

ISSUES REGARDING THE PORTABLE PEOPLE METER

The following outline highlights several of the ongoing issues that have come to light regarding the implementation of Arbitron's Personal People Meter (PPM) measurement service. Thus far, Arbitron has not provided satisfactory answers or resolutions to any of these issues. We continue to believe that a Commission initiated § 403 inquiry is imperative to shed light on the methodological problems identified in early PPM markets and avert the potentially disastrous consequences for minority-owned broadcasters should PPM be allowed to roll-out commercially with a flawed methodology.

A. MRC Accreditation

1. **Arbitron's PPM methodology deployed in Philadelphia and New York was denied MRC accreditation in January.** In the Commission's January 29, 2008 *En Banc* hearing on Communications Financing, George Ivie, CEO of the Media Ratings Council, indicated that the MRC has "important ongoing concerns" with the implementation of Arbitron's new PPM service. MRC also revealed in the *En Banc* hearing that Arbitron has not submitted all of its data sets for accreditation. Arbitron will not reveal the issues identified by the MRC, nor whether the MRC or the MRC sub-committee has made any specific recommendations to Arbitron with respect to ways to improve their sample panels?
2. **MRC recommends accreditation for any new measurement service intended to replace an existing accredited service.** Arbitron has provided no information on the status of re-audits for the Philadelphia and New York markets?

B. Absence of Key Metrics in PPM Reporting

1. **There is NO zip code information available in the PPM service** (Zip Code information is available in Nielsen and the Arbitron Diary). It has always been important for programming and sales to be able to look at ratings by zip code. When asked for this information, Arbitron stated that there is a security issue and explains that they are not managing the panel at the individual zip code level. Arbitron has said that they are looking at this but are not prepared to respond to sample representation by zip code. Ethnic broadcasters fear the reason this information is not forthcoming is because it would be an embarrassment to Arbitron, with zero listeners in major populated zip codes across major metros.
2. **No country of origin data.** In Spanish radio, country of origin is often the most significant factor in format selection; yet Arbitron does not collect this data. Consequently, users are unable to use PPM data to determine whether the Hispanic sample is representative of Hispanics in the market, and whether changes in the audience are due to changes in the sample or changes in audience behavior.

C. **Inadequacy of PPM Sample Sizes and Sample Representativeness**

1. **PPM has about 66% fewer members of its sample than the diary sample.** PPM has a 66% smaller sample size than the diary, thereby making it impossible to use PPM to sell age or gender subsets of ethnic audiences even in the largest markets? For example, PPM pre-currency data in Los Angeles (June) shows that there is only a target of 42 African Americans 18-34, with a daily average of only 40 African Americans age 18-34. This has particular negative repercussions for minority broadcasters since they, unlike general audience broadcasters, must sell advertising based on demographic subsets broken down by age, gender and race (and sometimes other factors such as zip code and income). For example, in Los Angeles, if half the sample were men and half were women, there would be only 20 of each gender; consequently, radio station sales people and programmers cannot mathematically calculate the ratings for African American men 18-34 or African American women 18-34 *since there must be at least 30 respondents to run the data.*
2. **Trouble recruiting young African American and Hispanic listeners for Arbitron PPM samples.** Minority broadcasters have expressed concerns about Arbitron's inability to consistently reach its targets for young African Americans and Hispanics. Arbitron has indicated that it has begun several initiatives to improve its recruitment of minority audiences, including commissioning studies from the University of Arizona and Howard University. However, neither these studies nor the recommendations resulting from them are expected prior to PPM commercialization in September.
3. **Arbitron is under-sampling cell phone-only households.** Only 5-7% of the PPM sample is cell phone only households while research indicates that as much as 30% of the Adult population 18-34 resides in cell phones only households. Jacobs Media estimates that nearly half of young adults (18-45) have "cut the cord" and are cell phone-only households. According to the latest semi-annual data released by the Center for Disease Control (CDC) "Wireless Substitution Report," cell phone only household incidence is up nearly 16% among all U.S. households and varies widely by age (*i.e.*, 34.5% among adults aged 25-29 years and 8.0% among 45-64 year olds). Moreover, Hispanics and African Americans overall, index higher in terms of cell phone only at 19.3% for Hispanics, 18.3% for African Americans versus 12.9% for Non-Hispanic white.
4. **Response Rates below Suggested Average.** SPI (Standard Performance Index) rates are below 20%, and despite repeated requests for raising the target 10 points or greater (a response rate in the 30's has been advanced by broadcasters); Arbitron has turned a deaf ear to the industry and says they will "try to improve response rates," with no real meaningful concrete goals or measurements in place to gauge results. Industry critics have reason to believe that this is a significant factor in Arbitron's failure to obtain accreditation.