HOW RADIO CAN USE ITS NEW PPM RATINGS MOST EFFECTIVELY

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I. BACKGROUND

As Arbitron's electronic portable peoplemeter (PPM) rolls out in the top 50 media markets and replaces the old diary-based rating system, radio must consider how this new tool can be utilized *internally* to learn as much as possible about listener dynamics, and *externally* to position the medium more favorably in the American media landscape.

To accomplish these ends, radio should recognize the opportunities that the PPMs afford it. First and foremost, Arbitron's PPM samples will consist of ongoing panels of respondents who wear or carry PPMs with them, week after week. This is quite different from the diary system, which obtained listening claims for only one week per respondent. The PPMs will be able to pinpoint true changes in listening behavior more accurately, since they utilize the *same* sample base across extended time frames.

The speed and precision afforded by the PPMs is another critical difference. PPM data can be retrieved and analyzed much faster than diary findings, and PPMs produce more granular information, allowing analysts to differentiate between listener behavior by individual segments of a broadcast and, of course, by every commercial. Moreover, PPMs, by virtue of their electronic nature, are not subject to the vagaries of respondent memory lapses, inaccurate reporting, over- or underclaiming and station misidentification, that plague the diary surveys.

In view of the PPM's obvious advantages, it behooves radio to utilize this new electronic measurement to the fullest extent possible, not only to improve and fine tune its programming efforts, but also to reposition public and, especially, advertiser perceptions of this medium. The following report examines these opportunities and suggests avenues that radio might pursue to get the most mileage out of its PPMs.

II. USING PPMs TO IMPROVE RADIO PROGRAMMING

When a PPM panel is set up in a market, the stations who subscribe to this service are given a golden opportunity to micromanage their program and commercial/promotional content to maximize audience responsiveness. To accomplish this, the stations need to place greater emphasis on their research function by retraining or restaffing these departments with people who are able to seek out meaningful trends and/or listener engagement metrics that may not have been so apparent in the cumbersome diary rating reports.

Television has dealt with this issue by developing standard rating tabulations that are routinely available to aid researchers. One of these is the so-called "total audience" rating, Nielsen's projection showing how many homes in its panel tuned in for more than five minutes per telecast. For years, Nielsen has provided this metric in addition to its average minute audience estimates for each telecast. By looking at both ratings, a researcher could see at a glance how one program compared to others in terms of "holding power"—a valuable indicator.

An example illustrates the kinds of distinctions that could develop if radio emulated TV in this regard. Say Station A's *average minute rating* among adults aged 18-49 is .45% for a two-hour stretch of programming (an arithmetic average of its audience levels for each of the 120 minutes involved) on a given day. In addition, a total audience rating for the same station during this time frame may be 1.27%, meaning that 1.27% of Arbitron's 18-49-year-old adults listened to at least five minutes of the station's fare over the 120 minute span (this is also known as its "effective reach"). Combine the two figures and the result is that the average listener who sampled five or more minutes of Station A's programming stayed tuned in for 43 of those minutes (.45 x 120 ÷ 1.27). In contrast, a similar analysis of Station B's ratings for the same two-hour interval may produce an average listening time projection of 65 minutes for its total reach. In other words, Station A's "holding power" once a listener tunes in, is considerably less than Station B's, implying that the latter's listeners may be more engaged and, possibly, more attentive.

Another application of PPM data is mapping the competitive appeal of a station's key program elements. Here again, we borrow from television, whose researchers periodically examine the audience duplication patterns of various TV shows as a guide to plotting program appeal, considering timeslot changes and deciding where to place promotional announcements.

Since the old radio diaries showed a typical listener tuning in to only 2-3 stations per week, audience duplication tabulations across stations were not terribly revealing.

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However, since PPMs show 6-7 stations heard per listener per week, this method now becomes more fruitful. Station A, for example, programs a particular blend of DJ-hosted music that targets adults aged 18-34. Because of stiff competition from other outlets using similarly focused programming, Station A's ratings are declining. To rekindle listeners' interest, it's considering a switch of DJs, with the morning crew's main guys switching to afternoons and a hot new DJ team from the evening slated to move into the key AM drive slot.

Is this a good idea? What can the PPMs tell us about the likely appeal of the nighttime DJ duo?

With audience duplication mapping, the PPMs can tell Station A exactly what else the nighttime DJ's audience listens to. Taking their daily or weekly reach as a base, how many of these listeners tune in to Station A's current AM drive show, or those of its competitors? Say there is relatively little duplication between the station's AM drive and its own nighttime DJ audiences, but the nighttime listeners are very inclined to tune in to competitive Station B in the mornings. Indeed, 25% of them do that on a daily basis, while another 25% join in over a five-day interval. No other pairing of station audiences reveals this extent of duplication.

Armed with such information, Station A's programmers might zero in on Station B's AM drive personalities, and take a close look at the kinds of banter and music they offer. Follow-up focus group research may also suggest that Station B's DJs are vulnerable to competition from Station A's nighttime team; indeed, many of B's AM fans state that on weekdays between 6-9am they would choose A's nighttime DJs if faced with a "one or the other" choice. In such a case, Station A may feel that its decision to make an AM drive DJ switch is likely to succeed. On the other hand, a contrary result in the focus group samplings may deter it from making such a move.

The PPM's potential for prompting such evaluations is boundless when compared to the relatively insensitive diaries. Aside from various audience duplication exercises, researchers could track PPM panelists who once listened to a station—or one of its dayparts in particular—but then defected. Where did these lost listeners go? What are they tuned into now and can they be won back?

In a similar vein, a station programmer can take the core audience of each of his major program platforms and examine their penchant for different types of fare. Are there clues in the data about the entertainment and informational tastes of these audiences and each competing radio station's ability to satisfy them? What percent

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of one station's core listener base never listenes to different music formats? What percent of a music station's audience also seems to favor sports or certain types of talk radio? Who are these people demographically?

Finally, by looking at PPM data granularly, station programmers may be able to determine which elements *within* their program formats have more or less appeal, and whether the approaches used by other stations might be emulated profitably. Say that the PPMs show a 7% audience loss per minute for Station A's fare, which is usually cancelled out by "gains" (new tune-ins and defections from other stations). Is the station's loss rate a constant, or does it rise or fall under certain circumstances, such as when the DJs engage in extended banter, when weather reports come on, or when uninterrupted music is played for 10 or more minutes. Dial switching "avoidance" is the most overt indicator of listener restlessness or displeasure. Using the PPMs to identify those situations or timing sequences that appear to maximize or minimize listener defections can be a vital first step in making better program format or content decisions.

The basic point about Arbitron's PPM is that, unlike the slow moving and generally insensitive diary studies, the PPMs are panel-based, providing a unified facility for looking backwards in time, and are mechanically precise, allowing the researcher to examine every conceivable audience dynamic. From each listener's total radio listening experience, to specific program preferences for individual stations and, ultimately, a minute-by-minute (or even finer) tracking of tune-in/tune-out actions, listening preferences can be monitored as a basis for plotting future directions. It would be a shame to waste all of this potential by merely duplicating the one-dimensional, average quarter-hour and weekly cume reports used by stations until recently.

III. STIMULATING AD SALES WITH PPMs

Advertising exposure and, by implication, effectiveness is another area where the PPMs offer considerable potential. Concerned about television's increasing commercial "zapping" rates and the rising use of other mechanisms for ad avoidance (DVRs), advertiser and agencies have pressured the national TV networks to switch to "commercial ratings" as their buying/selling currency. These new ratings reveal significant differences between broadcast network, syndication and cable in commercial audience "retention," compared to the all-content, average minute ratings provided by Nielsen's meter panel since its inception in 1950. And they indicate even greater variations by program type, cable channel types and, within breaks, by the degree of clutter or commercial positioning. Obviously, PPMs can provide exactly the same capabilities for radio.

Forward-looking radio stations within PPM-measured markets should recognize the potential to reevaluate the length and composition of their commercial breaks that this new measurement offers. The method is simple, and once again, holding power or "audience retention" is the key metric.

Consider a situation where a single station, or even a station group, wishes to sell advertisers on the merits of shorter breaks with higher proportions of 30-second announcements than are traditionally used in spot radio. While useful, commercial recall studies are problematic; costs can be high (large samples are needed to generate adequate sample bases) and there are problems in accurately measuring recall for car radio and other forms of out-of-home listening.

PPMs offer a more practical alternative, since they are already in place and turn out data for every station and every commercial break. If a station's current scheme calls for breaks averaging 6-6.5 minutes in length, with several promotional announcements sandwiched around six consecutive 60-second ad messages, the PPMs may reveal that, on average, the first commercial loses 10% of the station's listeners, the second loses an additional 8%, the third 6% and so on, with a total combined audience loss for the entire break of 40%. While this is offset by other people tuning in (largely to "avoid" commercials on other stations), the implications for advertisers whose ads run in such cluttered circumstances are clear: they have paid for an audience that isn't necessarily listening to their ads.

As a result, the station proposes shorter breaks of about four minutes in length—with a mix of :30s and :60s—that are run more frequently. To demonstrate the advantages to advertisers, the station begins airing breaks typically consisting of two: 30s and three :60s and notes that the PPMs show 25% greater commercial audience retention for the less cluttered break, which is compelling evidence for any rational advertiser to consider.

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Obviously, there is no guarantee that a PPM analysis will support every commercial break configuration that a station comes up with in its attempts to capture advertiser interest. In some cases, the differences will be too small to read and, occasionally, a negative finding may be perplexing. However, the facility is there to be used, if stations make the effort.

PPM commercial avoidance measurements can also be used to create more overt promotional and competitive presentations. Assuming that the average commercial avoidance rate in a market is 8%, some stations, by virtue of the nature of their programming, the types of listeners they attract and the location of exposure, will perform above or below this norm. Generally speaking, young listeners—like their TV viewing counterparts—are more restless than oldsters and prone to switch channels during commercials. In addition, programs that feature high quotients of news or talk seem to attract more attentive listeners than music formats. Finally, car radio listeners, who account for as much as 65% of some station's audiences, may switch frequencies or mute the sound more often than in-home audiences when commercials are aired.

Clearly, stations whose listeners are more attentive and less likely to dial switch during commercials may wish to document this edge in competitive pitches against rival stations. PPMs make this possible using simple data tallies. One station—due to the nature of its programs, the types of listeners it attracts, and the way its breaks are designed—may lose only 4% of its listeners per commercial minute. In contrast, another station loses 12% of its listeners per commercial. Over and above this, there is the implication that even when people remain tuned in when commercials air, the station that "held" on to more of its listeners "delivered" a more attentive audience to its advertisers.

For decades, the TV networks and stations shied away from such comparisons, nurturing the ridiculous assumption that viewers are universally attentive to all program content, including the commercials. Although the "captive viewer" concept had been debunked in studies as early as the 1960s, it took the networks decades to acknowledge that media planners were well aware of variances in viewer attentiveness by showtype, daypart, demographics and network type (broadcast vs. cable). Finally, under mounting pressure from advertisers focused on targeting more "engaged" audiences, the networks, syndicators and cable channels have learned to use commercial avoidance metrics as well as other "qualitative" indicators as basic components in their selling strategies, particularly when one network or cable channel is pitted against another for an advertiser's business. Like it or not, commercial ratings are also in the cards for radio's PPM markets, and there's no reason why radio can't learn from the TV experience and prepare itself.

IV. USING PPMs TO RECAST RADIO'S IMAGE

For years, radio has had virtually no presence in the advertising or media trade press, nor in most other forums where media "happenings" are reviewed. While the latest TV ratings are constantly discussed—often the day after the event—along with lists of the leading shows, ratings for special events, etc., there is no comparable "buzz" for radio. The reasons for TV's monopoly of media coverage relative to radio are obvious. However fragmented its audience, TV is still America's main entertainment and information medium. People want to know the latest scoop about the shows, the stars, network competition and the like. One indicator of success or failure are the ratings, which Nielsen makes readily available on an almost instantaneous basis. In contrast, radio ratings under the old diary system were only available months after air dates, showed no broadcast-by-broadcast details and were funneled to a relatively small set of researchers. This meant that very few people ever saw the data or bothered to study it. Worse, the standard printed reports were a nightmare of statistics and technical caveats, with few if any meaningful reference points for those looking for interesting patterns or trends.

If radio wishes to correct this unhappy situation and present itself as a dynamic medium, replete with audience response mechanisms, it needs to emulate Nielsen's approach to issuing national TV rating data. Arbitron must supply its station and agency subscribers with highly detailed results, as before. In addition, Arbitron should provide timely topline weekly rating and trend summaries by station and daypart. Other reports should give the ranking of individual radio shows, sports or "special event" broadcasts based on key demos. Such rankings should be posted on Arbitron's website in city-by-city detail, so that anyone who is interested can see them—just as Nielsen does with its national ratings for TV. In short, radio must stop being so secretive about its audience studies.

Imagine what would happen if plain, ordinary people, who are fed daily doses of TV program news, star doings and rating information, began to get similar exposure for radio. Station A has just launched a new format, banking its fortune on controversial talk show hosts X and Y. A week later, the first ratings are in, and Station A's ratings have risen by 30%! This is reported by the station itself, plus the local newspaper, various TV entertainment news shows various Internet blogs and so on. Obviously, advertisers will take notice, but so will potential new listeners who may sample Station A's new format weeks or months earlier than might otherwise be the case, because of the buzz factor.

And the buzz goes on.

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Thanks to the PPMs, radio's sports ratings begin to be circulated for specific games, not lumped together in monthly average quarter-house rating reports stored in a computer research file. Again, people take note, just as they do for TV, when similar information generates commentaries, like "Hey, guess what? The local baseball teams drew a 3.1% rating on the local sports radio outlet last Sunday when pitcher X was on the mound against the Yankees, but only 1.0% when Y pitched against the Royals."

While it would be ideal for radio to have a national rating study, the reality is that its PPMs will be confined to the top 50 markets for the near future, so much of its timely reporting and buzz generation will be local in nature. Still, these cities are the homes of most advertiser and agency decision-makers; over time, the ongoing buzz will cause them to realize that radio, like TV, is a venue for "happenings" and surprisingly sensitive listener response mechanisms—not the habitual "background listening" medium it has long been believed to be. That, in turn, raises radio's "share of mind" and makes the medium seem more important. It's as simple as that.