

beyond the ratings

Fall 2001 • Issue No. 3



How Does Radio Sell Advertising Time During a National Crisis?

New Study Provides Recommendations for Stations

Arbitron has just released sales data from a new study looking at the ways that the radio marketing landscape has changed since the September 11, 2001, attacks, and how radio can respond most effectively to the ongoing crisis. The study, *Radio's Role During a National Crisis*, examines how the attack has impacted the perceptions, media habits and purchase intentions of listeners across the United States, and offers recommendations on what radio should do as the nation moves forward.

To help radio stations in this quarter, the sales findings from the study were released in advance of the programming content.

Listeners Praise Radio's Crisis Coverage

Over a third of all Americans report that they are listening to radio now more than they did before the attacks, and almost half of black and Hispanic listeners say that they have increased their listening since September 11. The good news is, the attacks have not changed listener preferences and the vast majority of listeners are still tuning in to their favorite station.

Radio Listeners Ready to Spend

Despite the ongoing crisis, 80 percent of radio-listening consumers expect to spend the same or more during this holiday season. In addition, very few people report postponing a purchase of any kind since September 11.

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Note from Scott

Arbitron's Mantra: Listen, Learn, Improve

Each and every day, Arbitron strives to listen to and learn from customers so we can improve your satisfaction with what we do for you. Through customer satisfaction studies, focus groups and phone surveys, we are continually learning about what we need to fix as well as where we need to go to help you improve your performance.

Arbitron's redesigned online training site at www.ArbitronTraining.com is just one example of how we respond to what you tell us. Because of input from subscribers like you, the site is now more intuitive to use than ever. Plus, we've added training modules on ArbitrendsSM and what programmers need to know about ratings.

We're now working on adding Web conferencing to the site to allow users to participate in live online training sessions. Users will soon be able to access the "KnowledgeBase" database used by Arbitron's customer service team. The database will enable users to look up answers to in-depth training and technical questions about Arbitron software and services.

To continuously improve all of the different ways Arbitron services and people impact your business, it is crucial that we receive input from customers like you. I encourage you to send me your comments, your suggestions and, yes, especially your criticisms. You can reach me at scott.musgrave@arbitron.com.

I look forward to hearing from you.

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Population Estimate Update Impacts Market Rankings

See How Your Market Is Affected via Comparison Application
at www.arbitron.com

Radio stations are beginning to see the impact of Census 2000 results with the recent release of new market rankings in the Fall 2001 Arbitron survey. The revised market rankings are the result of the population estimate update that incorporates total, black and Hispanic data from Census 2000.

Dallas, DC Move Up; Detroit Moves Down

Some of the biggest ranking shifts were seen in the Dallas, Washington, DC, and Detroit markets. As a result of the new population estimates, Dallas has increased in market rank from sixth to fifth, because its 12+ population is now estimated to be seven percent higher than the previous estimate. Also, Washington, DC, moved from ninth to seventh, because its 12+ population estimate grew by about four percent. The Detroit Metro was among the markets seeing a decline in rank. With its population estimate growing by only 0.1 percent, it lost market rank and moved from seventh to tenth.

It's important to keep in mind that these changes should not be interpreted as one-year increases or decreases in the actual population. Instead, they are technical changes related to recalibrating the baseline to the new Census data. These technical changes simply mean that the new, Census 2000-based estimates should present a slightly better picture of the population than last year's Census 1990-based estimates did.

Growth of Hispanic Population in Non-Hispanic Markets

The Fall 2001 population estimates also revealed a new trend: additional growth of Hispanic population in Metros that have not traditionally been Hispanic. This means that some markets may experience larger ethnic composition changes than others. The preliminary data also indicate continued growth in

the black population and a 13.2 percent increase in the nation's total population since 1990.

How Population Estimates Are Formed

To arrive at its population estimates each year, Arbitron's vendor Market Statistics, a division of Claritas, Inc., starts with the previous Census and uses a variety of local, state and federal data to project and update the population estimates. The 12+ total, black and Hispanic estimates for the Fall 2001 survey are based on Census 2000 data, which were updated and projected to January 1, 2002.

See How Update Impacts Your Market via the Arbitron Web Site

You can see a side-by-side comparison of how the population estimate update has impacted any Arbitron market by using the market comparison application at www.arbitron.com/radio_stations/census.htm.

Still to Come: New Age/Sex Estimates

Because the Census Bureau did not release age/sex detail in time for the Fall survey, the age/sex estimates in the Fall 2001 survey are still based on 1990 Census data, which have been updated and projected to January 1, 2001. Arbitron, with the help of Market Statistics, will incorporate the Census 2000 age/sex data into its population estimates beginning with the Winter 2002 survey. When this occurs, you may see additional changes in the Total 12+ numbers and some shifts in market rank in a few instances where Metros are very close to each other in 12+ population.

Learn More About Methodology at www.arbitron.com

More detailed information on how Market Statistics derives its population estimates can be found on the Arbitron Web site at www.arbitron.com. At the site, you can also view all markets with their updated Fall 2001 population estimates. If you have any questions, please contact your Arbitron representative. ●

These technical changes simply mean that the new, Census 2000-based estimates should present a slightly better picture of the population than last year's Census 1990-based estimates did.

New PPM Multimedia Ratings Show Increased Media Consumption

Sample Expansion Planned for January 2002

The U.S. market trial of Arbitron's Portable People Meter (PPM) multimedia measurement device in Wilmington, DE, has passed another milestone with the release of its second round of ratings comparisons. This release tracks well with the first set of data released earlier in the year, providing a strong indication that the PPM system produces reliable audience estimates over time.

The new release, based on data collected in July, shows increased amounts of media consumption. Specifically, the new data revealed higher total-day AQH audiences for television and cable and equivalent total-day AQH audiences for radio when compared to the ratings reported by current TV and radio audience measurement systems.

PPM Reports Higher Average Daily Cume for Radio

Consistent with the results reported in the first data release, the July PPM data showed a higher average daily cumulative audience than the one reported in diaries: 79.8 percent for the PPM versus 65.6 percent for the radio diary. Along with a larger daily audience,

The latest data confirm Arbitron's decision to expand the sample to 1,500 persons across the entire Philadelphia DMA market.

however, the PPM reported a shorter average listening time: 3 hours and 5 minutes per day for the PPM versus 3 hours and 42 minutes per day for the diary. In addition to larger daily audiences, the PPM also continued to show shifts in listening patterns by daypart. Morning-drive and midday AQH ratings were lower according to the PPM, while Monday-Friday evening and overnight AQH ratings were higher as were weekend AQH ratings.

Television Benefits from PPM's Mobility

On the TV side, the PPM reported higher AQH audiences for both broadcast TV and cable, although cable posted the most sub-



stantial audience gains. These gains are due in part to increased viewing for Men 18+ and people under age 35, as well as the PPM's ability to track out-of-home viewing.

Respondents Kept Meters Most of the Day

In addition to the consistency in the ratings findings, the compliance rate for the in-tab panel in the second round of PPM results has also remained steady. This is a powerful indication that respondent panel fatigue does not appear to be a problem with the PPM. In July, both men and women carried the meters for almost identical amounts of time, and even children wore the devices a median of at least 12 hours per day. The daily median length of time that all in-tab panel members had their meters out of the docks was 15 hours and 35 minutes. The median amount of time the meters were carried or worn, as indicated by total "green-light time," was 15 hours and 7 minutes per day. This indicates that in-tab panel members kept their meters with them about 97 percent of the time the meters were out of the dock, and they were out of the dock almost all day.

High Level of Participation by Broadcasters in Test

Of the 38 radio stations invited to participate in the trial, all 38 are now encoding their signals. In total, 38 radio stations, seven broadcast television stations and 15 cable outlets were encoding their audio full time

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"4-40s Plan" Helps Small Markets Boost Sample Size

Arbitron has worked with the Radio Advisory Council to develop a plan to address the desire small market broadcasters have expressed for increased ratings stability. The "4-40s Plan" provides small market broadcasters with new reduced-cost options to increase the sample size Arbitron uses to measure their market.

Opportunity to Dramatically Increase Sample Size

The plan offers sample increases in four increasing steps, allowing broadcasters to control the degree of measurement stability in their market:

- **Step #1:** Increase sample by 40 percent. This is the same option that has been available for some time, but which a number of markets have yet to elect. The investment for this increase is two percent of the basic license agreement.
- **Step #2:** Increase sample by a second 40 percent. The investment for this increase is four percent of the basic license agreement.

- **Step #3:** Upgrade from a Condensed market to a Standard market with a third 40 percent sample increase (minimum of 860 in sample). The cost for this step is still shared between Arbitron and broadcasters and to be determined on a per-market basis. But again, it would be priced without profit to Arbitron.

"This plan provides small broadcasters a dramatic opportunity to enhance the measurement in their market."

— Scott Musgrave
Senior Vice President
and General Manager,
Arbitron Radio

- **Step #4:** Increase to a Standard market with a fourth 40 percent sample increase—cost to be shared between Arbitron and broadcasters and to be determined on a per-market basis.

"The needs of subscribers are very important to Arbitron," said Scott Musgrave, senior vice president and general manager, Arbitron Radio. "We're very excited to be able to offer these new options to meet the changing needs of small market broadcasters. This plan provides small broadcasters a dramatic opportunity to enhance the measurement in their market," continued Musgrave.

Deadline for Participation December 31, 2002

Markets that choose to participate will see sample increases implemented beginning with the Fall 2002 survey. Broadcasters who wish to have one of the sample upgrade options implemented in their market must do so before December 31, 2002. Because the options are being made available on a marketwide basis, implementation will require a cooperative consensus among the broadcasters in each market before implementation can occur.

Broadcasters interested in increasing the sample in their market should contact their Arbitron account manager for complete details about the plan. ●

This Newsletter Now Available via E-mail!

New Format Provides Convenience, Links to Deeper Information

Did you know that there's now an e-mail version of the *Beyond the Ratings* newsletter? This electronic news roundup enables you to get information from Arbitron faster and in an easier-to-use format.



Quick Snapshot of the News in One E-mail

The e-mail version includes brief rundowns of all our major stories with links to more detailed coverage on our Web site. This format allows you to scan the news quickly and drill down for more info on the stuff you're most interested in.

How to Subscribe

We sent a copy of this new version to everyone in our client e-mail database beginning with this issue. If you or anyone on your staff didn't receive a copy but would like to, just send an e-mail to information@arbitron.com with the word "NEWS" in the subject line and your name, title, call letters, frequency and format in the body of the message.

Women Declare What They Really Want from Radio

The growing recognition of women as an economic force and advertising target has made them a more important part of the radio audience than ever before. To help radio attract and hold onto female radio listeners more effectively, Arbitron has released *What Women Want: Five Secrets to Better Ratings*.

This new study provides the radio industry with valuable information and insight about what women want—and don't want—from their radio experiences. The study was based on interviews that Joint Communications conducted with more than 1,000 Arbitron diarykeepers, aged 18-54, who listen to all major formats.

"With more women working and controlling more dollars than ever before, the radio industry needs to consider carefully how it can reach this valuable group of listeners," said Laura Ivey, manager of National Radio Sales for Arbitron. "The findings from the *What Women Want* study offer clear evidence that female listeners have different likes and dislikes than male listeners when it comes to radio," continued Ivey.

Family-Friendly Radio, Yes; Rude and Obnoxious DJs, No

Respondents reported that they will switch stations if programming is not appropriate for young ears. Even among 18- to 24-year-olds, a majority of women are concerned about what kids hear on the radio. Female diarykeepers also indicated a low tolerance for rude announcers.

Contests May Be a Losing Strategy

A full 40 percent of the survey respondents said they don't want contests and tune out a station when they hear them, and the further a woman gets from 18, the less interested she is in contesting. If programmers do contests, their focus should be on entertaining listeners in the briefest possible time. As with most things, there are exceptions—women who belong to a frequent-listener club are much more positive about most aspects of radio, including contests. They are valuable targets both for stations and advertisers because their time spent listening is double that of a non-club member, and they use radio to influence purchase decisions. However, only four percent of female listeners are active members of frequent-listener clubs.

More Commercials, More Tune-Out

While radio executives and programmers argue about spot loads, women are tuning out. Stations need to rethink spot loads and remember the value of good creative. It's also important to keep in mind that low-commercial radio and commercial-free satellite radio are coming.



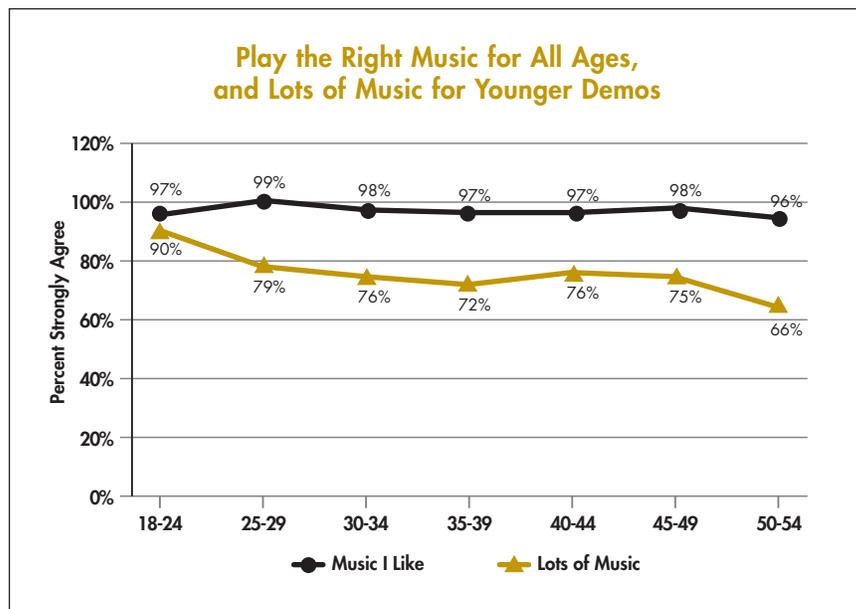
Song IDs More Popular Than Funny DJs

Above all, stations need to provide the right music for their female listeners and lots of it. A majority of women across all formats also want to hear songs and artists identified more frequently than stations are doing now. The study indicated that women value identification even more than funny DJs.

Time-Crunched Females Look to Radio for News

The Arbitron diarykeepers underscored the fact that women universally are feeling a time crunch, and they rely on radio to keep them up to date with what's going on in the world. Unprompted, women indicated that hearing news (breaking news, frequent news and concisely reported news) was one of their

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What Women Want (from page 5)

favorite things about radio. Playing female listeners' favorite music and keeping them informed are not mutually exclusive.



Neither Radio nor the Internet a Big Factor at Work

While most women work, fewer than half of them currently listen to the radio at work. And while most women access the Internet, only 24 percent log on from work. As a result, programmers who focus too heavily on the Internet as an at-work contest hook (through their station Web sites or Internet listening) risk leaving a lot of their audience out. More traditional means of communication such as faxes and direct mail need to be employed to give all listeners a chance to connect with a station.

Nothing Beats Word-of-Mouth to Get Women Listening

Women are more motivated by hearing about radio station programming and activities from a friend than by any other advertising medi-

um. While word-of-mouth is a tricky thing to engineer, stations that find a way to stimulate personal recommendations will win big.

Lifestyle Groups Show Who's Tuning In, Who's Tuning Out and Why

Using the factors women said caused them to tune in to a station, researchers created two sets of profile groups for female radio listeners. These profiles can help stations get a fix on what they can do to grab and hold onto more female listeners.

Download the Study for FREE from www.arbitron.com

To see the complete study as a free downloadable PDF file, visit the Arbitron Web site at www.arbitron.com/downloads/women.pdf. In addition to the main report, Arbitron will be releasing follow-up reports detailing the characteristics unique to specific formats over the coming months as well. The first of these is *What Women Want: From Country Radio*, which is available at <http://www.arbitron.com/downloads/womencountry.pdf>. ●

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Crisis Study (from page 1)

Changing Times Call for New Marketing Messages

One area where change is being observed is the way listeners feel about messages in advertising and programming. Forty percent of listeners say that they are more likely to patronize companies whose advertising mentions their contributions to a relief fund for victims. Somewhat surprising is the finding that relief fund donation messages motivate younger listeners most strongly.

New Outlook on What's Funny

Not surprisingly, one out of four Americans report that their perception of funny has changed somewhat. With humor playing such a large role in advertising and programming copy, this is a very crucial issue for radio to consider as we move through these more uncertain times.

Listeners Closer to Radio Than Ever Before

Overall, the report provides much welcome news for both radio broadcasters and adver-

tisers. "Listeners have always had a close relationship with their favorite radio station," said Gary Marince, vice president, Product Development. "In stressful times like today, radio provides an important escape from the problems of the world. With proper care, that

Despite the ongoing crisis, 80 percent of radio-listening consumers expect to spend the same or more during this holiday season.

relationship can become even closer as people look to radio for both stress relief and timely information."

To Download the Study

Go to <http://www.arbitron.com/downloads/radiorolepresentation.pdf>. ●

Listeners Help Salespeople Close the Deal

Diarykeeper Comments Make More Powerful Pitch Than Numbers

Some radio salespeople have discovered that there is a great tool for pumping up their sales presentations inside a piece of software built for programmers: PD Advantage®! These AEs have tapped into the diarykeeper comments PD Advantage provides to enhance their presentations with powerful listener testimonials.

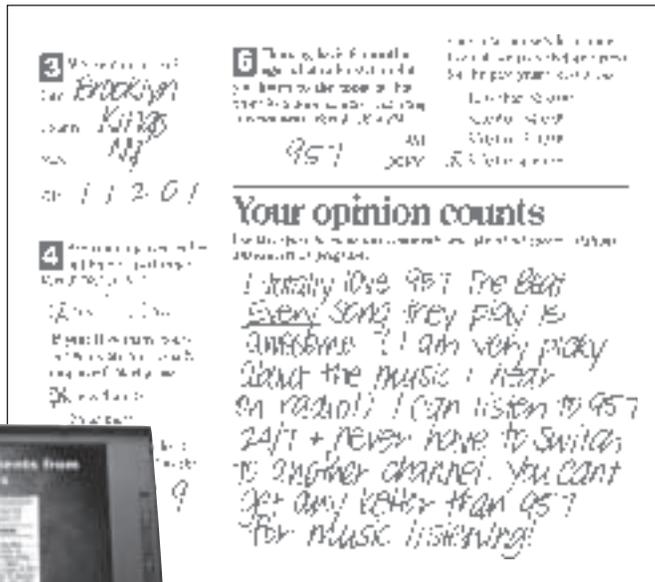
Break Through to Tough Clients

Diary comments allow you to add character to your presentation and keep it from being totally number-driven. Using a quote from a real, live person—in their own handwriting—can really spice up your station's sales pitches. The quotes from actual listeners give your pitch extra credibility and help you break through to clients who may be jaded from seeing too many numbers-only presentations.

How Quotes Can Help You Close

Let's say that you are preparing a pitch for a high-end women's and children's wear store, and you want to show to the prospect that a large percentage of your station's P1 listeners are well-educated women who have children and lots of money.

Would your prospect rather hear that information come from you, or would the retailer prefer to see actual comments that several of your female listeners have written in their Arbitron diaries (things like "I love the mix of music on KZZZ. I listen to it a lot, especially when I'm driving to my law office in the morning or when I'm rushing to pick up my children after work.")?



Pulling diary comments from PD Advantage to insert into a presentation is easy. Just pull up the quotes you want to use in PD Advantage, and then either print them out or do a screen capture for insertion into PowerPoint® as a graphic file.

Finding Quotes Is Easy, Impact Is Powerful

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To add the power of diary comments in your next presentation, find out if your program director has PD Advantage, and arrange to use it as you prepare your next sales presentation. Finding good quotes is easy, and the impact they can have is really powerful. ●

PPM (from page 3)

during the July data collection period. This represents an increase of three radio stations and seven cable outlets that were not included in the May/June 2001 comparisons.

Test Expands to Entire Philadelphia DMA® January 2002

The latest data confirm Arbitron's decision to proceed to the next step of the trial: expanding the sample from the current 300 persons in Wilmington to 1,500 persons across the

entire Philadelphia DMA market. This second phase will begin in January 2002 and will allow direct comparisons of audiences for individual radio stations and formats, TV stations and cable networks. For more information about the market trial, please contact your Arbitron representative or visit the Portable People Meter section of www.arbitron.com. ●



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Arbitron People: Going the Extra Mile to Help Stations

Lee Clark Simpson, Arbitron's Director of Client Services for TAPSCAN[®]



"Whatever it takes." That's the guiding principle that Lee Clark Simpson, director of Client Services for TAPSCAN, asks her staff to follow when assisting clients.

"I want our clients to always feel like helping them is the most important thing we have to do today—because helping them will always be the most important thing we have to do!" says Simpson. The cornerstone service Simpson's team provides is phone support for all TAPSCAN applications, 24 hours a day, seven days a week and 365 days a year.

In addition to managing phone support, Simpson also oversees the processing of third-party data. "We code 30 different types of data. The data come in raw, and our data processors format them for use in TAPSCAN

software. We're really proud to be able to make such a wide variety of data sets available for use in TAPSCAN products," said Simpson.

After the data are processed, Simpson's team in the Production department oversees the distribution of TAPSCAN software and data to clients. In addition to mailing CDs to clients, the Production team also assigns client access rights for the popular TapMediaSM online service that allows subscribers to download data and software directly from the Web.

Simpson, who majored in marketing at Jacksonville State University in Alabama and recently received her CRMC certification from the RAB, says the thing that unites all of her team members is a sincere desire to always do what's best for the client.

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