

Language Usage Weighting

Arbitron has performed detailed analyses of the “variance and bias” trade-offs in the language weighting model.

Our conclusion to date is that the current model provides the best balance.

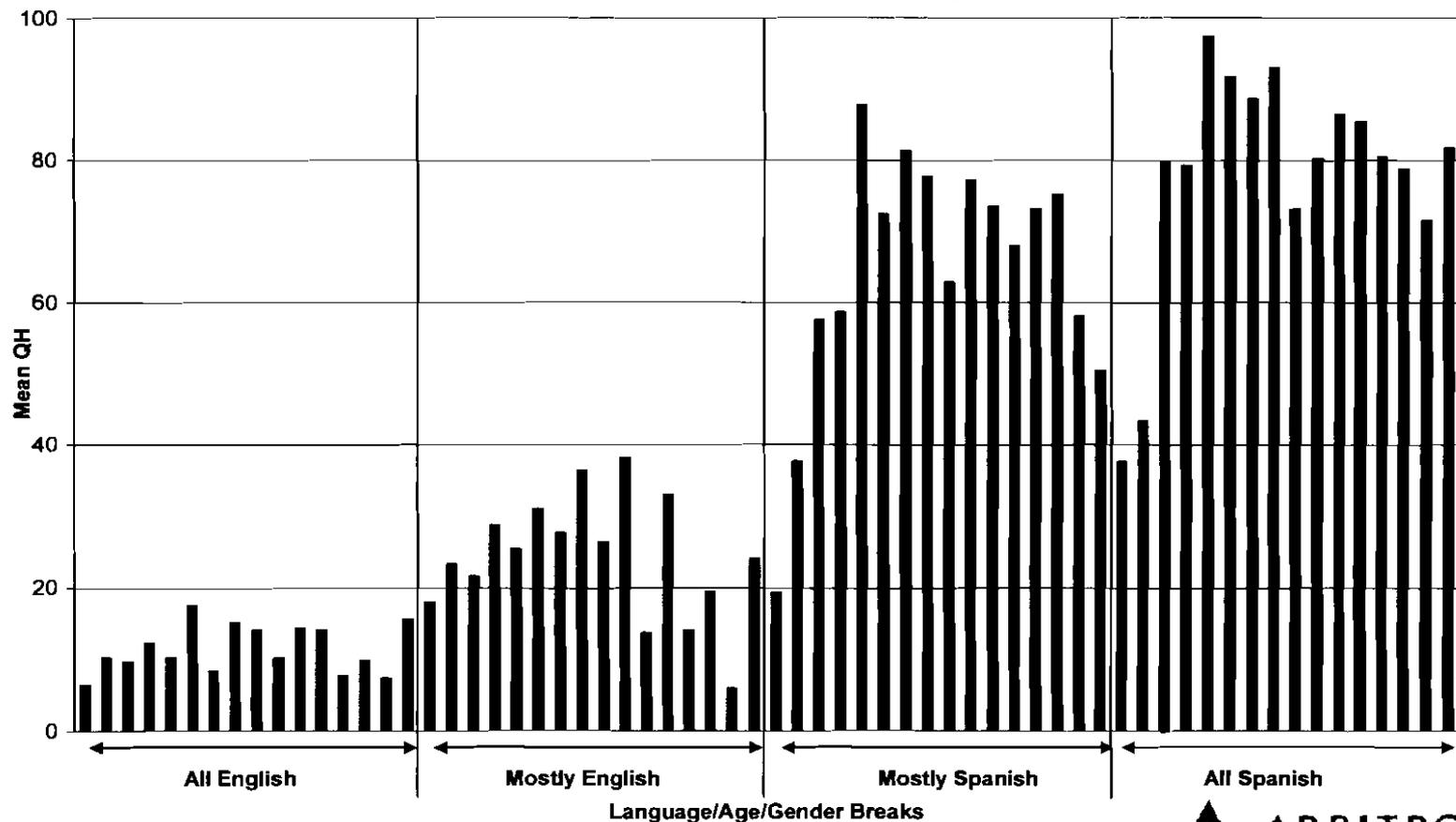
The two-way English-Spanish break captures the large majority of differences in listening.

The existing language questions align well with actual media use by language.

Two-Way Break Captures Most Listening Differences Across Age Demos

Mean Quarter-Hours of Spanish Format Listening by Language/Age/Gender
 Los Angeles, Persons 12+
 Diary Average of WI05-FA05

Spanish-Format Listening
 Mean QH per Person by Language/Age/Gender
 Los Angeles WI05-FA05 Average



Current Language Question Distinguishes Format Choices

Percentage of Listening to Hispanic Radio by Language Preference
Houston Metro, AQH Persons 6+
Feb 2008, Mon–Sun 6 AM-12 Mid

<i>Language Preference</i>	<i>% Listening to Hispanic Radio</i>
<i>All Spanish</i>	70%
<i>Mostly Spanish</i>	64%
<i>Both Equally</i>	34%
<i>Mostly English</i>	39%
<i>All English</i>	5%

***Does the PPM methodology favor a white male?
Does PPM “disadvantage” Hispanics and the
stations that target them and did PPM remove an
advantage that the diary had given to Hispanic
targeted stations?***

Radio Industry Objectives in Ratings Measurement

NAB/COLRAM/Industry guidance from 1988

Measure “exposure” not “listening”

Focus diary instructions on *“all the stations you hear, whether you choose the station or no.”*

PPM is designed to extend these measurement goals to electronic measurement of Radio

If panelists comply, exposure credit is automatic, fair and objective

Summary

Hispanic Spanish-dominants are among the most compliant PPM panel members across all age groups. Hispanic representation by Country of Origin and Cell-Phone-Only status appears to be good.

PPM panels provide robust and reliable sample sizes for Hispanic radio ratings.

PPM language questions and weighting procedures minimize bias and maximize ratings reliability.

Electronic measurement of exposure to Radio is consistent with the industry's audience ratings goals.

Thank You!

SUMMARY OF ARBITRON OUTREACH INITIATIVES

Arbitron is committed to an outreach program that reaches a broad cross-section of constituencies in an effort to promote the value of minority radio and provide a channel of on-going communication. Our commitment includes a combination of our talent and resources, as well as sponsorship and conference participation.

Continued and varied initiatives have been implemented to support outreach efforts:

- Internal Resource Assessment
- External Input Sources
- Client Communications
- Client Education Initiatives
- Advertiser/Industry Outreach Activities
- Grassroots support and interaction
- Industry Association Interaction

Internal Resource Assessment

- Review of the resources led to two important changes:
 - » Hiring of Manager of Multiethnic Advertiser Agency Outreach to focus on targeted efforts in this area.
 - » Restructured resources that “touched” the minority marketplace under a new Office of Multicultural Business Affairs.

External Input Sources

- Hired Equals Three Communications, Inc. to conduct a full review and evaluation of respondent materials in order to provide recommendations for improved programs aimed at continued response and participation by young Hispanic and Black survey respondents.
- Commissioned third party assessment of our minority representation from Arizona State University’s Center for Community Development and Civil Rights and Howard University Johnson School of Communications. Requested input on ways to enhance our methodology and ideas to assist clients in the transition to PPM data from the diary data.

Client Communications

- Monthly Client Briefings: started at the suggestion of Arbitron's Advisory Council for greater transparency around panel metrics.
<http://www.arbitron.com/downloads/monthlyppmclientupdate.pdf>
- PPM Website: survey schedules, sample targets, and client briefing presentations are made available for download.
http://www.arbitron.com/portable_people_meters/home.htm
- PPM Pre-launch Breakfasts: localized event for clients and non-clients; take place a month or two before the actual pre-currency mode for that market.
- Urban PPM Programmer's Conference took place early in the year; Urban Sales and Hispanic Program Director conferences also scheduled for the Fall.

Client Education Initiatives

- PPM Website provides the PPM Training modules as well as an invitation to sign up for self-paced study.
http://www.arbitron.com/portable_people_meters/ppm_training.htm
- Posting of Hispanic and Black Radio Today on our website readily available for print or download. <http://www.arbitron.com/home/content.stm>
- Development of Urban Radio in a PPM world through consortium of broadcasters and consultancy by Mark O'Neill.
http://www.arbitron.com/study/urban_radio_ppm.asp
- Dissemination of "Hispanic Radio and Urban Radio in a PPM World" presentations in group settings as well as webex seminars.
- On-going one-on-one meetings with clients to walk them through results and the dynamics of PPM data.

Advertiser/Industry Outreach Initiatives

Key Advertiser Meetings

- Active program targeted to top 10 leading radio advertisers.

Educational Handouts/Communications

- “Did You Know” one-sheet includes information about Non-Discrimination Provisions in Advertising Sales Contracts, Advertisement of Alcohol Products, and Commercial Time in Children’s Programming.

Key Industry Presentations

- Multicultural Media Expo- Los Angeles, CA, March 11, 2008
 - » Panelist – “How to use radio to effectively reach Black and Hispanic consumers.”
- Target Market News Conference – Chicago, IL, July 1, 2008
 - » Panelist – “New Challenges for Urban Radio: PPM Solutions”

Grassroots Support and Interaction

- Outreach and stronger relationships have been forged with various grassroots organizations to include:
 - » National Association for the Advancement of Colored People
 - » National Urban League
 - » National Council of La Raza
 - » Rainbow/PUSH
 - » Arizona State University’s Center for Community Development and Civil Rights
 - » Howard University Johnson School of Communications
 - » Latino Institute for Corporate Inclusion
 - » US Hispanic Leadership Institute

Industry Association Interaction:

- National Association of Black Owned Broadcasters (NABOB):
 - » Regular written and detailed sample performance status reports.
 - » Executive meetings every 2-3 months.
 - » Formal meetings have taken place since July 2007.
 - » Spring and Fall conference sponsorship and participation in discussion panels.

- Association of Hispanic Advertising Agencies (AHAA):
 - » Participating members in newly formed convergence of agency and broadcaster PPM Advisory group.
 - » Summer Conference participation and support.
 - » Panel formed over the Summer months.

- Spanish Radio Association (SRA)
 - » Association formed recently by broadcasters which are involved in a dialogue with Arbitron on a number of issues.
 - » Dialogue commenced over the course of the last couple of months.

- Minority Media and Telecommunications Council (MMTC)
 - » Participated in annual Access to Capital conference in July 2008 to discuss PPM service and listened to concerns expressed by various attendees.
 - Panel: “Due Diligence and Research”

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How KLOL/Houston achieved rating success with the PPM

'Mega' Recipe For Success

Jackie Madrigal
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KLOL (Mega)/Houston is a prime example of a "yes we can" reality in the new world of the PPM. In a market of nine Hispanic stations, the Clear Channel Latin pop outlet has ranked as the No. 1 Spanish-language station in 12+ for six of the last 10 PPM monthly reports, posting a 4.8 share in June. ■ PD Omar Romero says the key to creating a winning station in a PPM market is simple: Don't be afraid of the new electronic measurement system, understand how it works and make adjustments accordingly.

Learning everything about the PPM is essential, Romero says, including how to download the ratings, why you shouldn't play sweepers between music, way promos should be 20 seconds in length (instead of one minute) and how listeners use radio much like they use TV. Any PD well-versed in the new ratings methodology will do just fine, he says.

"PPM is not a mega, crazy change that's going to ruin how we do radio," Romero says. In fact, it can help your station perform better—if you know how to use it and implement necessary changes.

A Different Approach

In June 2007, Houston became the second market to convert from diaries to meters. Since then, Romero says KLOL has "realized the audience doesn't listen to the radio as much as we thought, and the way radio approached listeners to attract them is not the way listeners consume radio." The station went through an image makeover, he says, because aggressive promotion campaigns that are effective in diary markets don't perform as well in PPM markets. Additionally, studies show that when promos are too long, listeners perceive them as commercials, he adds.

"We also adjusted the way our jocks returned to the air after a spot or a song, by setting appointments," Romero says. "Instead of just saying, 'I have tickets to Marc Anthony's concert,' we now say, 'Don't forget I have Marc Anthony tickets for

you at 2:30.'"

TV's promotional approach, where viewers are continually reminded about upcoming programming, is the best model for radio to follow, Romero says. "Set up your appointments at all times," he says. "Let people know what time something is happening, so they know when to tune in. It's not a big secret." Also refrain from trying to "buy" listeners with money giveaways in every daypart, because the audience will only tune in when the promotion is taking place, he says. Instead, give them compelling content all the time.

Romero says the PPM has also shown that music is a station's most important element; the jocks are an additional ingredient. "I always use this analogy with my jocks: The music is the aircraft, while the jocks are the flight attendants, whose job is to tell the passengers what the weather is and help them have an enjoyable flight. But the aircraft is what is going to get you to your destination."

While Hispanic broadcasters and some general market companies that own Hispanic outlets have voiced concerns that the PPM hasn't adequately represented Hispanics in its samples and that that could negatively affect Spanish language radio, Romero says the PPM has been good for his station. "The numbers are there to prove it," he says. "While PPM isn't exact, the information on Hispanics and how your station is performing that we now get on a weekly basis is much



Wilkinson

'While PPM isn't exact, the information on Hispanics and how your station is performing that we now get on a weekly basis is much better than what we had before.'

—Omar Romero



'Until New York, Los Angeles and Chicago go through this process, we're on an island and we're going to stay on an island until the big money comes out of the big markets.'

—Charlie Wilkinson

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Higher Cost-Per-Point

KLOL GM Charlie Wilkinson says the station didn't face many challenges converting to the PPM. The station's 25-54 AQH persons grew 72%, from 7,900 in the winter '07 diary-based survey (when it was a Latin rhythm station) to 13,600 in the June PPM report. Still, he says he can't speak to the impact the PPM may have in other markets, especially when it comes to advertising, until the rest of the country is on the same ratings playing field.

"Until New York, Los Angeles and Chicago go through this process, we're on an island, and we're going to stay on an island until the big money comes out of the big markets. Then we can compare apples to apples," Wilkinson says. Those markets, along with five others, are scheduled to convert to electronic measurement next month.

Wilkinson admits that Mega experienced a slight loss in business because some agencies have not adapted to higher costs-per-point brought on by the PPM. That won't change until those agencies have a point of reference from the rest of the country, he says. At that point, Wilkinson is hopeful the question of why cost-per-point in the diary world is lower than with the PPM will go away.

Overall, the loss hasn't been a major issue, he says. In fact, the station picked up some new clients thanks to improved ratings.

Wilkinson expects KLOL's growth to continue because the station is music-focused and "we're giving the listeners exactly what they want."

While Mega proves that Latin radio success is possible with the PPM, the question remains: Can a Spanish-language station rank No. 1 in the general market under the PPM as has often been the case with the diary? Speaking solely for Mega, Romero says the answer is "definitely," especially if the station has all the TV spots, billboards and big-money giveaways some of its competitors have.

STATEMENT

**Mr. George Ivie, Executive Director and CEO
Media Rating Council, Inc.**

**Hearing – Overcoming Barriers to Communications Financing
Federal Communications Commission
July 29, 2008**

Chairman Martin and distinguished Commissioners, my name is George Ivie and for the last eight years I have served as Executive Director and CEO of the Media Rating Council (MRC). I would like to thank the Commission for the opportunity to participate in this afternoon's hearing on Communications Financing.

Before joining the MRC, I worked at Ernst and Young as the lead partner on all MRC audits. Including my eight years as Executive Director, I have 25 years of experience in auditing audience measurement service methodologies and have presided over and conducted hundreds of audits of such services.

Forty-five years ago, Congress addressed the issue of the accuracy and reliability of audience research in a lengthy set of hearings commonly referred to as the Harris Committee Hearings. At that time, after extensive testimony and careful consideration, Congress reached three basic conclusions: *First*, that there was a need for professional, independent review of audience measurement services. *Second*, that industry self-regulation – rather than the heavy hand of direct government regulation – was the best means of assuring the quality and accuracy of audience rating data; and, *third*, through the federal laws regulating anti-competitive conduct and deceptive practices, the federal government retained the means to deal with the most serious potential abuses.

The MRC is the product of those deliberations. For the past forty-five years, our mission has been defined by the goals that Congress set. Our membership is open to any marketer or media organization that relies on, or uses media research – including general media buyers and sellers as well as African-American and Hispanic oriented broadcasters.

Our membership totals 116 organizations today, an all-time record for size and diversity.

Just as Congress envisioned, our only business is to review and accredit audience measurement services through rigorous audits. An MRC audit includes an independent, detailed, and objective examination of each aspect of the operations of a measurement service. One of the hallmarks of our auditing procedures is that any research organization that voluntarily requests an audit of its service by the MRC must be totally transparent to us. **Accordingly and as discussed with the Commission Staff prior to this hearing, we must adhere to certain confidentiality guidelines.**

We are entirely independent of the audience measurement services we review. We are a not-for-profit organization, and the only funds we accept from the services are the amounts necessary to defray the costs of the audits, which are performed by nationally recognized, independent CPA firms.

The MRC employs stringent safeguards to assure that accreditation decisions are based only on merit, including voting policies, staff-executed process controls and ultimately conflict resolution and formal appeal procedures, if necessary.

We appreciate the Commission's interest in the merits of Arbitron's PPM services and, of particular importance, its concern that Arbitron's PPM services – or any company's service – may fail to accurately register the radio listening exposure of racial and ethnic minorities. From the standpoint of MRC's role and mission and what we are qualified to observe, I see two distinct issues:

- First, whether the PPM technology itself is an improvement in terms of measurement accuracy, and
- Second, how this technology is being implemented in the markets of interest to assure a representative sample of users that comply with the PPM methodology to capture the preponderance of their radio exposure.

Related to the first issue...a broad industry consensus exists that electronic measurement such as that enabled by Arbitron's PPM technology is a significant step forward in terms of capturing listener exposure. Not to say that electronic measurement is perfect, but it is broadly considered better than the current hand-written, recall-based diary technique when implemented properly.

I want to emphasize that these two techniques (diary versus PPM) do measure very differently, and therefore audience changes do occur purely as a result of measurement mode.

In the second area, however...the implementation details...the MRC has important ongoing concerns. As you are aware, Arbitron is actively trying to address these concerns and has publicly acknowledged that fact, and the MRC will continue to seek the necessary methodological and performance improvements.

Monthly Average Quarter Hour estimates from Arbitron's Houston PPM Service have been accredited by MRC. Subsequently introduced PPM Services (which have several significant methodological differences from Houston), including Philadelphia and New York where audits have been completed, have not yet achieved accreditation. Several other PPM Services that are nearing introduction by Arbitron are being audited at this time. Also, there are other data-types which are used by the marketplace in all of these markets that have not been submitted to the accreditation process, such as weekly data and minute-level data.

In closing, the MRC has strived over four decades to be faithful to the mission that Congress has defined for us. As recently reaffirmed by the FTC and the U.S. Department of Justice, we believe we conduct our mission well and we believe we focus appropriately on the areas of adequate representation and fairness in the audience measurement services we audit.

Our goals for our ongoing interaction with Arbitron are to maintain their un-diverted attention on the audit and methodological issues we raise, encourage them to complete audits and obtain timely accreditation of each PPM market, particularly for Philadelphia where radio industry ad negotiations are based solely on PPM data, and seek to ensure the audit and accreditation of all significant data-types. We believe this serves our mission of securing valid, reliable and effective audience research for our industry.

I would be happy to answer any questions you may have.