

By Edmund Lee | July 8, 2020

What Counts as a Streaming Hit? A Start-Up May Have Answers

Unlike Nielsen, which measure audience size, Parrot Analytics says it can track viewer enthusiasm. That's more important to subscription services.



A start-up, Parrot Analytics, says it can measure viewers' enthusiasm through online data. Pete Gamlen

Nielsen has umpired television's winners and losers since the medium was new. Who won the West Coast? Who lost in late night? For decades, the entertainment industry has relied on the ratings giant to measure the value of everything from "All in the Family" to "Young Sheldon."

But how do you prove a show's worth in the age of streaming?

A little-known start-up, Parrot Analytics, says it has come up with a metric that can measure what a program means to a streamer like Netflix. It not only counts viewers but calculates their enthusiasm. From there, [Parrot](#) says, it can anticipate what matters most to a streaming network: how many subscribers a show is likely to attract.

Wared Seger, the chief executive, said the company was built on the idea that a measurement system must take into account the momentous change in viewing habits. “We could each be watching different shows, on different platforms, at different times,” Mr. Seger, 32, said. “You need a new standard.”

Parrot tracks what Mr. Seger calls “demand expressions” — a twitchy metric he helped devise that, he said, takes into account a host of “signals” across the internet. It factors in Google search terms for a series or film, as well as Facebook likes, pirated downloads and Wikipedia traffic to determine its popularity.

“The Witcher,” a fantasy series that Netflix released in December, generated 57 times the average demand for all shows measured by Parrot from January to April, making it one of Netflix’s biggest hits. Netflix confirmed Parrot’s interpretation, saying “The Witcher” was its “biggest Season 1 TV series ever.”



Henry Cavill in “The Witcher,” a show that Parrot says is especially valuable to Netflix. Katalin Vermes/Netflix

Netflix changed the rhythms — and economics — of home viewing. With 183 million subscribers worldwide, it has no live programming, no commercials, no prime time. And unlike network TV, Netflix doesn’t make more money when viewers watch more hours of programming. Its revenue rises when people sign up.

Amazon Prime Video, Disney+, Apple TV+ and HBO Max have designed their systems to similar ends. (Hulu [sells advertising](#) but requires customers to pay a monthly fee.) A streaming show’s success depends less on how many people are watching than on how many subscribers it can deliver.

Parrot [aims to measure](#) the ability of a show or film to grab a viewer’s attention — an increasingly scarce commodity — now that content is endlessly expanding, Mr. Seger said. That’s why the company rates shows in relation to overall demand, rather than use an absolute figure like a ratings point.

Mr. Seger said the cancellation of one of his favorite shows, “[Boston Legal](#),” in 2008 inspired him to start Parrot five years later. After analyzing the two longest-running streamers, Netflix and Hulu, he found a close correlation between “demand expressions” and the number of new subscribers they have taken on, he said. For Netflix, Parrot has captured subscriber growth within 3 percent of the actual total. For Hulu, it was within 1 percent.

“When the two happen with high correlation, we get to uncover possible hidden acquisition and retention mechanisms that are useful to make investment and business decisions,” Mr. Seger said.

Nielsen ratings measure the number of viewers for a show, and the broadcast networks still rely on the service to set ad rates and determine the worth of their programming. In recent years, Nielsen has started using audio recognition software to measure the audiences for streaming programs. Netflix has sometimes disputed that data.

In a statement, a Nielsen executive said the company’s clients “place more value in who is actually viewing streaming content,” adding that “subscriber counts paint an incomplete picture.”

Original programming tends to attract new subscribers, according to Mr. Seger. That means “The Witcher” is more valuable to a platform than “[Friends](#),” the enduring sitcom that recently moved its streaming home to HBO Max from Netflix. New shows bring in new customers; old shows, with their potential for comfort viewing, keep subscribers from leaving, Mr. Seger said.

Parrot says it also offers metrics to quantify a show’s “rate of decay,” or shelf life, as well as its “travelability,” its potential appeal in various regions.

People in the entertainment industry have complained about Netflix’s turbid offerings of data for the shows it streams. The company gives producers viewership figures after the first seven days and once again after 28 days. But producers who come out of the traditional TV and movie business are accustomed to hour-to-hour ratings data and daily box office counts.



Ali Wong and Randall Park in the hit Netflix romantic comedy "Always Be My Maybe." Netflix

Ali Wong, a comedian who has stand-up specials on Netflix, along with the romantic comedy "Always Be My Maybe," recently said [Netflix did not tell her](#) how many people had watched her content. Netflix declined to comment. (In a quarterly [filing](#), the company said "Always Be My Maybe" had been viewed by 32 million accounts.)

Parrot is trying to take advantage of the information gap by selling licenses at \$59 a month, a price designed to appeal to individual producers and creators. Nielsen offers only higher-priced subscriptions, usually reserved for big companies.

Parrot, which has raised \$15 million to date from investors, says its clients include Amazon, AT&T's WarnerMedia, Google, the Walt Disney Company and the CAA talent agency. (Netflix is not a buyer.)

Some fans have cited [data made available by Parrot](#) in renewal petitions. A [campaign](#) to save “Sanditon,” a British period drama airing on ITV in the United Kingdom and on PBS in the United States, recently used Parrot data to [grab](#) Amazon’s attention.