

One year on...In this update we look back at 2002 and forward into 2003...

2002 - A YEAR OF CHANGE?

In our last Newsletter we focused on the key issues emanating from the introduction of a new TV audience measurement service and how the process was being managed. Many of you attended our road-show presentations and will be familiar with what is involved in maintaining a panel.

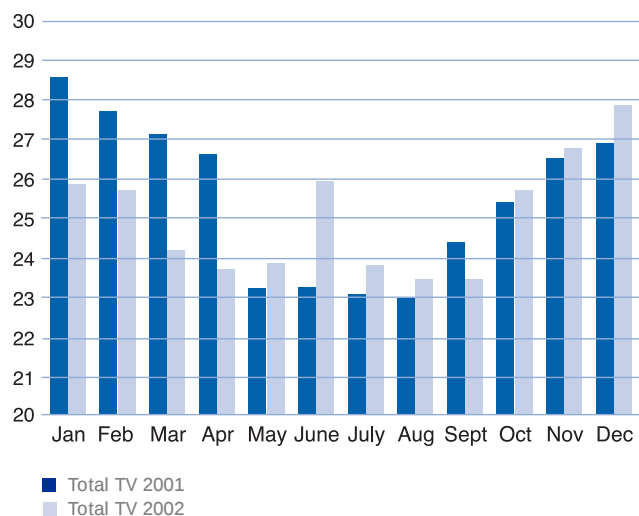
The new BARB panel reflects the growth in total UK multi-channel homes, which number 11.1 million (March 2003). We now have over 4,800 reporting homes, of which over 2,200 are multi-channel

homes, representing the 45% of the television population of 24.8 million households receiving extra channels.

The viewing levels throughout the latter half of 2002 compared favourably with the equivalent figures for 2001. The noticeable 'peak' during June reflected the popularity of the World Cup and the Jubilee programming. Viewing by children and adults aged 45+ were higher year-on-year throughout the last quarter, with 16-34 adults exceeding the previous year's figures in December.

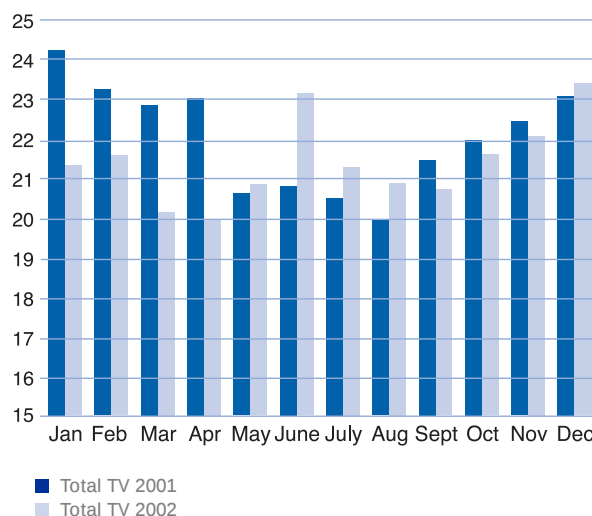
WEEKLY AVERAGE HOURS ALL INDIVIDUALS 4+

JANUARY 2001 - DECEMBER 2002

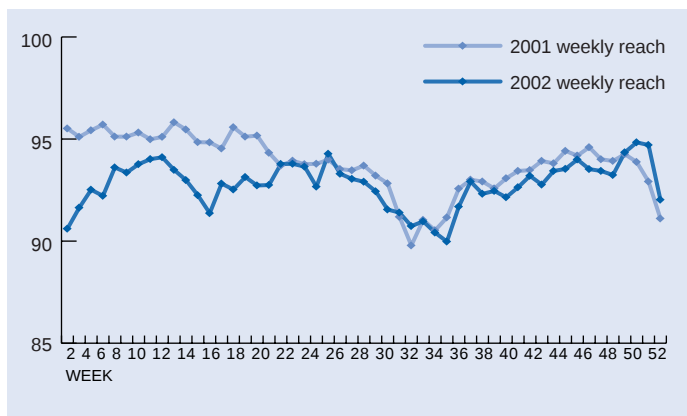


WEEKLY AVERAGE HOURS ALL ADULTS 16-34

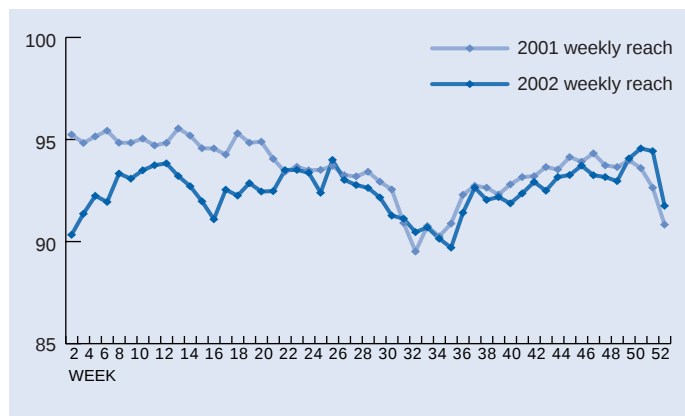
JANUARY 2001 - DECEMBER 2002



WEEKLY REACH % ALL INDIVIDUALS 4+



WEEKLY REACH % ALL ADULTS 16-34



FREEVIEW

The new digital terrestrial platform, backed by the BBC, BSkyB and Crown Castle, launched on 30 October 2002 with 20 channels being measured and reported by BARB on day one.

Freeview is measured by BARB meters using Content Tracking System (CTS), the same system used for ITV Digital and the cable platforms. CTS uses the audio output to each channel viewed in a panel home and matches it against all channel output held in a central base in London. Even when the sound from the TV set is muted CTS can identify the audio signature. Channels on Freeview are available to view by means of a digital terrestrial adaptor, available from the high street for under £100. According to Freeview, more than half a million of these adaptors have been sold in the four months since the launch of the platform.

Every time a BARB panel home acquires a new television set, or any related TV equipment such as a Freeview adaptor, it is temporarily removed from the panel to allow a technician to visit the home to connect the new equipment to the metering system. These panel homes then undergo the same quality checking process as brand new panellists, including a "running in" period before their viewing is included again in the audience data. This provides reassurance that the newly acquired equipment is being monitored and included accurately in the BARB reported data. Anyone dusting off their old ITV Digital set top boxes to pick up the Freeview platform will also undergo this process.

We currently have over 190 Freeview homes reporting on the panel, representing the 1.4 million Freeview homes in the population. The number of Freeview reporting homes will continue to reflect the penetration level of the platform.

2003 AGENDA

Panel

Last year, at our series of road-show presentations to the industry, we shared with you the key tasks and measures we had undertaken to settle in a brand-new panel. We emphasised that the new panel would not necessarily share the viewing behaviour of the previous panel.

With over 4,800 reporting homes, the new panel now has over 1000 more reporting

homes than at the start of the new contract in January 2002 and 500 more than the previous year. It is now more representative of the larger television regions - London and the Midlands - with over 750 and 700 homes respectively, compared with 525 and 500 on the 2001 panel.

The highly active Christmas and January sales purchase period usually results in BARB having to put panel homes in "limbo", i.e., they are temporarily removed from the reporting panel (see Freeview above) and this year is no exception. We have worked to restore them to the reporting panel as quickly as possible. The dynamism of the broadcasting industry and the increasing variety of new in-home entertainment equipment will continue to engender a high level of activity within the panel.

We have been finding out more about what in-home television-related devices people are buying by developing the Establishment Survey questionnaire so that, in addition to the number and type of televisions, respondents tell us about new types of technology they have, like DVDs, PVRs and games consoles.

In the first quarter of 2003 the reporting panel has increased by nearly 350 homes, reflecting BARB's continued commitment to reaching its goal of 5,100 reporting homes.

Panel growth has been influenced by the introduction of an enhanced panel incentive scheme package, announced in the last BARB Newsletter, offering a choice of self-selecting gift vouchers from a greater number of outlets to appeal to all ages.

Having attracted new recruits to the panel, stringent quality control checks are made continuously to help identify any poor performance on the part of panel members. Daily telephone checks are made on panel homes to ensure that, for example, nil viewing is genuine and not the result of non-participation by the panel. Regular training and education are part of a continuous activity to help promote the greatest level of accuracy in recording the viewing of the people in panel homes.

Definition of Viewing

Recent media coverage has shown that not everyone is aware of what, precisely, BARB does measure on behalf of the broadcasters and advertising agencies it represents and the definition of viewing. Using an agreed quantitative system of measurement, the electronic metering equipment attached to

all TV sets in the panel household measures the total number of people viewing television. This information provides the size of audience viewing programmes and advertising at any one time, together with a wide range of demographic and other audience characteristics - age, sex, social class, working status, life-stage, number of people in the household and so on. Our measurement defines the available audience as "present in a room with a TV set switched on".

Interactivity

The broadcasting industry remains as dynamic and diverse as ever. On our agenda for 2003 we have incorporated some of the high profile issues that it faces. Top of that list is interactivity.

The measurement of interactivity - channels, programmes, commercials, reduced sized screens - is complex and the current capability is limited, restricted as it is to digital satellite distribution. This is because red-button access to different video screens is only identifiable via service information (SI) codes, currently only available to BARB from BSkyB. These identification codes, which are unique to each channel and broadcast service, are received by the BARB meter via BSkyB set top boxes. In the case of interactivity, a separate code is required to report each video screen. The number of SI codes determines the level at which viewing data can be captured.

We will be setting the scene for defining a plan for more comprehensive reporting of interactivity and will be consulting with the industry to this end. As currently no commonality by platform exists, we will be looking for consensus on the definition of the various forms of interactivity for channels, commercials and broadcast technology for the purposes of BARB measurement. We will keep you informed about this consultation process in the next Newsletter.

Sponsorship

In response to industry demand, BARB is the conduit to enable broadcasters to report programme sponsorship credits and we are working with broadcasters to help them provide their information. The ability to log sponsorship was not available until the start of the new BARB contract in 2002. Its introduction was seen as a positive step forward.