provided by the two surveys, ADS and Audipress, are often used in a complementary way, as the combined use of such information is useful to get a more comprehensive view of the market than using only one type of data. At this regard, some contradictions resulting from the comparison between the results of the two surveys may be identified, probably due to the presence on the same market of two different surveys carried out by two companies, based on diverse methodologies and with distinct outputs. A possible solution could be the integration of the two surveys, in order to provide the market with a single set of data provided, consisting in the certification and provision of both circulation, publishing and printing data as well as of data on daily and periodical press readership. Moreover, AGCOM considers that audience measurement and certification activity for the publishing sector would benefit from such cooperation, since this will improve the reliability of the information released, and will provide a more comprehensive market overview resulting from the combination of the two types of measurements.

#### Web

- As previously stated, with regard to the national market of online audience measurement services, the Inquiry has highlighted the presence – besides Audiweb with a JIC-asset and subject to the AGCOM control – of a number of further companies offering web analytics services based on tracking methods and pursuing very different objectives. Depending on the degree of vertical integration in the online services industry, they can be classified as: *i*) vertically integrated operators on all (or part of ) the supply value chain and, in particular, active on the national online advertising market (including Google and Facebook, advertising intermediary and online national publishers); *ii*) operators present in one or more markets situated upstream or downstream of the online advertising market (including IT or e-commerce companies); *iii*) independent operators, i.e. active in other industrial sectors and offering web analytics services (including comScore and Triboo).

- The analysis of the major online audience measurement systems available at the national level identified a number of problems attributable to the system managed by Audiweb and, more generally, to web analytics services, as they are delivered by vertically integrated operators on the Internet supply value chain, with relevant market shares in the online advertising market.
- With regard to the system managed by Audiweb, as pointed out by the parties involved in the Survey, a number of problems have been detected related both to governance – due to the absence in the JIC's corporate structure of the main international players for online advertising revenue (Google and Facebook) and associations' representative of national online publishers with smaller advertising market shares (including ANSO) – and to measurement methods adopted.
- With regard to this last aspect, the Audiweb survey has a number of limitations that can be attributed to: *i*) the centrality in data processing of measurement results obtained from sample-based surveys rather than census-based surveys; *ii*) the absence of Google and Facebook, as well as of small online national publishers, among the subjects participating in the census-based tracking system based on the use of the Audiweb tag; *iii*) the reduced robustness of the audience data concerning mobile users; *iv*) slow data production; *v*) the absence of metrics that can be used into advertising planning and *ex post* monitoring of advertising campaigns; *vi*) inadequate representation of the "foreign" component in selecting basic researches' sample and Audiweb panel.
- Regarding corporate governance, despite the positive Audiweb's willingness to open its capital stock to the main international players and to smaller online operators (or their related associations), AGCOM will monitor with attention this process so that online audience measurement activities carried out by the company will be actually representative of the entire reference industry.
- With regard to the problems related to the traffic measurement methods adopted, given that the reform of its methodology launched in the previous months by Audiweb ("Audiweb 2.0" project) has not been concluded yet, AGCOM considers it necessary to increase the monitoring activity of online audience measurement system to test the impact of the new traffic measurement methods proposed by the JIC on the effectiveness, accuracy and reliability of the data collected, as well as on the timely provision of information so as to satisfy market demands.
- As per other web analytics systems, AGCOM has pointed out that the main issue seems to be the presence, on the national online audience measurement market, of international players such as Google and Facebook, which, besides being vertically integrated across the whole or part of the Internet supply value chain, have significant

market power in the upstream and/or downstream markets, both in terms of audience and advertising revenues.

- These market players do not participate in the Audiweb's corporate structure or to any other technical roundtable, which affect the results of the JIC's survey; furthermore, they do not allow other traffic measurement systems to track (by tags or other techniques) their websites. Possible distortions of the competitive dynamics in the downstream services markets of the Internet and in the related online advertising market may be due to the fact that Google and Facebook - the largest and second-largest company for advertising revenues at national and global level - are the only stakeholders capable of conducting a census-based measurement of users' traffic through their web sites and to provide this type of audience data to the market. Through their web analytics systems, these operators are therefore able to "certify" their leadership in terms of audience and, therefore, consolidate their market positions in online advertising.
- However, according to various stakeholders that took part in the survey, the absence of an external auditing body able to provide a third party certification of the data released by these market players represents a major issue to face (so called *third parties issue*). This may have a negative impact on online audience data reliability and transparency, with the effect of creating potential market distortions and discouraging investments. The need to increase the level of transparency and auditing activity in the process of online advertising negotiation also stems from the need for advertisers to have brand-safe placement to advertising (so called *brand-safety*), which may be directed, through the use of automated ad intermediation platforms, to not safe and verified websites or platforms (e.g. websites that infringe copyright or websites hosting hate speech or violence messages).
- In the light of these considerations, AGCOM finds it necessary to enhance monitoring on online audience measurement market to improve the transparency, adequacy and fairness of the tracking methods adopted as well as the reliability of the data released for all online audience measurement services on the market. The need for more transparency, both in terms of methods and data processing, is particularly relevant for web analytics services offered by market participants, such as Google and Facebook, that, being leaders on online advertising market, have the special responsibility to not undermine competition on the market and its related sector, including the online audience measurement market.

#### Final considerations

- As previously mentioned, the analysis of audience measurement services for each single medium of communication has identified a number of issues concerning both

the organizational model of audience measurement companies and the methods and techniques adopted. Such issues often arise from the use of different measurement tools as well as from the existence of different audience measurement surveys on a single medium.

- These issues underline the need for a change in the audience measurement system, which could take into account the latest technological developments and allow for the use of a small number of measurement techniques, mostly passive, to monitor the users' media consumption.
- In the light of such considerations and having regard to both the problems and positive aspects emerged from the analysis of audience measurement activities, the Inquiry promotes the change and strengthening of the surveillance functions of the Italian Regulatory Authority of Communications, AGCOM, to monitor survey's accuracy as well as the adequacy of the methods adopted and the reliability of the released data.
- Specifically, it seems necessary to take into account the possible implementation of audience measurement activities focused on the consumer – “*consumer-centric*” – rather than on the single medium of communication – “*media-centric*” approach.
- Surveys focused on single media and exclusive panels do not seem to be able to provide exhaustive information to the market or to monitor the already consolidated phenomenon of cross-media consumption. However, surveys aimed at measuring media consumption in fields that go beyond the single medium seem to present very complex methodological and technical problems.
- Firstly, major issues emerge from the need to create – in a multidimensional context – the conditions for a quantitative and qualitatively correct representation of individual consumers' behaviour with respect to the target universe the we would like to represent. The different technologies used by consumers determine the need to create reference samples by using new models, able to identify segment of consumers that has the same media consumption behaviour, in order to ensure an accurate overview of consumers' cross-media consumption and to determine the overall time budget allocation distributed between indoor and outdoor consumption, on all media, on all platforms and on all devices.
- A further critical issue is the need to use innovative passive measurement techniques that can accurately illustrate the extreme segmentation of users' tastes and behaviours by recording the contents-use experience, which differs from data collected through media-centric measurement systems based on more traditional methodologies and technologies. Consumer-centric measurement cannot be performed through the use of active measurement methods, which rely on consumer tracking techniques based on the individual's memory.

- Lastly, consumer-centric surveys lead to the inevitable consequence of identifying, from a methodological point of view, univocal metrics for media usage comparison, while the metrics currently used to examine data on audience are characterized by parameters which are different for each analysed medium. For example, if a cross-media measurement system will be adopted, the time (minutes) dedicated by each user to media consumption may be used as a general measurement metric. However, although time may be a useful parameter to quantify media audience, this metric shows significant limitations when used to evaluate, without further in-depth analysis, the impact of advertising campaign on different media.
- By considering the fast development of media consumption behaviours as well as the rapid diffusion of new technologies – which make current audience measurement methods obsolete, undermining the accuracy of this system – the Inquiry has explored the possibility, in terms of cross-media analysis, of: *i)* adopting basic research methods based on a more comprehensive selection of units of the sample, through the use of macro-media exposure variables able to identify consumers using the same media devices and resources during the day; *ii)* measuring consumer interaction between media, platforms and channels by adopting new, non-invasive, technologically advanced audience measurement systems, based on a passive tracking methods for a survey almost entirely based on consumers' cross-media consumption habits; *iii)* using different sources of data – panel-based or census-based sources – in an integrated way with the purpose of providing tailored, specific and precise information, as required by the market; *iv)* identifying common, shared standards to compare data referring to different media.
- With this Inquiry, AGCOM therefore aims at modernizing the current audience measurement system in order to improve measurements' efficiency, transparency and objectivity and to define a more comprehensive overview of users' cross-media consumption as well as to identify changes in media usage and in consumers' habits. In addition, the Inquiry identifies the most relevant steps of this process and promotes, by involving the various stakeholders of the multimedia system, the implementation of methods (at all stages of activity from basic research to media consumption measurement), technologies (active and, above all, passive) and metrics (univocal or shared) that can provide information – through an integrated measurement system – on cross-media contents consumption, comprised advertising message, available on the various platforms of communication.