

COMMERCIALS MONITORING CHRONOLOGY - 2000-2005

The Commercials Monitoring Project is a joint venture of the Screen Actors Guild and the Joint Policy Committee of the Association of National Advertisers/American Association of Advertising Agencies (JPC), the industry association with which SAG negotiates the Commercials Contract covering television commercials. The Project is funded by a grant from the SAG-Producers Industry Advancement & Cooperative Fund, an ERISA-exempt non-profit fund that is capitalized by contributions from employers. The mission of the Project is to research methods of monitoring the actual use of commercials on broadcast and cable television media, initially for the purpose of verifying that residuals owed to performers in commercials are paid correctly and on a timely basis, and secondarily to study the feasibility of developing an industry-wide authority for commercial performance verification, to determine the accuracy of media payments.

This chronology encapsulates the important actions taken by the principals of the Project since its inception in 2000. The chronology was last updated in July, 2005, and will be continuously updated as significant events occur. A thorough and detailed report on the initiation of the Project can also be found at sag.org, entitled "Report on the Progress of Commercials Monitoring During the Term of the SAG/AFTRA 2000 Commercials Contracts."

2000

January, 2000

SAG/AFTRA submitted a proposal during the Commercials Contract negotiations requiring that the Industry build an electronic monitoring system to verify proper payment of residuals. The project would be financed by the Industry Advancement & Cooperative Fund (IACF).

October, 2000

During the course of the negotiations and the strike, the Industry resisted making a commitment to build a monitoring system, arguing that it could not be done until a standardized method of identifying commercials was established. The final agreement on monitoring was to form a Joint Industry-Union Committee to explore "identification factors for commercials". Agreement was reached also to increase the IACF contribution rate by .15%.

2001

February, 2001

In the first meeting of the Joint Committee, an unusually frank and open discussion took place on monitoring. The JPC (Joint Policy Committee of the ANA/AAAA) expressed an interest in developing a "clearinghouse" to verify actual broadcast and cable use of commercials. This clearinghouse would electronically track commercials and produce reports from which all residuals and media would be paid, replacing the current practice of paying residuals based on the media plan and paying media based on invoices from the networks, local stations and syndicators. Because dozens of union proposals on monitoring had been rejected by the industry over the past 30 years, this apparent change in position represented a possible breakthrough. SAG/AFTRA endorsed the clearinghouse idea, but said that commercial performers needed a solution to the residuals verification issue immediately. The unions proposed a "2-track" approach: develop a residuals-only monitoring system first, then work toward creating a system that verifies both residuals and media. The industry agreed.

Summer, 2001

The Joint Committee commenced the research phase of the project, asking the top two monitoring companies, Nielsen Media Research and Competitive Media Reports (CMR), to prepare presentations on their commercials monitoring systems. Concurrently, SAG researchers worked independently on ideas for implementing a residuals-only monitoring project, and the industry began a high-profile roll-out of the Ad-ID system. A successor of ISCI (the ubiquitous 4-letter, 4-digit code used to identify commercials), Ad-ID expanded the number of available letters and digits, and extended the encoding method to all advertising assets, including TV commercials, radio commercials, internet and print media. Ad-ID may become an important component of commercial identification sought by the unions and industry for accurate monitoring.

November, 2001

Nielsen and CMR presented an overview of their monitoring systems and technology to the Committee. *Active* monitoring systems (where invisible electronic codes are embedded in the commercials and read by special equipment during broadcast, identifying each commercial with great accuracy) and *Passive* systems (where commercials are identified with "pattern recognition" technology that does not require embedded codes, but is less accurate than Active systems) were studied by the Committee. While SAG favored active systems for their accuracy, the JPC rejected them because of security concerns and uncertainties of obtaining consent from advertisers. Although these monitoring technologies have existed for many years, none had ever been used to monitor the full volume of union TV commercials telecast in the U.S. (currently more than 4.5 million occurrences per week), and no computer application has yet been created to automatically convert those data into residuals use types and cycles. The challenge centered on the fact that, while monitoring a few commercials is fairly easy, monitoring millions is significantly more difficult.

2002

January-August, 2002

SAG proposed that the Committee explore a "self-help" solution for residuals monitoring, to be used on an interim basis while the clearinghouse idea is being studied. The concept was to tap into an existing database of monitored commercials, provided by the passive monitoring service of either Nielsen or CMR, and create a computer application to convert the data into use types and cycles. That way, the information would appear in the same manner as on a residuals pay voucher. Monitored use reports could be posted on a website so that commercial performers themselves could check the accuracy of their residuals payments. Although the Committee members from both union and industry believed the idea would be technically difficult to implement, a successful internet system could be extremely cost-effective in the long run. Following a thorough review of the proposal, the Committee agreed to seek funding from the IACF for the project.

September, 2002

SAG issued a Request For Proposals (RFP) to Nielsen and CMR, the only commercials monitoring companies that operate passive systems and maintain large databases of monitored commercials.

2003

April, 2003

Nielsen and CMR submitted proposals to develop the internet-based system.

May-August, 2003

The Committee reviewed the proposals. Concurrently, Commercials Contract negotiations were underway.

September, 2003

Based on the broader coverage of its monitoring network and faster electronic sampling rate, the Nielsen proposal was selected for a preliminary test. SAG drafted and submitted a grant application to the IACF to underwrite the test.

October, 2003

Industry members of the Committee floated their own proposal to test an alternative verification method that had been suggested by Talent Partners. This approach centers on studying the feasibility of calculating performer residuals based on validated media invoices, as opposed to the current practice of using the initial media buy or traffic reports, which are frequently incomplete or inaccurate. SAG was not convinced the idea is likely to completely correct the residuals payment problems, but agreed to support the study because it may, if successful, improve the accuracy of information used to calculate payments. Concurrently, the IACF approved the grant application covering the Nielsen monitoring project, providing a 7-figure amount over 3 years.

November 2003 - January, 2004

Talent Partners submitted a formal proposal on its media invoice study. The proposal was approved by the Committee, and an addendum to the IACF grant application was submitted to provide funding for the project. This additional funding was approved by IACF.

2004

The Nielsen monitoring project commenced with a series of teleconferences between SAG-JPC and Nielsen system developers. In a detailed review of the Nielsen passive system, the Committee identified some commercials that the system failed to correctly monitor, such as dealer commercials and spots with tags. There also were concerns that, due to the complexity of the Commercials Contract and the massive volume of the Nielsen database, writing computer software to automatically convert use data into contract terms may take longer than scheduled. Citing issues with the accuracy of the Nielsen system, SAG urged the JPC to reconsider its position and take another look at active monitoring. The JPC wanted more information about the system, but agreed to consider the proposal. Concurrently, SAG and the JPC developed plans to form a joint non-profit corporation to serve as the contracting entity for all outside vendors in the test project. Electing to focus its resources on the development of a separate project to monitor radio commercials, AFTRA declined to continue as a partner in the television commercials monitoring initiatives.

March, 2004

The Committee determined that the Nielsen passive system had an unacceptable 4% to 6% error rate, misidentified some brand-products, and made significant errors in differentiating spots with tags. The test project was aborted, and no fees were paid to Nielsen. The JPC formally agreed to consider an active system for the monitoring test. SAG commenced drafting a new plan to develop a system based on active monitoring technology.

April, 2004

The media invoice project kicked-off. Talent Partners engaged an outside consultant to research current media traffic and billing practices. The project is scheduled to be completed in the Summer of 2005.

May, 2004	SAG submitted its active monitoring project plan to the JPC. Under the plan, a new RFP would be released to all known active monitoring companies. The proposals would be evaluated in 2 phases: first, the top 4 to 5 bidders would be selected based on the quality of their written proposals, and second, those bidders would be invited to make in-person presentations to the Committee. The company with the most viable technology, broadest scope of system and lowest cost profile would be offered a contract to monitor selected commercials on broadcast and cable television. The target date for final selection would be August 18. The JPC agreed to the plan.
June, 2004	The Committee released the RFP for an active system to 11 monitoring companies, including Nielsen and CMR (both companies operate active systems as well as passive). Several relatively new firms, such as Verance, Teletrax, Mediaguide, IMAKE and Veritrax, were also invited to submit proposals.
July, 2004	10 of the 11 monitoring vendors submitted proposals. Following an intensive 2-week initial review, 5 were selected for further consideration (Nielsen, CMR, Verance, Teletrax and Mediaguide). Representatives of the 5 were each invited to give a 90-minute live presentation to the Committee in New York during the week of July 19.
August, 2004	Following an initial assessment of the presentations, the Committee determined that the technical complexity and sheer volume of information required more than the scheduled 3 1/2-week time frame to evaluate. The deadline for final selection was pushed back to early October.

September, 2004 During the evaluation period, senior staff members and attorneys for both SAG and the JPC separately reviewed the materials presented by the top 5 monitoring companies. On September 27, the Committee met in full session to make the final selection. The Committee members unanimously agreed, based on the stated criteria of accuracy, scope and cost, that the contract should be awarded to Nielsen Media Research, subject to a successful negotiation of terms and conditions thereof. The Committee agreed to commence negotiations with Nielsen as soon as possible.

December, 2004 The Committee scheduled its next meeting in mid-January, 2005, to review terms for the negotiations with Nielsen and to receive the results of the Talent Partners media invoice study. Then, in mid-December, the JPC elected to replace Ira M. Shepard as its Chief Negotiator. New York attorney Douglas J. Wood was named as Shepard's successor. The JPC requested that the January meeting be postponed to allow time for Wood's team to review the project, in order to "get up to speed".

2005

February, 2005 SAG was advised in late February by the JPC that the orientation of their new negotiating team was complete. A 2-day series of meetings was scheduled for April 20 & 21, to review all of the outstanding issues in the project. Doug Wood reiterated the JPC's commitment to the objectives of the project, stating that the advertisers and their agencies are as interested in accountability for media as commercial performers are with accountability for residuals. The Joint Committee will also look at the status of technical advancements across the spectrum of companies that monitor commercials, in order to ensure that the selection of Nielsen Media continues to reflect the best interests of SAG and the JPC.

<p>April, 2005</p>	<p>The joint SAG-JPC Project Team addressed three key issues during the April meetings: prepare to commence negotiations with Nielsen Media Research on a contract to conduct a test of their active monitoring system, confer with Talent Partners on a pilot project to verify commercial use through media invoices, and establish a jointly-owned non-profit corporation to serve as the contractor of vendors in the project. The Team was scheduled to meet with representatives of Nielsen and Talent Partners on June 15, to begin outlining the Statement of Work (the technical document that describes project requirements), and to commence the process of negotiating Professional Services Agreements with the vendors.</p>
<p>June, 2005</p>	<p>The Project Team met with Nielsen and Talent Partners on June 15. It was agreed that the two vendors would draft a joint Statement of Work (SOW) over the coming weeks, and present cost estimates for the monitoring test. The Project Team laid out the test plan, which involves selecting a number of actual commercials, based on a statistical model developed for the project by mathematicians at the University of Connecticut. The commercials will then be encoded with unique Nielsen Sigma system audio/video codes, to track their actual use on broadcast and cable television. The Nielsen use data will be transmitted to Talent Partners for conversion into talent residuals payment reports. The completed payment reports also will be reconciled against actual media invoices covering those same commercials, in order to identify any discrepancies for further investigation. This final step is necessary to establish the accuracy of the monitoring system.</p>
<p>July, 2005</p>	<p>The first in a series of teleconferences with Nielsen and Talent Partners was held on July 20, to review the complex and detailed data requirements for the test. The Project Team provided a breakdown of the Commercials Contract use types to be tracked, such as Program Class A, B & C (including syndication), Cable, Wild Spot and Spanish Language media. The Team is also working on a process for quickly encoding hundreds of commercials just prior to initial broadcast. In this part of the planning phase, Nielsen and Talent Partners must determine exactly what data must be captured and processed by each, in order to complete the SOW. It is anticipated that the full 12-month test cannot start until later this year, but there is an agreement to begin with a preliminary, or "feasibility" phase, in which a small number of commercials are tracked through the Nielsen/Talent Partners system, so that a status report can be delivered to the Screen Actors Guild and the Joint Policy Committee prior to the commencement of the 2006 Commercials Contract negotiations.</p>