

MEDIA RESEARCH CLUB OF CHICAGO

M R C C  
REVIEW

The newsletter for all media professionals

What's Right With Radio

Mary Beth Garber and Elizabeth Lam  
Southern California Broadcasters Association.

This morning I walked my dog, Paddington, and we met Gabrielle, Lucy, Rocco and Trixie. Other dogs. Don't ask the names of the owners. I see them every day but we don't worry about it. I'd have a hard time naming five of my neighbors, and my husband and I socialize with only one of them.

How about you? Probably the same. We've changed how we create and populate our

social circles. Today we draw less and less from our home neighborhoods, because we spend so little time there.

Today, about 70% of men and women under the age of 55 work outside the home.<sup>1</sup> We drive on overcrowded

streets and roads into traffic we can't predict or control. About 74% of working women leave work without knowing what's for dinner.<sup>2</sup> But we don't worry about. Why? Because we have cell phones that connect us to someone else to whom we can hopefully toss the burden of deciding.

Or, even better, we can get inspiration or information from the friend we invited to ride along with us. The one we spend about 1-1/2 hours with in our vehicles each workday.<sup>3</sup> The one that 94% of us spend about 3 hours with every day.<sup>4</sup> The one that working adults usually spend more time with every single day than any other single medium.

I would call it the medium of radio, but that would grossly understate its real relationship with me, you or any of its listeners. Because today, none of us are just radio listeners. Instead we're participants, because radio is no longer relegated solely to the device on my table or in my car. Today radio can be found on my computer, my iPod, my cell phone or anywhere I can access the internet. Unique visitors to

local radio web sites grew 110% for 2006.<sup>5</sup> The United Kingdom just saw the highest level of radio usage in history, due largely to the use of Internet and mobile phone devices to listen to radio.<sup>6</sup>

In 2007, my radio station is no longer just a radio station. It is a virtual neighborhood that I can access in myriad ways any time of the day or night. It's where I expect to find fresh content, often consumer generated, that is relevant to me.

In this digital age, radio has morphed into a new and exciting medium. A modern medium full of surprises but housed in an environment that is as familiar and welcoming as the feel of my favorite old jeans.

That's why the average listener will return to basically the same set of radio stations day after day.<sup>7</sup> Why 80% of us wake up and spend the morning with radio<sup>8</sup> and why 94% of us say it is the device we use most often in our vehicles<sup>9</sup>. And yes, even the newest generation of teens, raised on iPods, still says that radio is the one device more of them own than any other<sup>10</sup>.

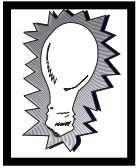
There are two RAEL<sup>11</sup> studies that help explain both the way people use radio and the relationship they have with their radio stations. "My radio station" is the usual reference. They don't consider it mass media. The music selection, the remarks, the jokes, the topics, the gossip, the conversation are all part of a virtual neighborhood they inhabit. One where good



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## PRESIDENT'S NOTES

by Julia Johnston  
Arbitron

### The Revolution of Digital Radio

Whether you work at an agency, a media company, any major advertiser category, or even a research company; chances are your business has been affected by many of the major trends affecting our industry. The major themes I refer to are fragmentation of formats and brands, convergence of technologies and media platforms, conversely divergence from media platforms, as well as accountability.

We are all familiar with fragmentation and the convergence of media but what about divergence? Divergence is essentially the flip side of convergence. Media content is leaving the medium from which we have always associated it. For example, radio does not just come to you on your radio; you can also find it online. Internet radio is defined as over-the-air radio stations programming rebroadcast on the Internet.

When you can get a medium in other ways besides the platform it is associated with, the advertising environment becomes increasingly difficult for planners, buyers, sellers, and researchers. More and more alternatives compete not just for the media dollar, but for the marketing dollar. Advertisers demand greater accountability for the money they spend.

Back in 1970, when there were three broadcast networks and virtually no one had cable, there were 6,745 US Radio stations. Sixty-three percent of them were found on the AM dial. Today, there are approximately 13,500 radio stations and seven out of ten can be found on the FM dial\*. With the creation of online radio, there are even more opportunities to us as marketers than ever before.

A research study conducted and presented in 2006 by Edison Media Research and Arbitron, Inc titled *The Infinite Dial: Radio's Digital*

*Platforms* stated radio's digital revolution best:

"Over the past decade, developments in technology have dramatically broadened options for audio programming. This revolution began to take hold in the mid-1990's with the newfound ability to listen to audio being "streamed" over the internet...Indeed, the radio dial, which was once limited to what was sanctioned by the FCC and available only on AM and FM, is now entirely unbound. That is why we are referring to this new world as the "infinite dial." One can now "tune" to an unlimited number of options for "radio.\*\*"

**Over the past decade, developments in technology have dramatically broadened options for radio programming.**

There were several key findings in *The Infinite Dial* study. More than one in five people over 12 years old have listened to internet radio in the past month – approximately 52 million Americans. The internet radio listening is more prevalent in younger demos (18-34), skews male and attracts an upper income audience. Impressively, the weekly internet radio audience increased by fifty percent in the past year!\*

What are the best practices we can learn from identifying and targeting consumers using online radio? How have agencies and advertisers experimented in this exploding and dynamic platform that we can gain knowledge and develop exciting and successful campaigns for our clients? Our guest speakers for the **March 13th MRCC luncheon** are **Connie Fapka** of the **RAB** and **Diane Williams** of **Arbitron, Inc.** Please join us to learn more about the evolution of online radio and the opportunities it presents to target consumers effectively. **MRCC**

\*Arbitron Radio Today

\*\*The Infinite Dial: Radio's Digital Platforms

### RSVP by Credit Card

Note: The MRCC has made arrangements to accept credit cards via PayPal (Visa, MC, Amex, Discover). This must be done when registering online. Credit cards cannot be accepted at the door. Please be aware that there will be an additional 4% processing fee when paying by credit card.

## March Meeting Notice

### PLEASE RSVP!

<b>Topic</b>	<b>Radio Update</b>
<b>Speaker</b>	<b>Connie Fapka of the RAB Diane Williams of Arbitron, Inc.</b>
<b>Date</b>	Tuesday, March 13th, 2007
<b>Place</b>	Maggiano's Banquets 111 W. Grand Avenue The Amarone Room
<b>Time</b>	Noon to 2 p.m.
<b>Price</b>	<b>\$35 member \$45 non-member \$5 additional charge for Walk-Ins</b>
<b>Menu</b>	Buffet-style lunch
<b>RSVP</b>	FAX your reservation to <b>312-329-0443</b> or RSVP at www.mrcc-online.com by noon Friday, March 9th. Cancellations must be received by Noon on March 12th.

**NOTE: Be sure to RSVP to guarantee yourself a seat. We can only handle a small number of walk-ins.**

### UPCOMING EVENTS

**April 10th - Fusion and Multi Media Measurement with speakers from Scarborough and Nielsen**



## Listening to Consumers Listening

David Shiffman  
MediaVest USA

Outside of largescale industry-wide initiatives such as the Radio Ad Effectiveness Lab (RAEL), it's unusual to find much research going on in the industry to find out more about radio. But at Mediavest, where several of our key clients are avid users of the medium, we realized that we needed to better understand where radio is today, and where it is likely to be tomorrow.

Spurred by the significant changes that are continuing to take place in the radio space, we embarked on an investigation into the future of radio and new audio platforms. As we moved further along, the scope of our project grew in size and complexity as we realized that we needed to create something new – a single source audio study that would need to cover the full spectrum of “audio” and include the growing number of devices and formats through which audio is being transmitted and received by people across the country: AM/FM radio, satellite and HD radio, MP3 players with video and without, cell phones, CD players, cassette and record players, the Internet and even the TV set, which we had anecdotally heard was increasingly being used for audio-only content. More than anything, we needed a consumer-based understanding of the current audio media landscape that would put people – not a medium and not technology – at the center of our thinking.

Before putting a single toe into the research water, we learned that the audio space was confusing and difficult to define (and we're the experts). So we were not surprised to learn that the vast majority of people indicated that they “do not know much about” or “have not heard of” MP3 players, satellite radio, HD radio and many other audio devices and content platforms. As we might expect, this lack of knowledge is accompanied by a low likelihood to seek out information about these devices and offerings and an even lower level of purchase consideration. While we did identify a valuable segment of highly-involved, well-informed audiophiles, most people reported a significant knowledge gap across all but a few audio technologies and platforms.

Our study also showed that different devices work to satisfy different needs and desires. MP3 players are about customized content selection and portability. Internet radio's strength is its flexible access and seemingly infinite content offerings and satellite is lauded for offering limited advertising interruptions across a solid variety of content offerings. Meanwhile, AM/FM radio appeals to our old-school values by offering free, always-on, enjoyable content and information that helps people get through their day (local news/weather/traffic), delivered by a likeable radio host and personalities.

With few exceptions, we also found that our traditional thinking remains very much in tact and that “free” remains a highly appealing proposition. Free content is highly preferred and people are almost four-times as likely to access and download free content versus paid content. More important, people remain willing to listen to advertising if they get something in return: nearly 60% of music downloaders are willing to be exposed to advertising in exchange for having access to free content, and only 8% of people would be willing to pay a fee to have fewer advertisements on traditional AM/FM radio.

Our investigation also reinforced the need to put people at the center of our

**With few exceptions,  
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thinking and measurement solutions. We saw further evidence of the way in which people use and adopt new audio forms and formats as a complement to existing technologies and in ways that fit their lives. Regardless of the speed at which change occurs, people put themselves in the center and spin technology around to meet their needs and desires. Just as people do as they adapt to changes in their environment, we need to adapt and put people at the center so that we can properly measure, understand and impact consumer behavior. I'm not sure the industry has successfully adapted just yet. **MRCC**

David is Vice President, Research Director at MediaVest USA in New York.

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**The primary focus  
of the modern  
medium of radio  
is acknowledging  
that I exist...**

neighbors do good business. Because the camaraderie, the connection, the comfort accorded to a listener's favorite stations is also accorded to almost all of its content, including its advertisers.

The result is that about 92% of us will stay "in the neighborhood" through four or five commercials in a row.<sup>12</sup> And 79% of us believe that the content is some degree of useful<sup>13</sup>. Which means advertising messages aren't just heard, they're listened to on the least cluttered medium any of us will encounter on an average day.<sup>14</sup>

The primary focus of the modern medium of radio is *acknowledging that I exist*. The people on my stations speak to me, and speak with me. They include me in the conversations. I might be called by name. They may play music I have selected. They may air my opinion, or make fun of me. They make me an active or even, if I choose, a passive member of the neighborhood.

Until the Internet and cell phones, radio was the only medium that consistently let me participate and offered me instant feedback and gratification. Only radio entertained me and allowed me to interact. And that's why it was so easy for radio to find its place in high tech, high touch world we live in. It already delivers what many of us flocked to the Internet to experience.

Radio is where I go when I don't want to be alone. I get a small thrill when I hear another listener (a "neighbor") on the air — an even bigger one if I know or recognize the person. I like the presumption that the people on the air would care about what I had to say, or give me the opportunity to be heard even if they used me for bait. Or that the song now playing is one I selected, or might have.

Radio lets me interact, or just feel as if I could, if I so chose. No wonder I feel, as Harris and Wirthlin substantiated, emotionally connected to my stations.

And emotions are the most important kind of connection any medium can offer to an advertiser.

If you're still looking for proof that interaction and neighborliness translate to sales, consider that about 40% of Los Angeles Adults 18+ who had a favorite personality has bought something because one of these personalities on a favorite station recommended it<sup>15</sup>. About 13% of U.S. Adults 18+ who have a cell phone in their car has used it to call an advertiser they've just heard about on the radio<sup>16</sup>. Nearly 80% of Spanish language station listeners in Los Angeles consider radio commercials a primary source of information about stores and services in their neighborhoods<sup>17</sup>. And about 48% of U.S. Adults 18+ has shopped for something that day and 56% that week that they learned about on the radio<sup>18</sup>.

The descriptors attributed to radio in the RAEL study are those we might endow on people: "Radio is best at making me feel happy," "helping me to relax," "keeping me company." The verbatim line most prevalent in one of our proprietary studies says it all: "I love my radio station."

**Radio lets me  
interact, or just  
feel as if I could**

How often does a person say that about a TV station? A newspaper? An outdoor board? A magazine? A piece of direct mail? A telemarketer? A website? Yet turn on a radio and almost every day you will hear a caller on a station declaring "I love you guys," or "You rock" or "You rule."

Radio is not a medium where one simply dumps 300 rating points in a week. A commercial in this neighborhood literally intrudes on a personal relationship. That

intrusion can be welcomed or it can be resented. An advertiser who repeats the same commercial so often that it becomes an invitation for listeners to visit another neighborhood, even if only temporarily, hurts the station and the advertiser. That's why researchers, who want to do a service for their clients, should revive their analyses of when too much frequency results in a negative response.

**Radio has...  
a unique relationship  
with its audience**

On the other hand, advertisers who realize that radio is a virtual neighborhood and act like good neighbors, can benefit from the tremendous emotional connection the listener has with a given radio station or stations. An advertiser can be a good neighbor by participating in the ways the neighborhood socializes. This means matching needs and interests. It may take a little more planning but by advertising products, services or issues that relate to the lives of the neighbors, the advertiser will be accepted and prosper.

Radio has a different, a unique relationship with its audience, one that does not exist with any other medium that we invite into our daily lives. Its emotional connection is so strong that it measurably affects the results when radio is incorporated into a media mix. Internet plus radio improves unaided brand recall by 450%<sup>19</sup>. Newspaper plus radio produces 300% better unaided brand recall. Put radio with TV and increase unaided recall by over one third<sup>20</sup>. Radio has morphed not only into a new medium but also into a tool critical to the maximization of any media plan.

A big part of radio's appeal is that it can be accessed nearly anywhere, anytime, by any number of portals. "The ease by which radio can be consumed, regardless of the venue, makes it unique among all media."<sup>21</sup> It can also be consumed while doing other things — driving, working, getting ready to

*continued on page 5*

**57% of... Internet users...  
claim to have checked  
things out on the Internet  
after hearing about  
them on radio**

go out, browsing the Internet. Nearly 90 million of the 147 million Internet users listen to radio while online<sup>22</sup>. And 57% of the recent Harris International Internet users study sample claim to have checked things out on the Internet after hearing about them on radio. Of course, one of the key ingredients is that the content is localized, or community connected. That's what helps make the content about me.

After all, that is what matters most. What each of us wants. And the more it's about me, the better. That's the basis for the social circles we create. Each of us wants to know that we are an accepted, acknowledged part of a group.

That's why, since I'll probably never get to know my neighbors beyond the names of their dogs (or children), I'll continue to return to the virtual neighborhoods I've helped create.

The ones on my radio. That's where you and your advertisers can find and talk to me. And 240+ million other people like me. **MRCC**

Mary Beth Garber is President and Elizabeth Lam is Research Director of the Southern California Broadcasters Association.

Footnotes:

<sup>1</sup> Bureau of Labor Statistics.

<sup>2</sup> Domino's Pizza.

<sup>3</sup> Arbitron, Spring 2006, Multi-market, Monday-Friday, 5am-8pm, Adults 18+.

<sup>4</sup> Arbitron, Persons Using Radio Report, Fall 2006, Total U.S., Adults 18+.

<sup>5</sup> J.P. Morgan & Co. as quoted in January 2007 issue of Radio Waves from Katz Radio Group.

<sup>6</sup> Terry Kirby, Chief Reporter The Independent, U.K., February 2, 2007, based on data from Radio Joint Audience Research (Rajar) October – December 2006.

<sup>7</sup> Arbitron Research Department, 2006.

<sup>8</sup> Arbitron, Persons Using Radio Report, Fall 2006, Total U.S., Adults 18+.

<sup>9</sup> Bridge Ratings, Industry Study: In-Car Media Use, Adults 18+.

<sup>10</sup> MindShare Online Research Group Study, Kids 8-17, quoted by MediaPlannerBuyer.com, October 6, 2006.

<sup>11</sup> Radio Advertising Effectiveness Lab, www.radioadlab.com

<sup>12</sup> Arbitron, Media Monitors and Coleman analyzed 93,876 radio commercial breaks from November and December 2005 in Houston, Texas, comparing the audience level for each minute of a commercial break to the audience for the minute before the commercials began.

<sup>13</sup> Arbitron/Edison Media Research, "Spot Load Study 2005: Managing Radio Commercial Inventories for Advertisers and Listeners," Persons 12+.

<sup>14</sup> Empower MediaMarketing Study May 2006

<sup>15</sup> Arbitron/SCBA Los Angeles DMA Lifestyle Study, Released February 2002, Adults 18+.

<sup>16</sup> Arbitron/Edison/NAB In-Car Study, October 2003.

<sup>17</sup> Arbitron/SCBA Los Angeles DMA Lifestyle Study, Released February 2002, Adults 18+.

<sup>18</sup> Arbitron/Edison/NAB In-Car Study, October 2003.

<sup>19</sup> Harris Interactive released February 2007 by Radio Advertising Effectiveness Lab (www.radioadlab.com).

<sup>20</sup> Pre Testing Lab Study released December 8, 2004, by Radio Advertising Effectiveness Lab (www.radioadlab.com).

<sup>21</sup> Arbitron, Radio Today 2006 Edition, page 9 (www.arbitron.com).

<sup>22</sup> eMarketer.com, Welcome to the 36-Hour Day, January 30, 2007.

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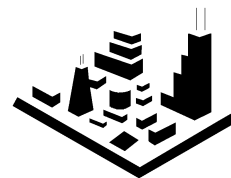
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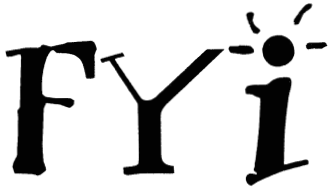
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Company \_\_\_\_\_

Phone # \_\_\_\_\_

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No shows will be billed — cancellations must be received 24 hours prior to meeting.

The *MRCC Review* is published 9 times a year.

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