

Welcome to the Fall 2007 edition of *Research Directions*, a quarterly report for the radio industry from The Ratings ExpertsSM at Research Director, Inc.

This quarter's issue focuses on Internet streaming. Arbitron changed the respondent instructions in the diary in Fall 2006 to encourage respondents to write down their Internet listening. What's the impact to your bottom line? Click on a topic to be taken directly to the article. Your feedback and questions are always appreciated at csislen@researchdirectorinc.com.

Is **your** station getting its fair share out of the Summer 2007 survey? Are you facing the conversion to electronic measurement without a compass?

We can help -



Charlie Sisen

Is Streaming Stealing Your Top Line?

It is no surprise that many stations have taken their broadcast signal online to allow listeners to access their content via the web. Many broadcasters are seeing this as a way to grow their audience, as the stream can reach potential listeners who may not be able to pick up the broadcast signal. However, it may also attract listeners who can pick up the broadcast signal but prefer the Internet option.

Due to contention over royalties for Internet radio, most stations are not 100% simulcast because they do not broadcast the same commercials during their breaks. The Arbitron rules state that, if a station is not 100% simulcast, the stream should not be included with the broadcast signal. However, in all but two markets (Houston and Philadelphia) at present, it comes down to what the diary keeper records.

Historically, Internet listening did not represent a significant amount of quarter hours. Some assumed that, even if people were listening via the web, they were not noting that in their diary entries. Beginning with the Fall 2006 survey, Arbitron changed its instructions in the diary to reflect non-broadcast options. This includes both satellite and Internet listening. Some believe that this improvement to the instruction page might remind listeners that they are, in fact, listening via the Internet and not through broadcast, leading to more accurate diary keeper entries.

When you hear a radio, write down:

TIME
Write the time you start listening and the time you stop. If you start at one time of day and stop in another, draw a line from the time you start to the time you stop.

STATION
Write the call letters, dial setting or station name. If you don't know, write down the program name. If you listen over the Internet or to a satellite radio service, please include the station name or channel number.

Mark AM or FM.
AM and FM stations can have the same call letters. Make sure you mark the right box.

THURSDAY

Time	Station	Mark <input type="checkbox"/>		Mark <input type="checkbox"/>		
		AM	FM	At Home	In Car	At Work
Start	Stop					
5:45	7:15		X	X		
7:15	7:40		X		X	
9:30		X				X
2:00						
2:15	2:35					X
4:20	4:25				X	
7:05	9:50		X			X
11:30	12:15		X	X		

If you didn't hear a radio today, please mark here.

PLACE
Mark where you listen:
 at home
 in a car
 at work
 other place

Write down *all* the radio you hear. Carry your diary with you starting

No listening?
If you haven't heard a radio all day, mark the box at the bottom of the page.

Source: http://www.arbitron.com/home/diaryinst_page.htm, October 2007

Even with this change in diary instructions, reported Internet listening is still minimal. After inspecting numerous markets, Research Director, Inc. has determined that reported Internet listening presently comprises less than one half of one percent (0.5%) of all reported quarter hours.

Spring 2007 Listening

Market	Total Metro Quarter Hours	Reported Internet Quarter Hours*	Reported Internet % of Total Metro
New York	1,132,452	4,334	0.4%
Los Angeles	636,480	2,090	0.3%
Chicago	498,384	1,496	0.3%

Source: Arbitron

*Non-100% Simulcast

When a market converts to PPM, which Philadelphia and Houston have, the impact is clearer. Since the stream has a different encoded signal, no streamed listening will be credited to the broadcast signal. Again, this assumes that the station's streamed signal is not 100% simulcast with its broadcast signal.

Therefore, if a listener elects to listen to a radio station via the Internet, but has the ability to listen to the broadcast signal, they could be hurting the station's ratings. Lower ratings can often translate into lower revenue.

So What Do Broadcasters Do?

Long term, the streamed signal has massive potential. A few broadcasters are starting to recognize streaming as a new revenue source. However, like any NTR, it is going to take time and effort to build. Many Internet services can provide real listening data by minute and day. Broadcasters should convert them to a cost efficiency model so they can effectively price the advertiser's message.

Unlike Arbitron, which provides listening estimates, streamed data is an actual tally of real listening, and therefore more accountable. The biggest problem here is finding advertisers whose messages can be put on the stream without paying the royalties.

While the spot rate is currently low, one can expect the size of a station's streamed audience to continue growing. If a sales team makes an effort to sell this new inventory, demand will grow - as demand grows, rates will follow.

The big question for every broadcaster is how much do you want to push your listeners to your stream? For AM stations and weak-signal FMs, this is a necessity. The stream can help penetrate locations where a station couldn't previously be heard. However, if you are a booming FM, do you want to direct listeners to your stream if you are not getting value from it?

Without a clear and deliberate strategy, streaming can steal broadcast listeners without benefiting a station in other ways. Reasonable goals need to be set to make the move to the Internet a success without sacrificing a station's traditional sources of revenue.



As The Ratings ExpertsSM, we love to share our knowledge and insight. Please pass along this information, or sign up others on your team (click [here](#)). Instructions to unsubscribe are included in every quarterly issue.

Research Director, Inc. is a recognized leader in ratings analysis for radio stations around the nation and is now one of the largest radio research consulting firms in the country. Research Director, Inc. helps the sales and programming teams at radio stations use ratings research more effectively to expand advertising sales.

Not yet a client? Call or e-mail Charlie Sislen at csislen@ResearchDirectorInc.com today to see how you can better use your Arbitron book to increase your market share. You'll be amazed at what we'll uncover for your sales team.

Phone 410-956-0363
csislen@ResearchDirectorInc.com
www.researchdirectorinc.com

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