

Buying & Planning Radio In A Changing Ratings Environment

A Guide To Help Understand How
The Advent Of PPM Will Change
The Way You Buy Radio

Research Director, Inc.

- Established in 1993
- Experts in interpreting broadcast research data
 - ▶ Radio Sales
 - ▶ Radio Programming
- Work with about 400 radio stations
- Involved in all top 15 markets
- Have been involved with PPM since its inception

PPM is Just Around the Corner

- The Summer survey will be the last diary based survey in Detroit
- Pre-currency surveys
 - ▶ October - Released November 5th
 - ▶ November - Released December 3rd
- December is when Detroit PPM estimates become currency
 - ▶ Released December 31st

Some Important Issues Need to Be Addressed As Detroit Converts From Diary To PPM

How You Buy/Plan Radio Needs To Change!

Real Radio Listening Has Not Changed

- While you will be working with a different set of listening estimates, reality has not changed.

If your radio schedule was effective in a Diary World, it will equally effective in a PPM World.

All that has changed is how radio is judged.

How Does The PPM Estimates Differ From The Diary

- The Diary estimates are based on participants writing down what they recall that they listen to.
- With Electronic Measurement, all listening is recorded that the participant is exposed to.

How Does The PPM Estimates Differ From The Diary

- The Diary estimates are based on participants writing down what they **recall** that they listen to.
- With Electronic Measurement, all listening is recorded that the participant is **exposed** to.

Recognize how it differs from a diary based world

- New demographic groups
 - ▶ Compete for the 6-11 year old consumers
- More Data Points
 - ▶ 13 full reports a year
- More stable estimates
 - ▶ Fewer unexplained fluctuations
- More acceptable methodology
 - ▶ Radio looks better to advertisers
- Early studies have shown new selling points
 - ▶ Coleman spot load study

Recognize how it differs from a diary based world

**To address this issue, one needs to
understand how PPM estimates
compare to diary estimates**

Cumes Skyrocket

- People are exposed to more radio stations than diary keepers wrote down.

Time Listening Is Different

- Average Time Exposed Weekly replaces Time Spent Listening

AQH Is A Function Of These Two Estimates

- AQH is calculated by:
 - ▶ How many people listen to a radio station
 - ▶ How long they listen

$$\text{AQH} = \frac{\text{Cume} * \text{TSL}}{\text{Number of Quarter Hours}}$$

Parallel Test - New York

- Identical Time Period
 - ▶ Sept 20 - Dec 12, 2007
- Six Demos
 - ▶ P 12+
 - ▶ A 18-34
 - ▶ A 25-54
 - ▶ A 35-64
 - ▶ M 12+
 - ▶ W 12+
 - ▶ P 12+ Black
 - ▶ P 12+ Hispanic
 - ▶ P 12+ Other
- Dayparts
 - ▶ Mon-Sun 6a-12m
 - ▶ Mon-Fri 6a-10a
 - ▶ Mon-Fri 10a-3p
 - ▶ Mon-Fri 3p-7p
 - ▶ Mon-Fri 7p-12m
 - ▶ Sat-Sun 6a-12m

Overall Conclusion

- The PPM reports significant lower AQH listening than diary

- ▶ Did the diary over report listening
- ▶ Does the PPM miss some listening



True Radio Listening
Does Not Change,
Only The
Measurement Tool

Overall Conclusion

- The PPM **reports** significant lower AQH listening than diary

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**True Radio Listening
Does Not Change,
Only The
Measurement Tool**

Overall Conclusion

- The PPM reports significant lower AQH listening than diary
 - ▶ Did the diary over report listening
 - ▶ Does the PPM miss some listening
- Ethnic listening dropped more than "Other" stations
- TSL based formats appear to show the biggest declines
- Individual station cumes nearly doubled

Understand PUR

- Persons Using Radio
 - ▶ The size of the radio listening pie
- AQH based
- Shares are determined by PUR
 - ▶ AQH Persons/PUR
- Ratings are determined by Population
 - ▶ AQH Persons/Population

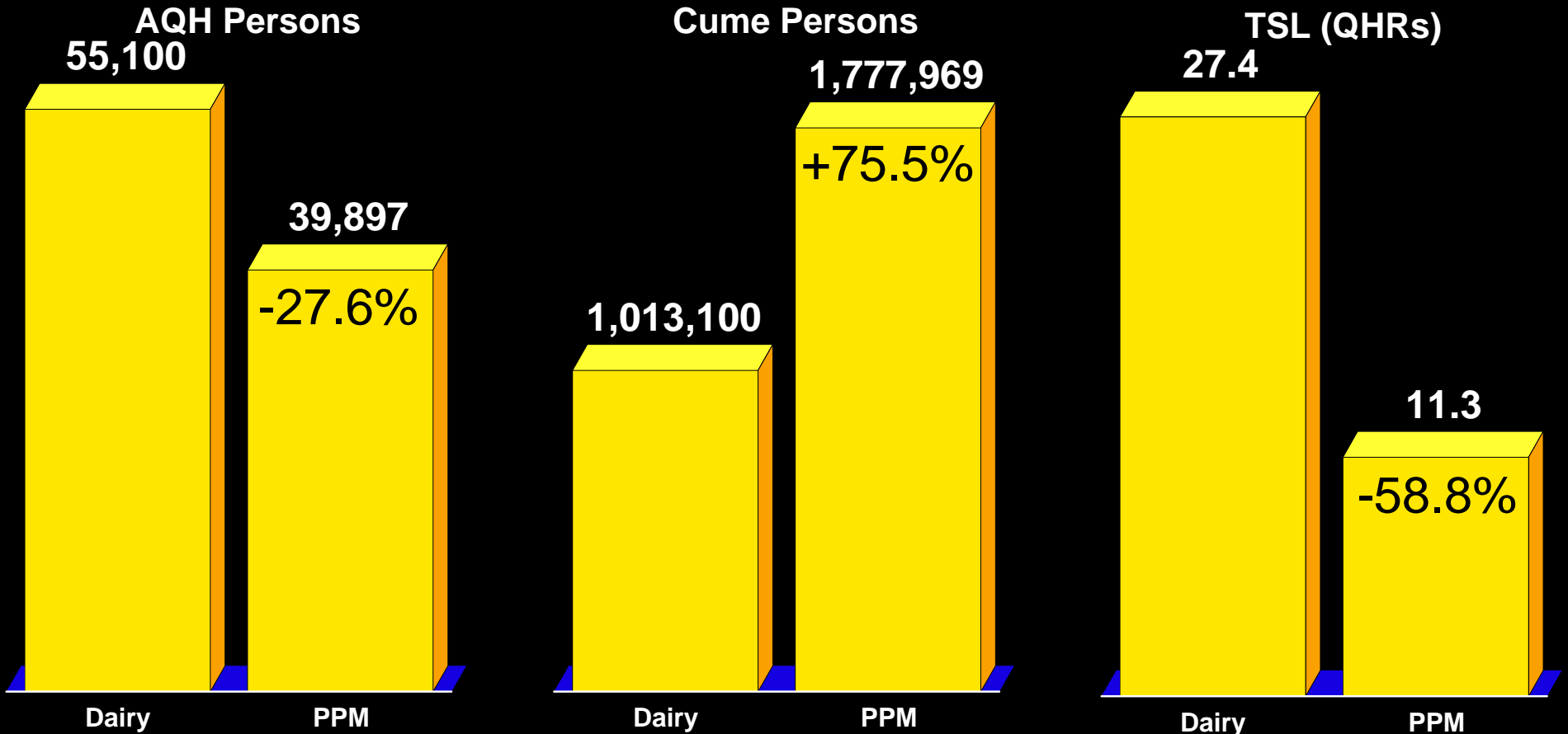
Three Estimates Examined

- Average Station AQH Persons
- Average Cume Persons
- TSL
 - ▶ Calculated from the average

**Let's First Look At
The Average Station**

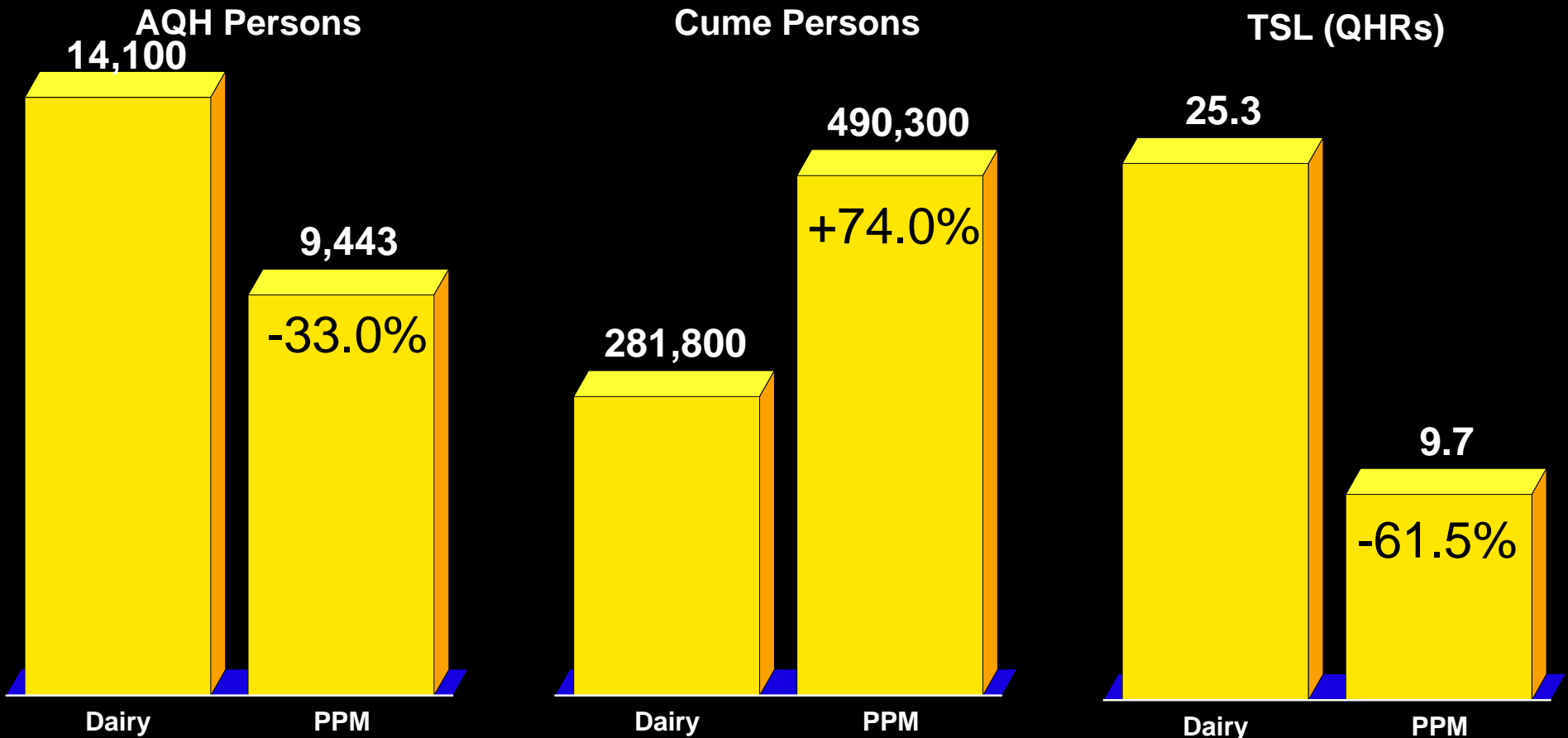
New York Dairy PPM Comparison

Persons 12+ Mon-Sun 6a-12m



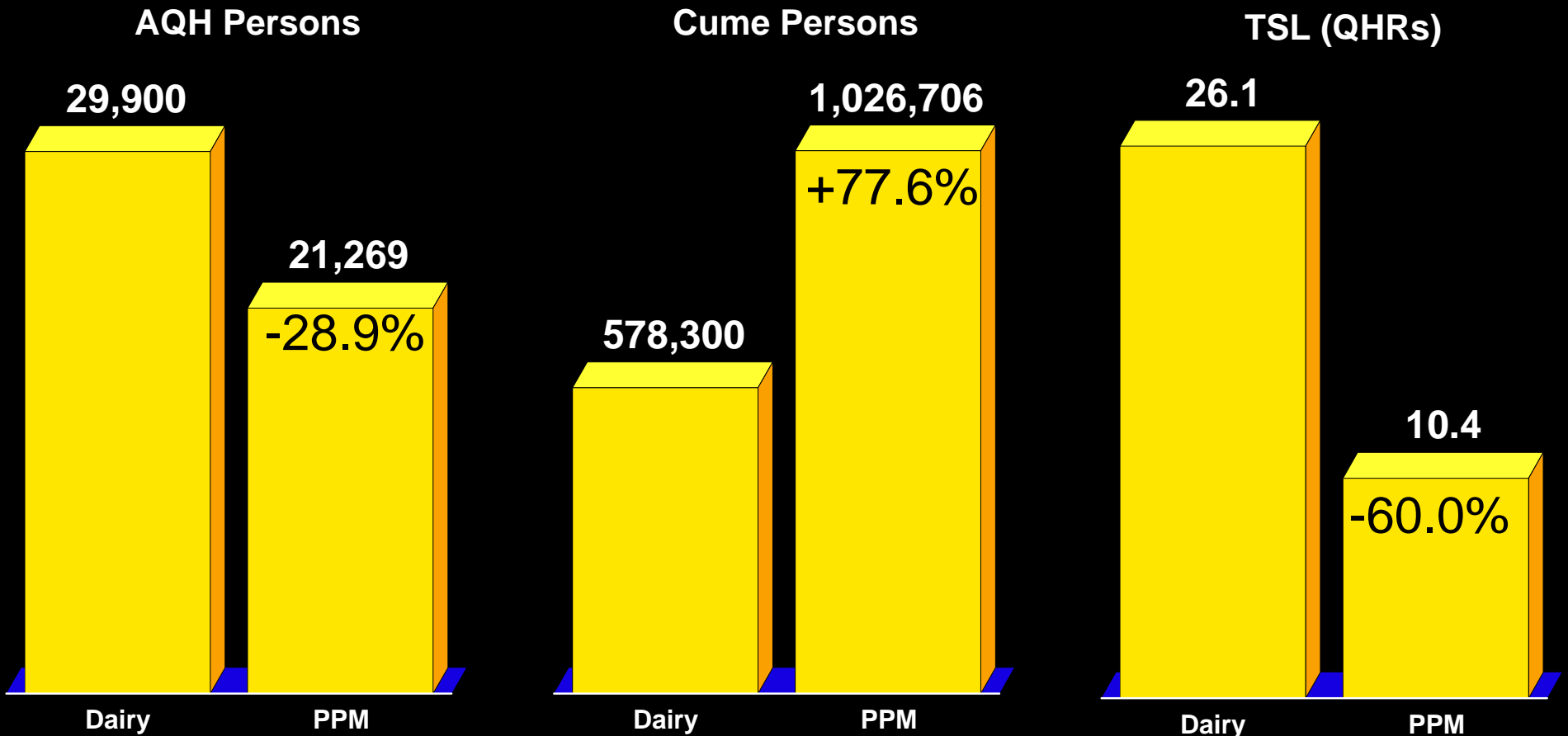
New York Dairy PPM Comparison

18-34 Mon-Sun 6a-12m



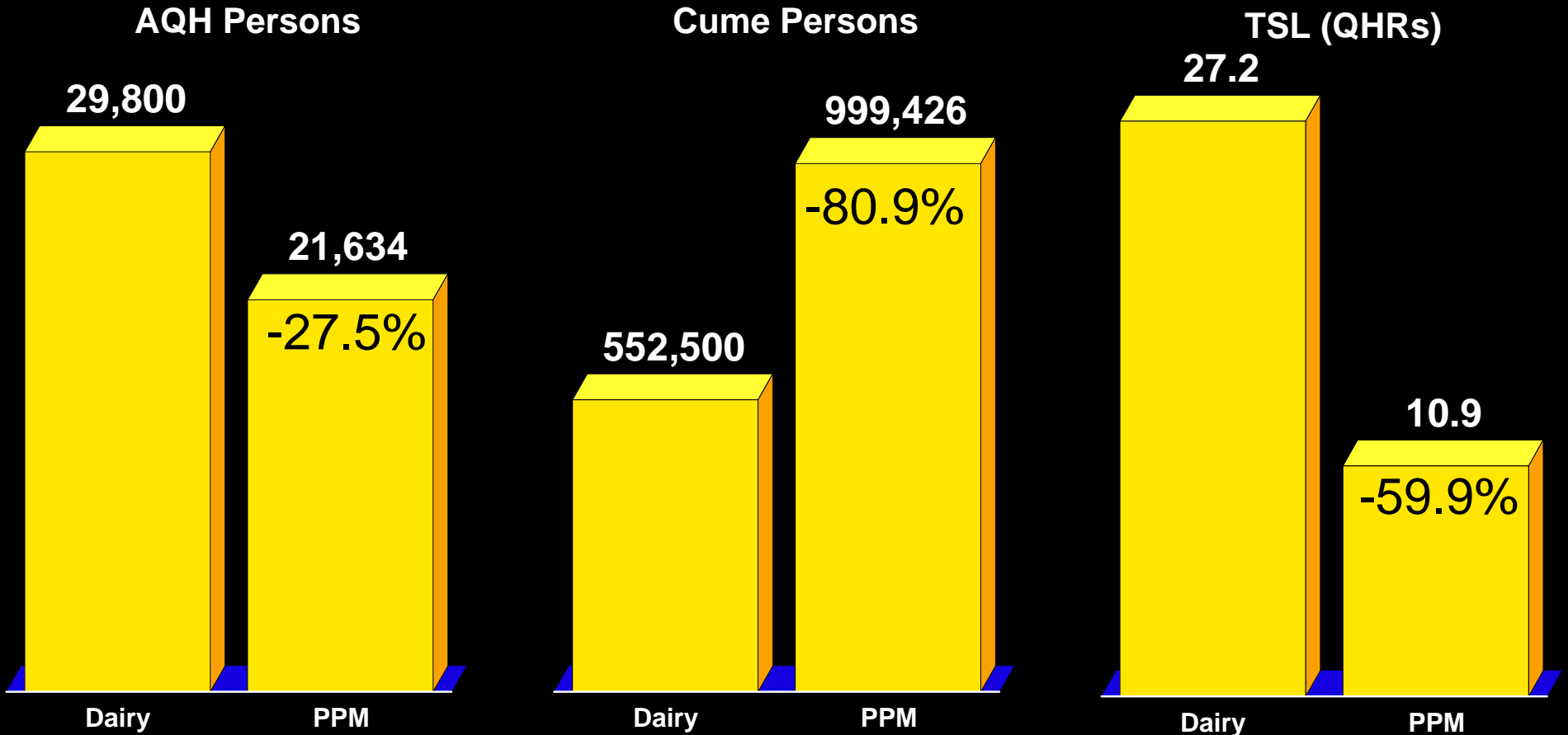
New York Dairy PPM Comparison

Adults 18-49 Mon-Sun 6a-12m



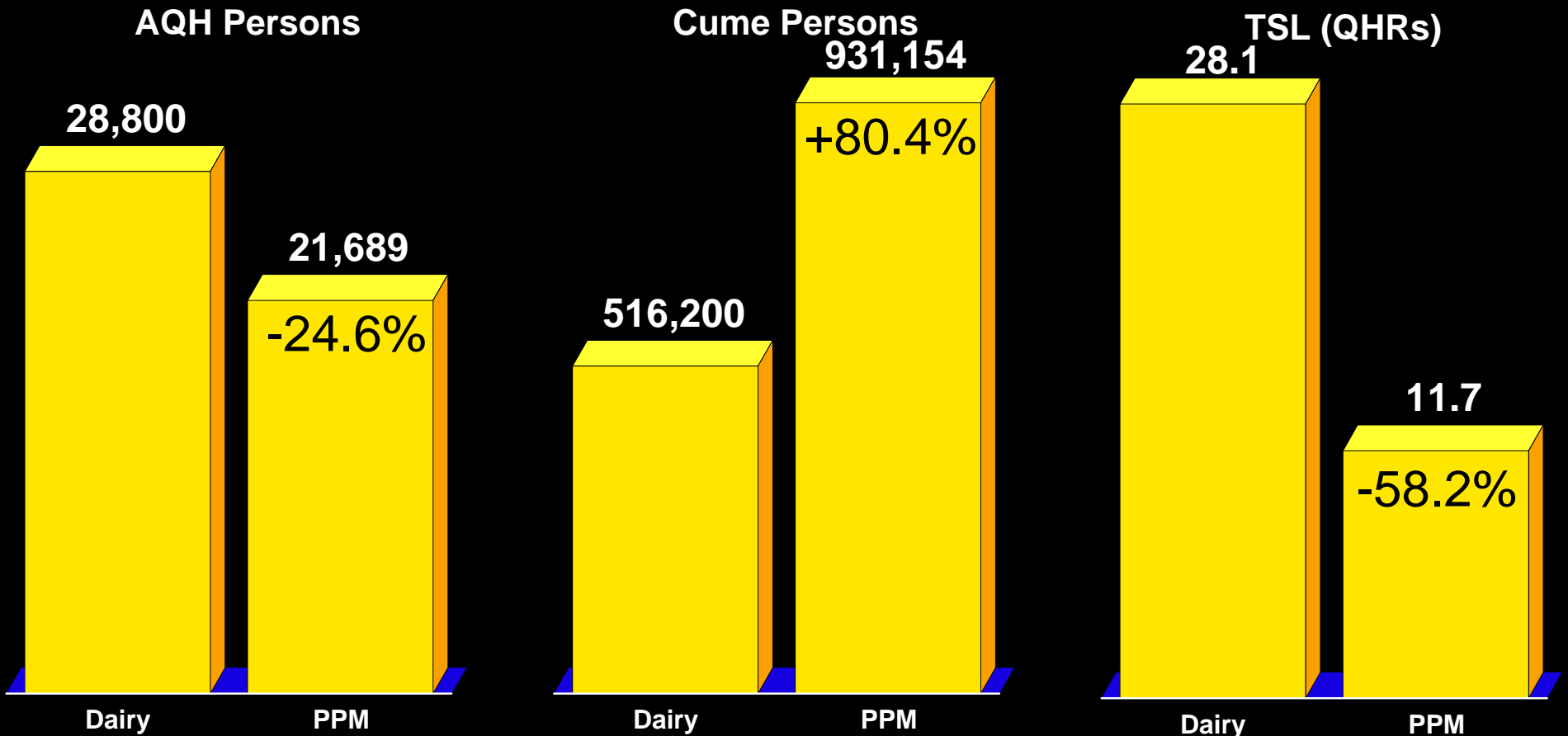
New York Dairy PPM Comparison

Adults 25-54 Mon-Sun 6a-12m



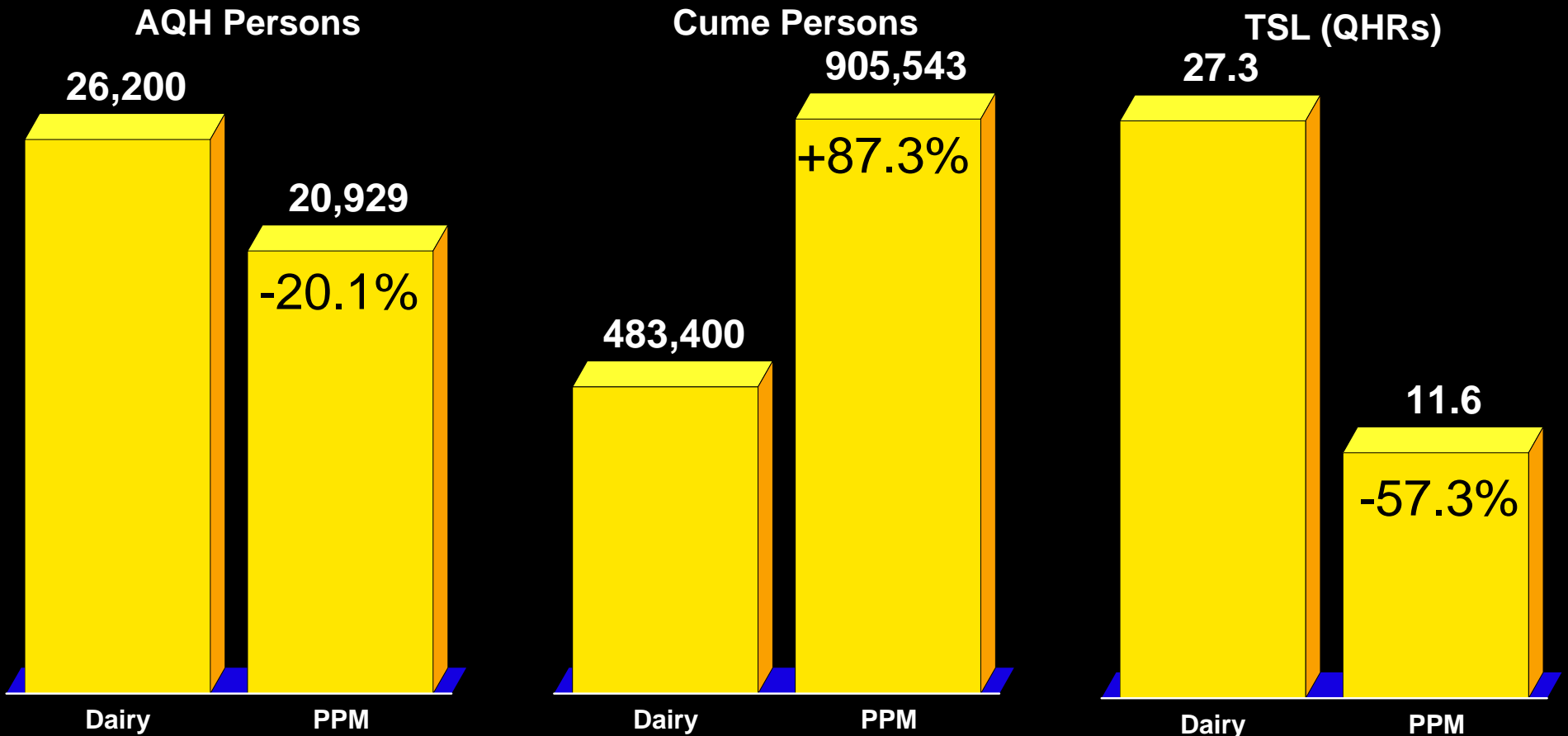
New York Dairy PPM Comparison

Adults 35-64 Mon-Sun 6a-12m



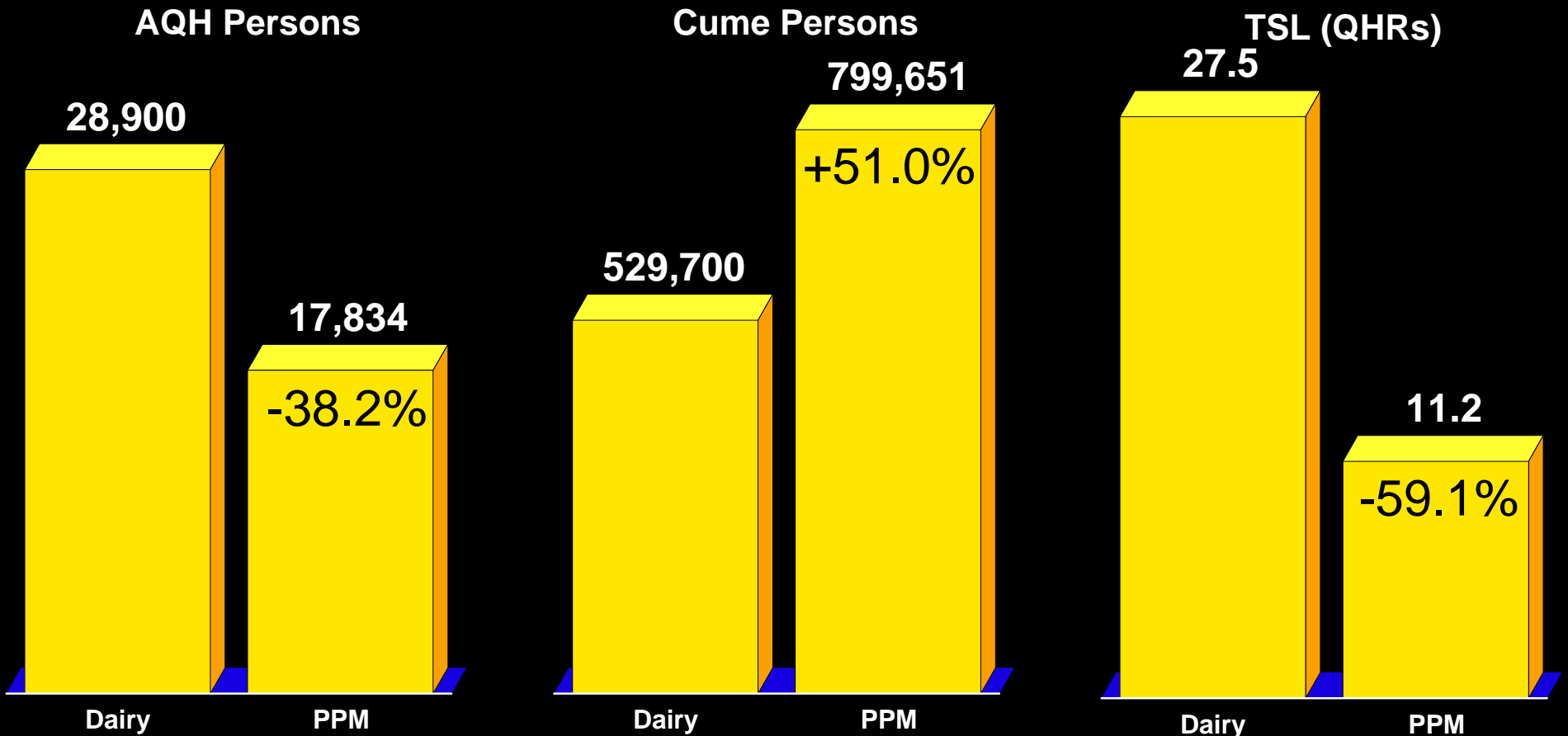
New York Dairy PPM Comparison

Men 12+ Mon-Sun 6a-12m



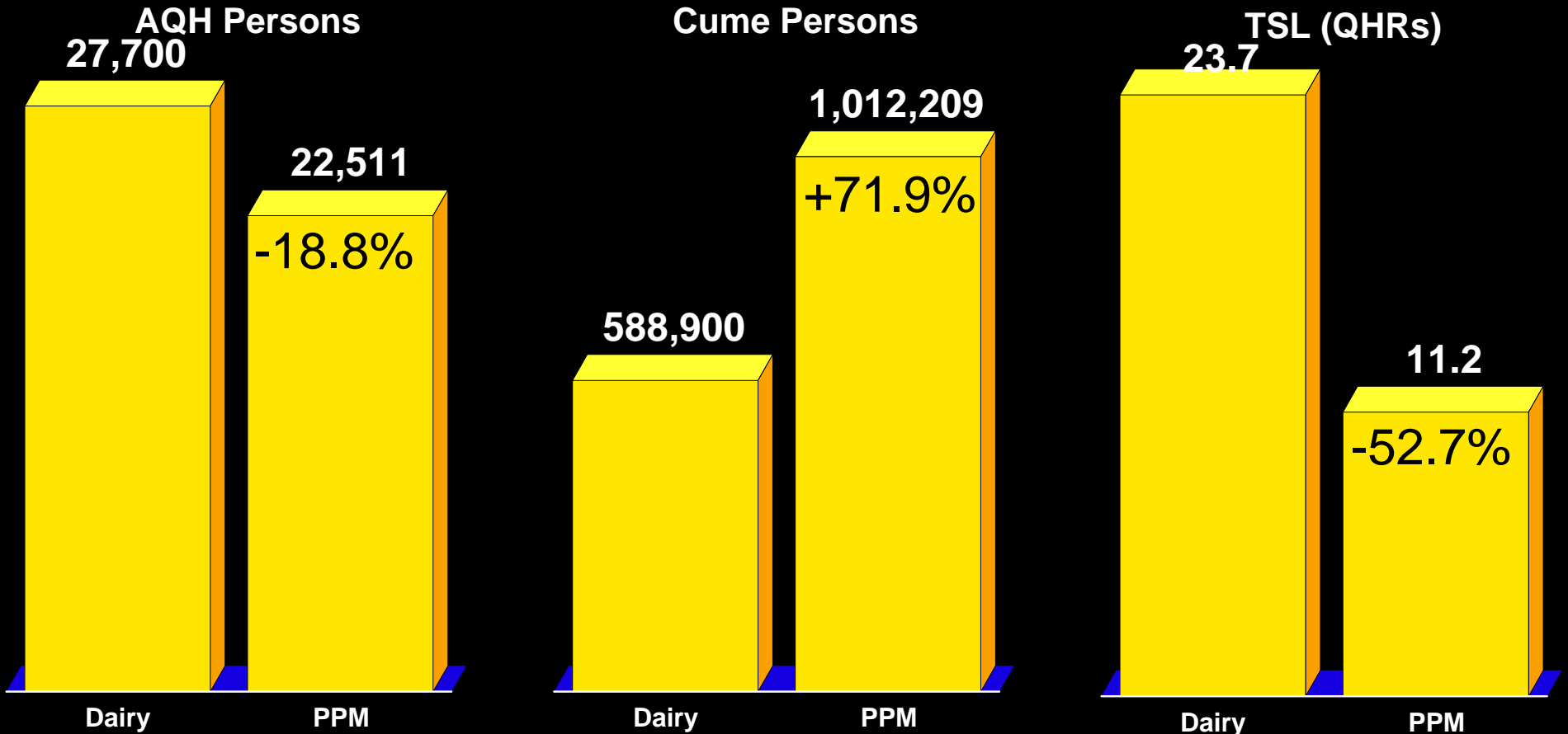
New York Dairy PPM Comparison

Women 12+ Mon-Sun 6a-12m



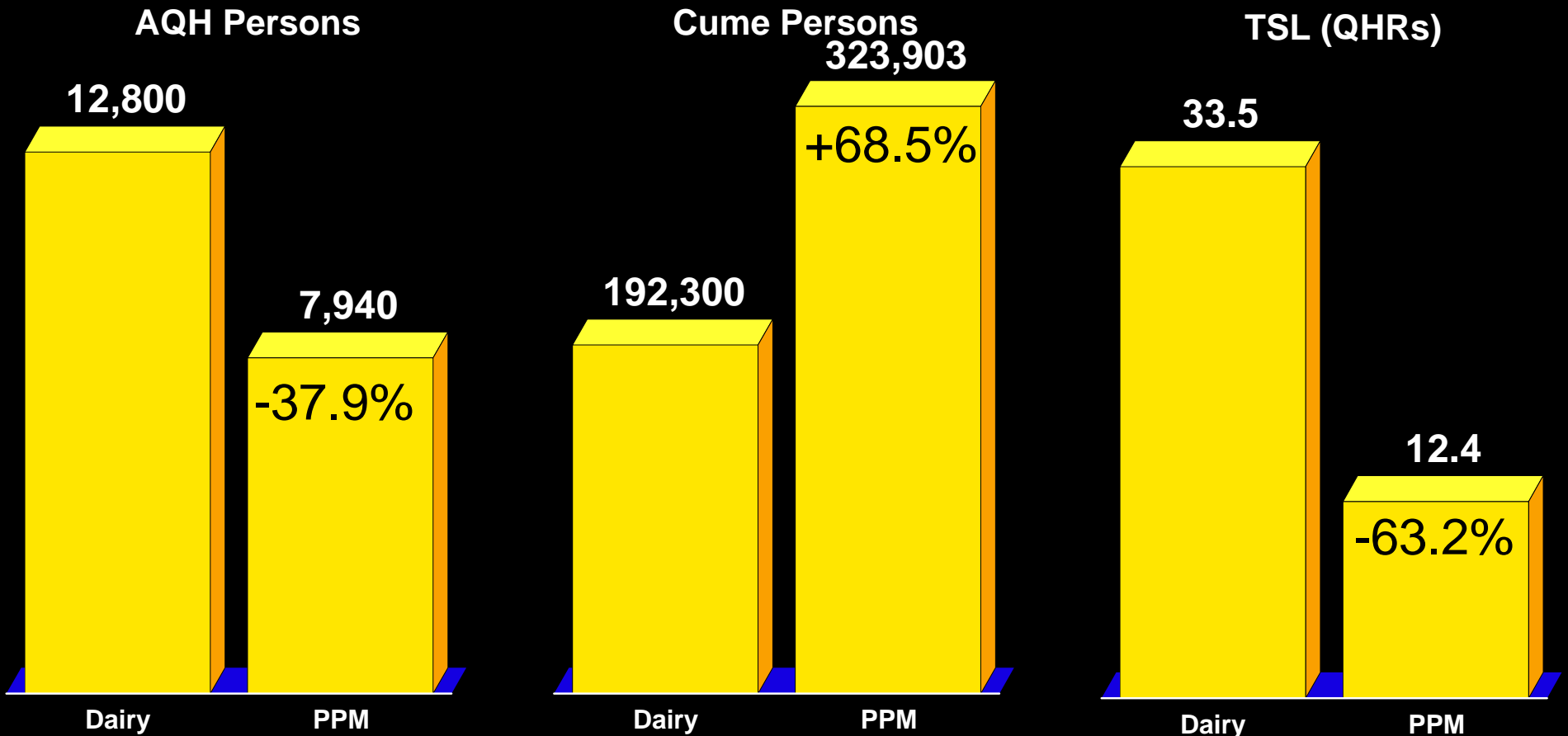
New York Dairy PPM Comparison

Other Persons 12+ Mon-Sun 6a-12m



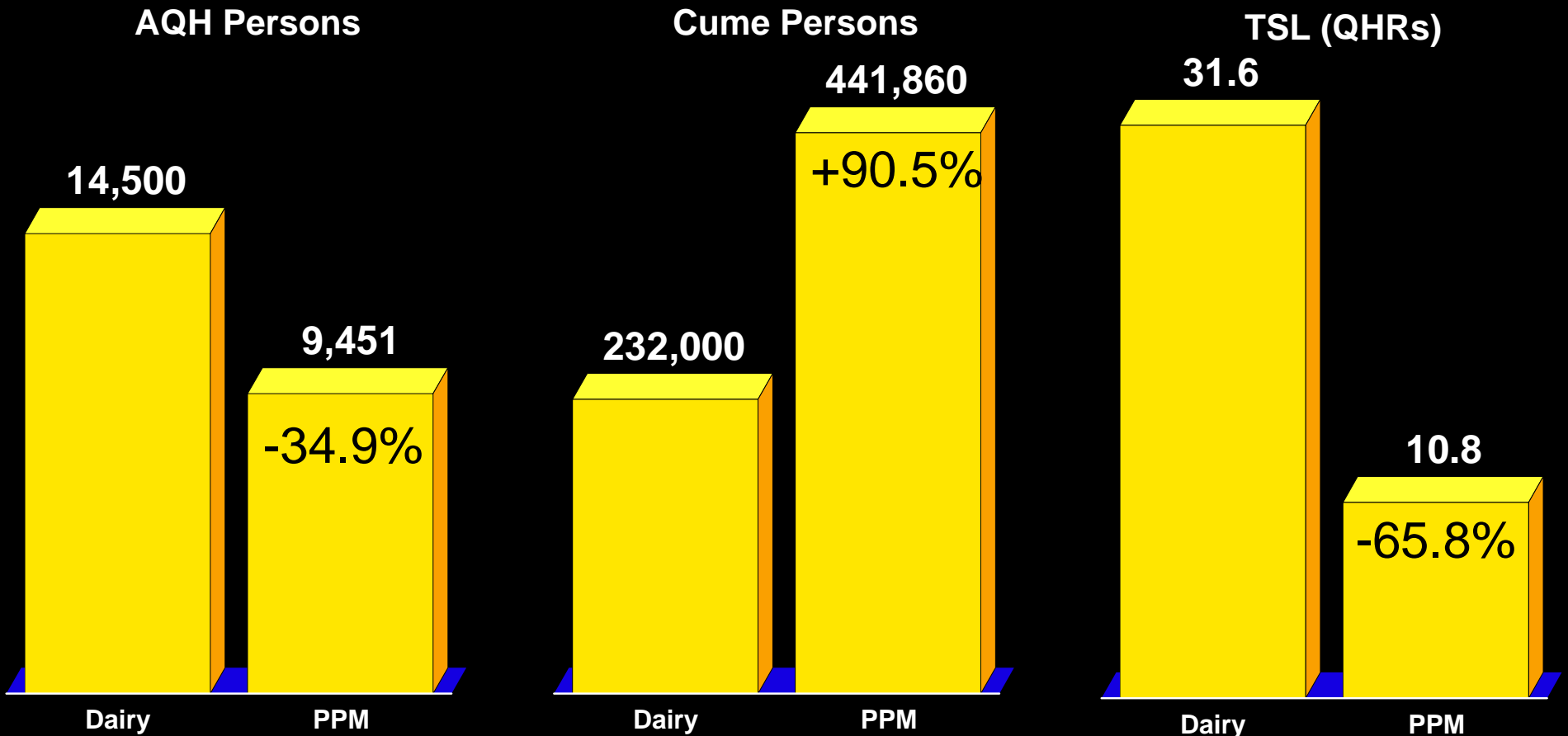
New York Dairy PPM Comparison

Black Persons 12+ Mon-Sun 6a-12m



New York Dairy PPM Comparison

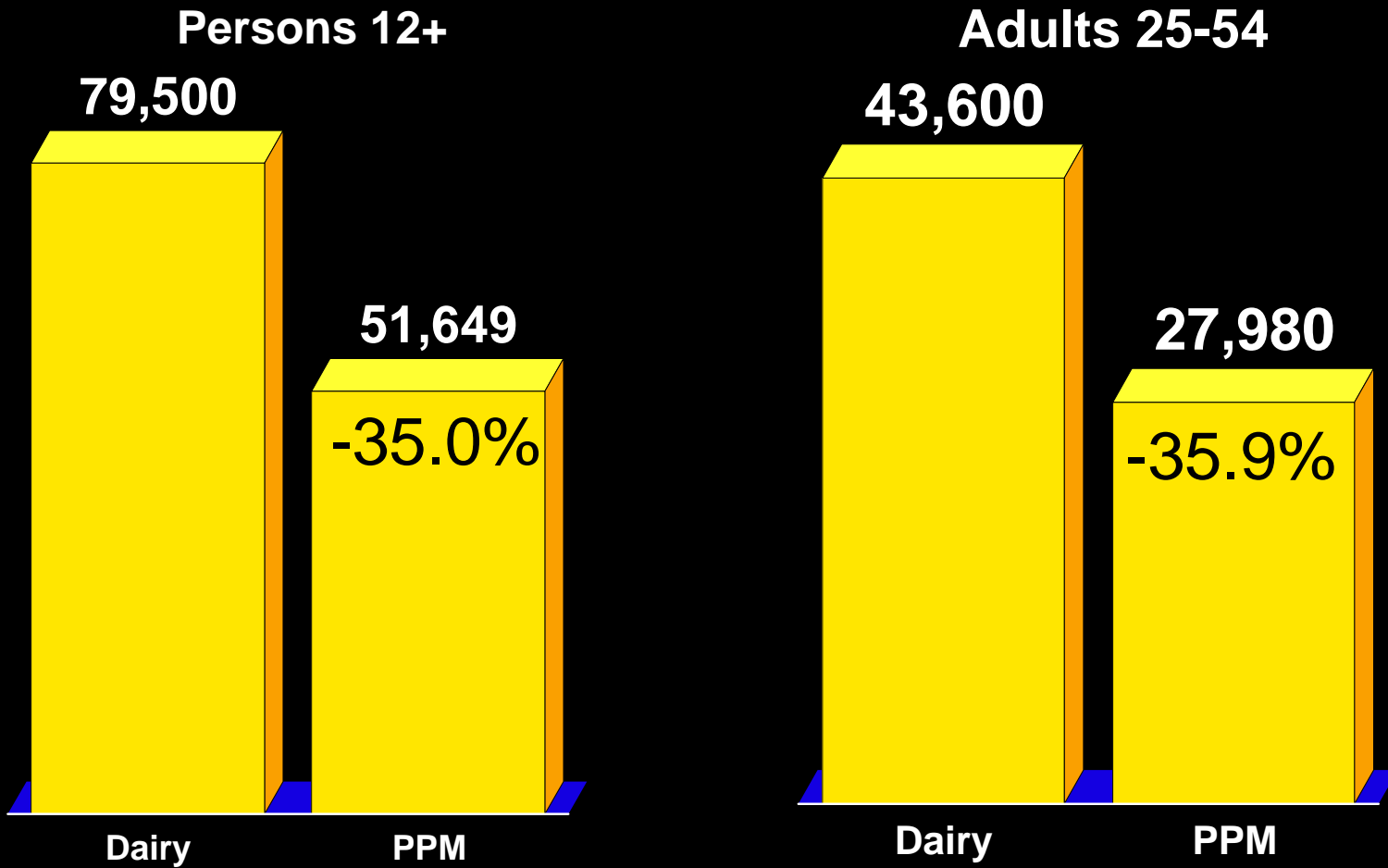
Hispanic Persons 12+ Mon-Sun 6a-12m



What About Daypart Listening?

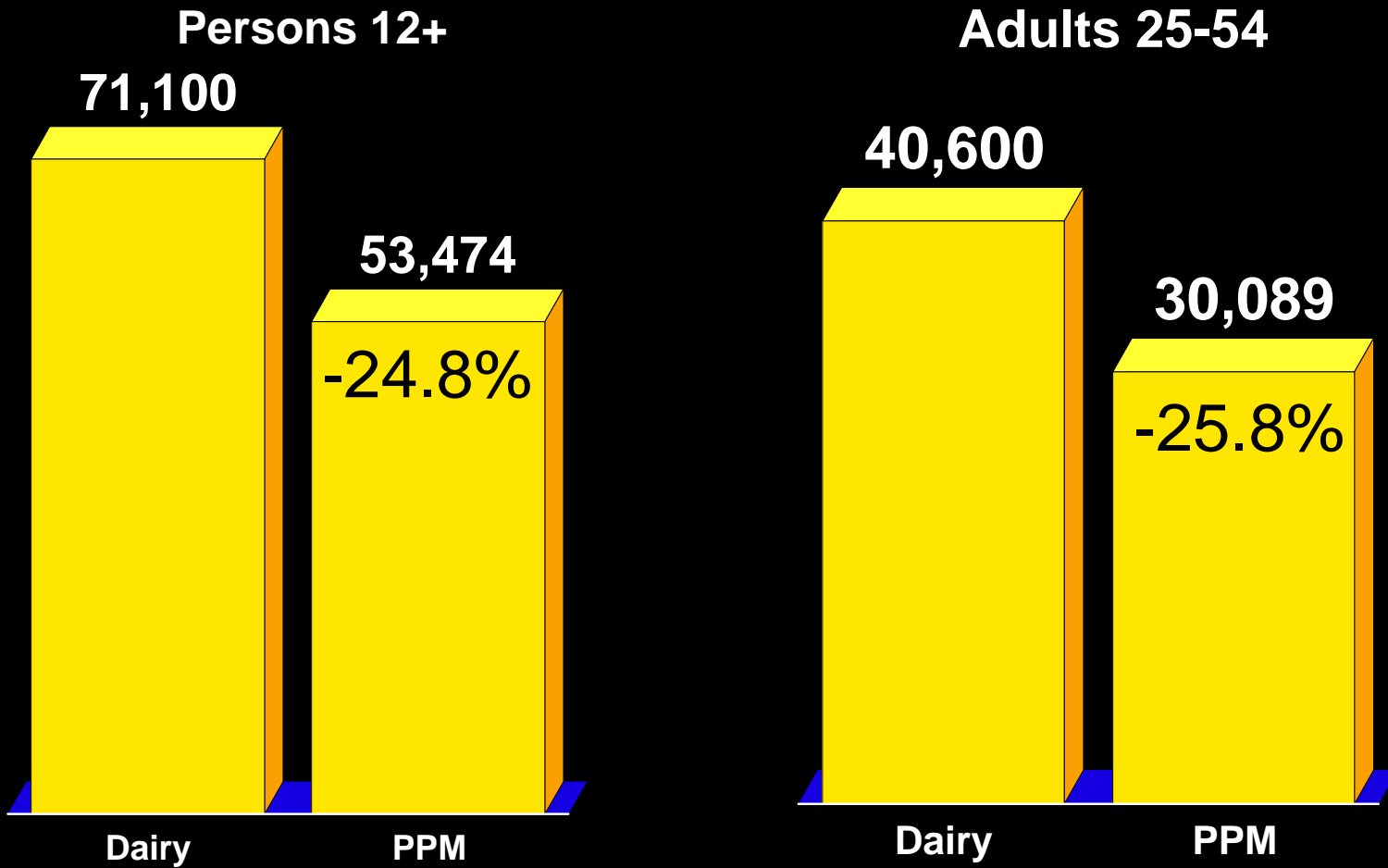
New York Dairy PPM Comparison

Mon-Fri 6a-10a AQH Persons



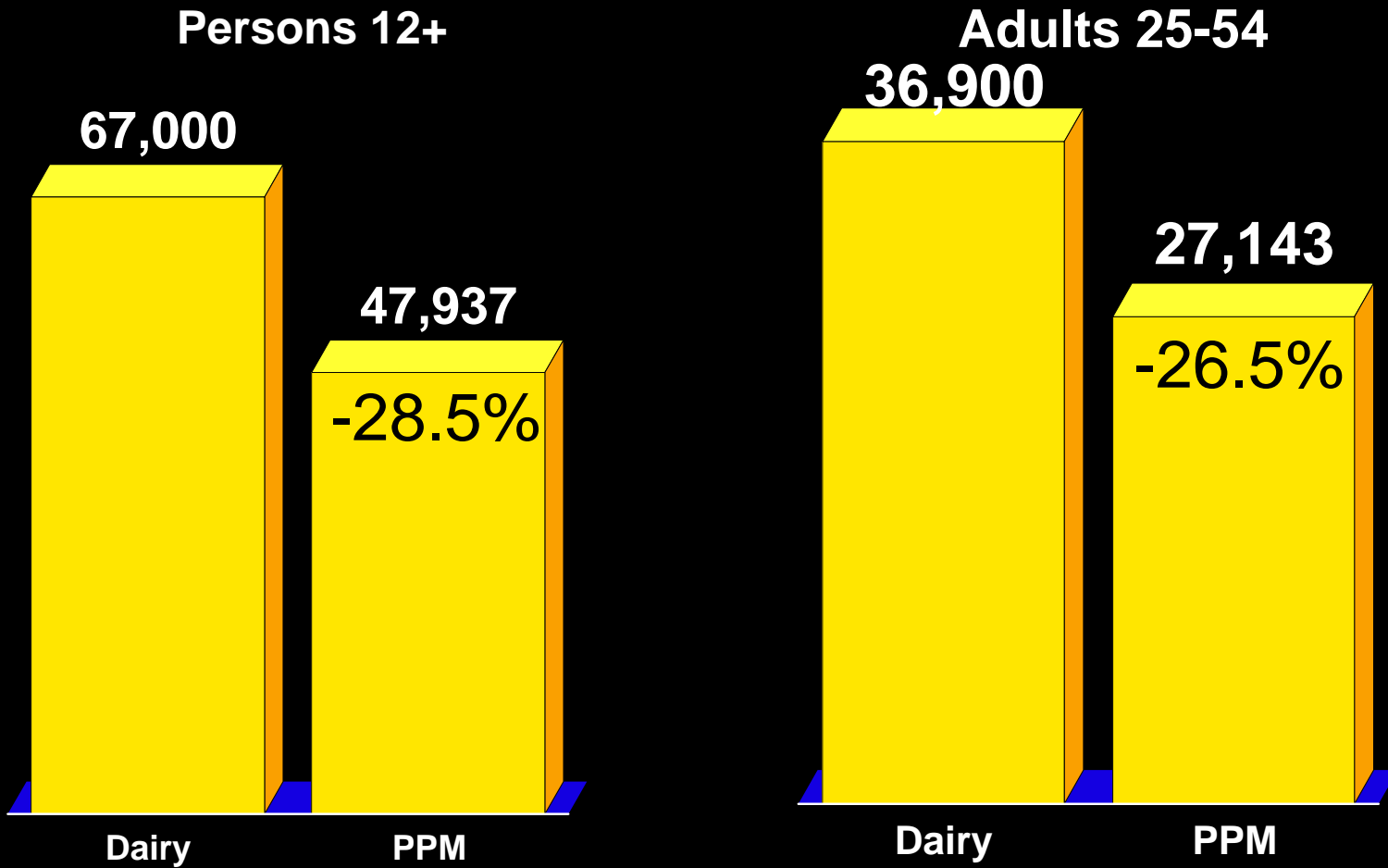
New York Dairy PPM Comparison

Mon-Fri 10a-3p AQH Persons



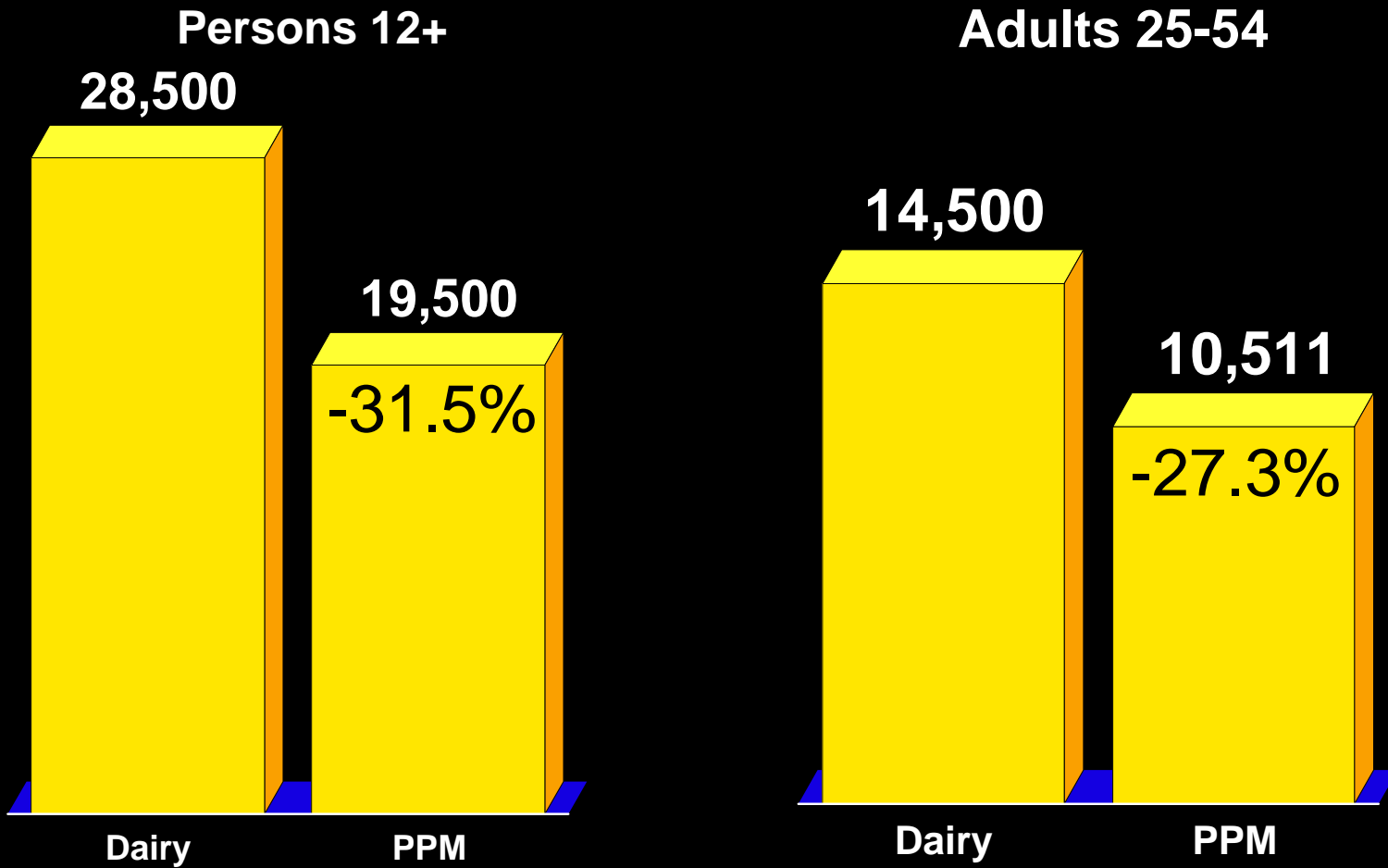
New York Dairy PPM Comparison

Mon-Fri 3p-7p AQH Persons



New York Dairy PPM Comparison

Mon-Fri 7p-12m AQH Persons

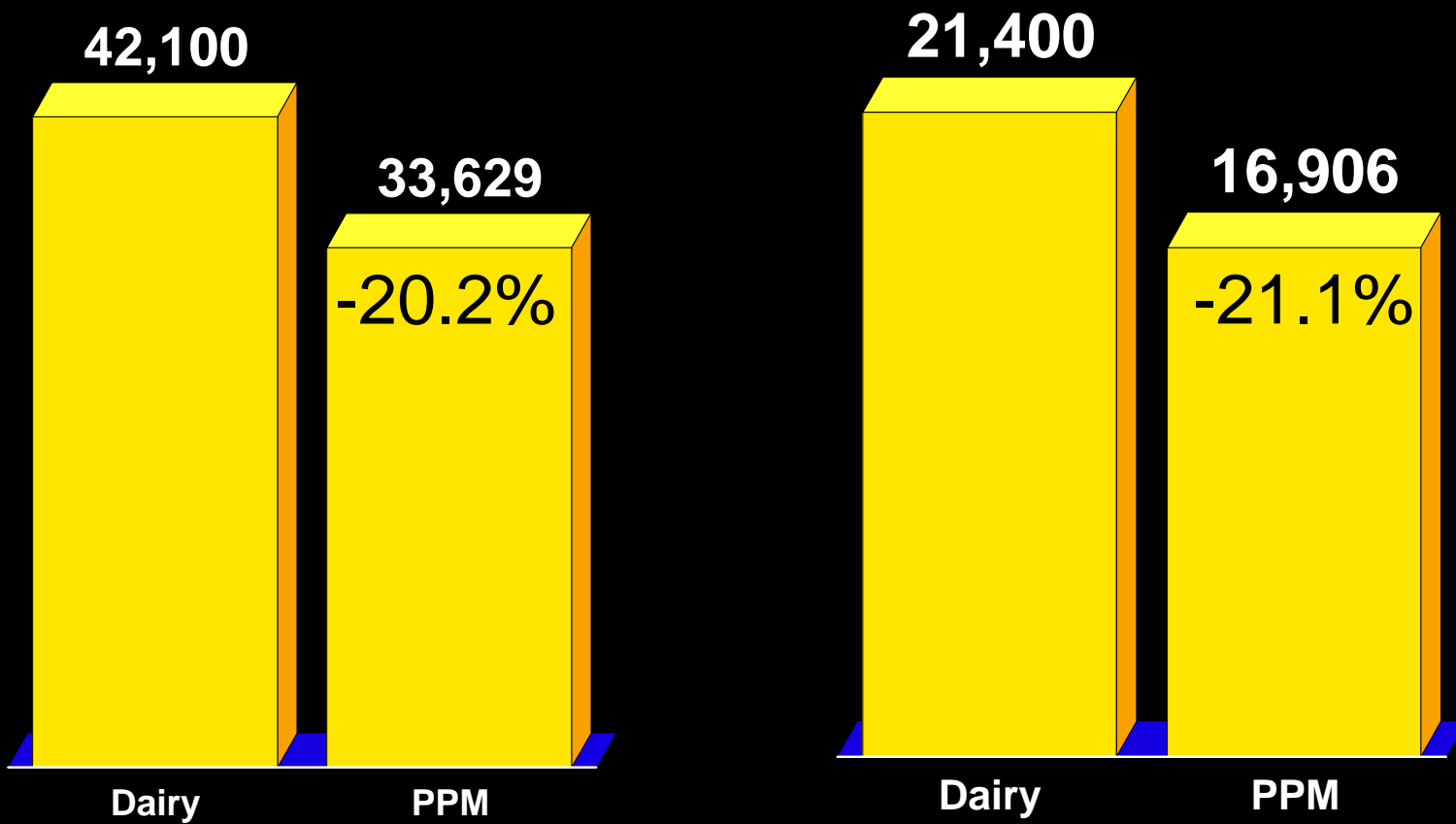


New York Dairy PPM Comparison

Sat-Sun 6a-12m AQH Persons

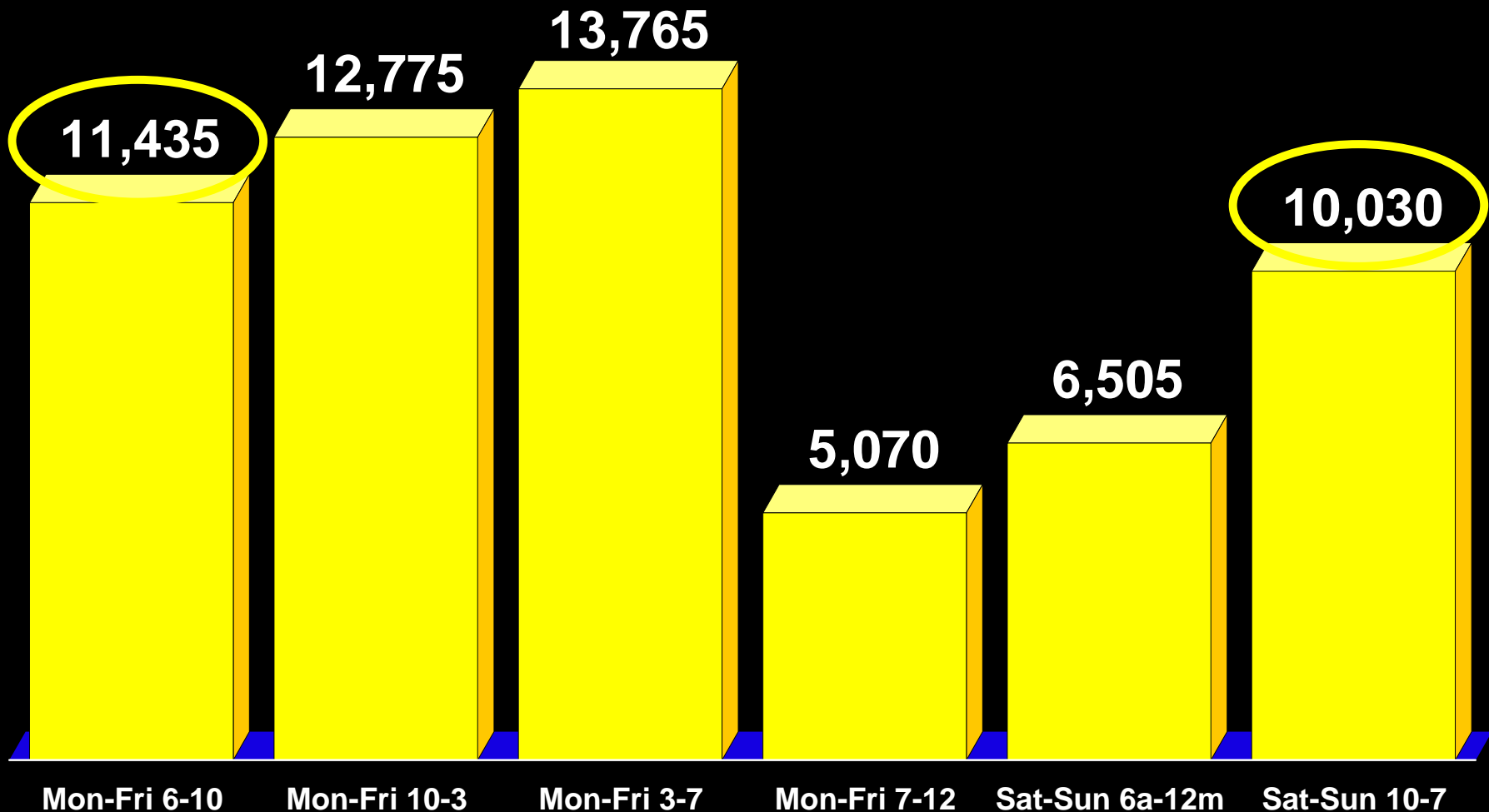
Persons 12+

Adults 25-54



Radio Listening Is More Consistent Across Dayparts

Adults 25-54 AQH
Average Station



What About Individual Radio Stations?

- Weekly cumes of every radio station examined climbed.
- TSL of every radio station examined fell
- AQH change varied greatly
- Big cuming stations seemed to be less affected than big TSL stations

**RATINGS AND RANK
CHANGE DRAMATICALLY**

PPM & Diary Comparison

Persons 12+ AQH Rating
 Mon-Sun 6a-12M

Diary	
A/C	0.9
Spanish	0.7
Urban	0.7
CHR	0.7
Urban2	0.6
Hip Hop	0.6
Oldies	0.6
News	0.6
Spanish 2	0.6
Hip Hop2	0.5
Talk	0.5
Clas. Rock	0.4

PPM	
A/C	0.7
CHR	0.6
Oldies	0.6
Talk	0.4
Spanish	0.4
Clas Rock	0.4
A/C 2	0.4
Rhythmic	0.4
Hop Hop	0.4
WINS-AM	0.4
Urban	0.4
News 2	0.3

PPM & Diary Comparison

Persons 12+ AQH Rating
 Mon-Sun 6a-12M

Diary	
A/C	0.9
Spanish	0.7
Urban	0.7
CHR	0.7
Urban2	0.6
Hip Hop	0.6
Oldies	0.6
News	0.6
Spanish 2	0.6
Hip Hop2	0.5
Talk	0.5
Clas. Rock	0.4

PPM	
A/C	0.7
CHR	0.6
Oldies	0.6
Talk	0.4
Spanish	0.4
Clas Rock	0.4
A/C 2	0.4
Rhythmic	0.4
Hop Hop	0.4
WINS-AM	0.4
Urban	0.4
News 2	0.3

PPM & Diary Comparison

Persons 12+ AQH Rating
 Mon-Sun 6a-12M

Diary	
A/C	0.9
Spanish	0.7
Urban	0.7
CHR	0.7
Urban2	0.6
Hip Hop	0.6
Oldies	0.6
News	0.6
Spanish 2	0.6
Hip Hop2	0.5
Talk	0.5
Clas. Rock	0.4

PPM	
A/C	0.7
CHR	0.6
Oldies	0.6
Talk	0.4
Spanish	0.4
Clas Rock	0.4
A/C 2	0.4
Rhythmic	0.4
Hop Hop	0.4
WINS-AM	0.4
Urban	0.4
News 2	0.3

PPM & Diary Comparison

Persons 18-34 AQH Rating
 Mon-Sun 6a-12M

Diary	
Hip Hop	1.2
CHR	1.2
Hip Hop2	1.1
Spanish	0.9
A/C	0.6
Rythmic AC	0.6
Urbam	0.6
Spanish2	0.6
Spanish3	0.6
Spanish4	0.5
AC2	0.5
AOR	0.5

PPM	
CHR	1.1
HipHop2	0.7
Spanish1	0.6
Rythmic AC	0.6
AC	0.6
AC2	0.5
Hip Hop	0.5
Oldies	0.4
AOR	0.3
Class Rock	0.3
Spanish2	0.2
NAC	0.2

PPM & Diary Comparison

Persons 18-34 AQH Rating
 Mon-Sun 6a-12M

Diary	
Hip Hop	1.2
CHR	1.2
Hip Hop2	1.1
Spanish	0.9
A/C	0.6
Rythmic AC	0.6
Urbam	0.6
Spanish2	0.6
Spanish3	0.6
Spanish4	0.5
AC2	0.5
AOR	0.5

PPM	
CHR	1.1
HipHop2	0.7
Spanish1	0.6
Rythmic AC	0.6
AC	0.6
AC2	0.5
Hip Hop	0.5
Oldies	0.4
AOR	0.3
Class Rock	0.3
Spanish2	0.2
NAC	0.2

PPM & Diary Comparison

Persons 18-49 AQH Rating
 Mon-Sun 6a-12M

Diary	
Spanish	1.0
CHR	0.9
Urban	0.8
A/C	0.8
Hip Hop	0.8
Urban2	0.7
A/C2	0.7
Spanish2	0.6
Rythmic AC	0.6
Class Rock	0.5
A/C3	0.5
WCBS-FM	0.4

PPM	
CHR	0.9
A/C	0.7
Rythmic AC	0.6
A/C3	0.5
Hip Hop	0.5
Class Rock	0.5
Spanish	0.5
Oldies	0.5
A/C2	0.4
Hip Hop2	0.4
Urban	0.4
AOR	0.3

PPM & Diary Comparison

Persons 18-49 AQH Rating
 Mon-Sun 6a-12M

Diary	
Spanish	1.0
CHR	0.9
Urban	0.8
A/C	0.8
Hip Hop	0.8
Urban2	0.7
A/C2	0.7
Spanish2	0.6
Rythmic AC	0.6
Class Rock	0.5
A/C3	0.5
WCBS-FM	0.4

PPM	
CHR	0.9
A/C	0.7
Rythmic AC	0.6
A/C3	0.5
Hip Hop	0.5
Class Rock	0.5
Spanish	0.5
Oldies	0.5
A/C2	0.4
Hip Hop2	0.4
Urban	0.4
AOR	0.3

PPM & Diary Comparison

Persons 25-54 AQH Rating
 Mon-Sun 6a-12M

Diary	
Spanish	1.0
A/C	1.0
Urban	0.9
Urban2	0.8
CHR	0.7
Spanish 2	0.6
Class Rock	0.6
Rythmic AC	0.6
Oldies	0.6
A/C2	0.5
Hip Hop	0.5
Sports	0.5

PPM	
A/C	0.8
CHR	0.8
Class Rock	0.6
Oldies	0.6
Rythmic AC	0.6
A/C2	0.5
Spanish	0.5
Urban2	0.5
A/C2	0.5
Hip Hop	0.4
Sports	0.4
Urban	0.3

PPM & Diary Comparison

Persons 25-54 AQH Rating
 Mon-Sun 6a-12M

Diary	
Spanish	1.0
A/C	1.0
Urban	0.9
Urban2	0.8
CHR	0.7
Spanish 2	0.6
Class Rock	0.6
Rythmic AC	0.6
Oldies	0.6
A/C2	0.5
Hip Hop	0.5
Sports	0.5

PPM	
A/C	0.8
CHR	0.8
Class Rock	0.6
Oldies	0.6
Rythmic AC	0.6
A/C2	0.5
Spanish	0.5
Urban2	0.5
A/C2	0.5
Hip Hop	0.4
Sports	0.4
Urban	0.3

PPM & Diary Comparison

Persons 25-54 AQH Rating
 Mon-Sun 6a-12M

Diary	
Spanish	1.0
A/C	1.0
Urban	0.9
Urban2	0.8
CHR	0.7
Spanish 2	0.6
Class Rock	0.6
Rythmic AC	0.6
Oldies	0.6
A/C2	0.5
Hip Hop	0.5
Sports	0.5

PPM	
A/C	0.8
CHR	0.8
Class Rock	0.6
Oldies	0.6
Rythmic AC	0.6
A/C2	0.5
Spanish	0.5
Urban2	0.5
A/C2	0.5
Hip Hop	0.4
Sports	0.4
Urban	0.3

What About Daypart

PPM & Diary Comparison

Persons 25-54 AQH Rating
 Mon-Fri 6A-10A

Diary	
Spanish	1.6
Urban	1.6
CHR	1.2
News	1.1
A/C	1.1
A/C 2	0.9
Urban 2	0.9
Spanish 2	0.8
Hip Hop	0.7
AOR	0.7
Class Rock	0.7
A/C 3	0.7

PPM	
CHR	1.2
A/C	0.8
A/C 2	0.7
Class Rock	0.7
News	0.7
Oldies	0.7
Urban 2	0.6
Urban	0.6
A/C 3	0.5
Spanish	0.5
AOR	0.4
News 2	0.4

PPM & Diary Comparison

Persons 25-54 AQH Rating
 Mon-Fri 6A-10A

Diary	
Spanish	1.6
Urban	1.6
CHR	1.2
News	1.1
A/C	1.1
A/C 2	0.9
Urban 2	0.9
Spanish 2	0.8
Hip Hop	0.7
AOR	0.7
Class Rock	0.7
A/C 3	0.7

PPM	
CHR	1.2
A/C	0.8
A/C 2	0.7
Class Rock	0.7
News	0.7
Oldies	0.7
Urban 2	0.6
Urban	0.6
A/C 3	0.5
Spanish	0.5
AOR	0.4
News 2	0.4

PPM & Diary Comparison

Persons 25-54 AQH Rating
 Mon-Fri 10A-3P

Diary	
A/C	1.6
Spanish	1.4
Class Rock	1.1
Urban	1.0
Urban 2	1.0
A/C 2	1.0
Oldies	0.9
Spanish 2	0.9
Rythmic AC	0.8
CHR	0.7
Sports	0.6
A/C 3	0.6

PPM	
A/C	1.3
CHR	1.0
Rythmic AC	0.9
Oldies	0.9
Spanish	0.9
Class Rock	0.9
A/C 2	0.9
Urban	0.7
A/C 3	0.7
Hip Hop	0.5
Sports	0.5
AOR	0.4

PPM & Diary Comparison

Persons 25-54 AQH Rating
 Mon-Fri 10A-3P

Diary	
A/C	1.6
Spanish	1.4
Class Rock	1.1
Urban	1.0
Urban 2	1.0
A/C 2	1.0
Oldies	0.9
Spanish 2	0.9
Rythmic AC	0.8
CHR	0.7
Sports	0.6
A/C 3	0.6

PPM	
A/C	1.3
CHR	1.0
Rythmic AC	0.9
Oldies	0.9
Spanish	0.9
Class Rock	0.9
A/C 2	0.9
Urban	0.7
A/C 3	0.7
Hip Hop	0.5
Sports	0.5
AOR	0.4

PPM & Diary Comparison

Persons 25-54 AQH Rating
 Mon-Fri 3P-7P

Diary	
Urban	1.2
Urban 2	1.2
A/C	1.2
Spanish	1.0
Rythmic AC	0.8
A/C 2	0.8
Sports	0.8
Class Rock	0.7
A/C 3	0.7
Spanish 2	0.7
Oldies	0.7
A/C 3	0.6

PPM	
A/C	1.0
CHR	0.9
Rythmic AC	0.8
Oldies	0.7
Class Rock	0.7
A/C 2	0.7
Spanish	0.7
Hop Hop	0.5
A/C 3	0.5
Urban 2	0.5
Sports	0.5
Hip Hop 2	0.4

PPM & Diary Comparison

Persons 25-54 AQH Rating
 Mon-Fri 3P-7P

Diary	
Urban	1.2
Urban 2	1.2
A/C	1.2
Spanish	1.0
Rythmic AC	0.8
A/C 2	0.8
Sports	0.8
Class Rock	0.7
A/C 3	0.7
Spanish 2	0.7
Oldies	0.7
A/C 3	0.6

PPM	
A/C	1.0
CHR	0.9
Rythmic AC	0.8
Oldies	0.7
Class Rock	0.7
A/C 2	0.7
Spanish	0.7
Hop Hop	0.5
A/C 3	0.5
Urban 2	0.5
Sports	0.5
Hip Hop 2	0.4

PPM & Diary Comparison

Persons 25-54 AQH Rating
 Mon-Fri 7P-12M

Diary	
Urban	0.5
A/C	0.5
Urban 2	0.4
Hip Hop	0.4
NAC	0.4
Hip Hop 2	0.4
CHR	0.3
Rythmic AC	0.3
Sports	0.3
Spanish	0.3
Spanish 2	0.3
Oldies	0.2

PPM	
CHR	0.4
A/C	0.4
Class Rock	0.3
A/C 2	0.3
Urban	0.3
Rythmic AC	0.3
Hip Hop 2	0.3
Oldies	0.2
Spanish	0.2
Sports	0.2
Hip Hop	0.2
Oldies	0.2

PPM & Diary Comparison

Persons 25-54 AQH Rating
 Sat-Sun 6A-12M

Diary	
Spanish	0.7
A/C	0.6
Urban	0.6
Spanish 2	0.6
Urban 2	0.6
Oldies	0.5
CHR	0.4
Rythmic AC	0.4
Hip Hop 2	0.4
Hip Hop	0.4
Spanish 3	0.4
Class Rock	0.4

PPM	
CHR	0.6
A/C	0.6
Rythmic AC	0.5
Class Rock	0.5
Oldies	0.4
Hip Hop 2	0.4
A/C 2	0.4
Spanish	0.4
Urban	0.4
Sports	0.3
A/C 3	0.3
Hip Hop	0.2

These Declines Are Not Inevitable

- The study was conducted while the diary was still the currency of our industry
 - ▶ Were PDs programming to gather higher diary entries.
- As markets convert to a PPM, how stations are programmed might change.
 - ▶ The changes could result in an increase in TSL.

What About Cost?

- This question is key to the successful transition from diary to electronic measurement

TRUE OR FALSE

A Radio Station's Rates Are
Determined By Its Ratings And
The Market Cost Per Point

TRUE OR **FALSE**

~~A Radio Station's Rates Are
Determined By Its Ratings And
The Market Cost Per Point~~

A Radio Station's Rates Are
Determined By Market Supply and
Demand On The Station's Inventory

The Cost Of Radio Should Not Change

- The average station's AUR (Average Unit Rate) should not be altered because of the measurement tool
- There has not been a change in the supply or demand
- The only change is the measurement tool, not real radio listening

The Cost Of Radio Should Not Change

- Radio's Strengths Have Not Changed.....
Only The Tool That Measures The Size Of Its Audience Has Changed.
- If A Radio Schedule Worked In A Diary Base World, It Will Work In A PPM World!

What Does All This Mean?

- It is your goal to make a quality radio buy at the lowest possible rate.
- The tools that you use will report lower ratings for the average station
 - ▶ Therefore the reported CPP will Rise.

So What Do You As Buyers/Planners Do?

Buy To The Points

- Keep your point levels the same as in a diary based system.
 - ▶ More spots will need to be purchased
 - ▶ Overall radio budgets will go up

Buy to the Budget

- Keep your budget consistent as in the diary based service
 - ▶ Similar number of spots will be purchased
 - ▶ Number of GRPs bought will be reduced

Conclusion

- Radio remains a tremendously strong advertising medium.
- How it is reported in Detroit by Arbitron is about to change.
- Communication and cooperation between broadcasters and advertisers is imperative for a smooth transition.

Thank You

Are There Any Questions?