



PPM — Friend Or Foe?

Industry Leaders Weigh In On PPM's Strengths, Weaknesses

Proponents have hailed it as the salvation of the industry, while critics think it is rapidly becoming radio's greatest scourge. Whether or not you embrace it, we'd all better hold onto our hats and learn to adapt to Arbitron's Portable People Meter, because it's here. To address some of what's recently been said about the technology, a handful of experts we asked to tackle some pros and cons of the PPM.

What fundamental differences exist between PPM and the diary?



Charlotte Lawyer, vice president of audience measurement, Cumulus Media: Programmers no longer have to concentrate on-air efforts to constantly reinforce station identifiers so listeners will write down their station name. Listening information can now be examined on a much more granular level to see the impact of contests, promotions, and short-length programming elements on ratings. Data is available now on a weekly and monthly basis, so format and other programming changes can be evaluated in a more timely manner to gauge their impact on the marketplace. Radio's newfound come reach benefit needs to be incorporated into the planning, buying, and selling process. The value of radio's reach to the media mix needs to be backed up with a research study. Agencies are not compensating radio stations for the reach they always delivered, which now can be demonstrated with PPM.



John Snyder, vice president, PPM implementation, Arbitron: The PPM will capture a lot more occasions of listening to a lot more stations, but for shorter periods of time than with the diary. Programmers will have a level of understanding about how listeners use their station that self-reporting could not provide, such as how listeners react to events, contests, guests, etc. The difference in how radio will sell itself to advertisers is based on the confidence in the estimates. Radio will be able to highlight certain aspects of the day and week to deliver a more targeted audience with the advertiser using the PPM.



Brad Riegel, president, Cornerstone Research: PPM passively measures exposure, and the diary measures active recording/recall of listening. PPM estimates are derived from daily and weekly participation of the panel; diary estimates are derived from the aggregate listening of those respondents who fill out and return an acceptable weekly diary.

With the PPM SPI (sample performance indicators) for Philadelphia falling from 14.5 percent during June to 13.5 in July; and Houston losing two full points between June and July, falling to 16.5 percent, are broadcasters concerned?



Bob Patchen, chief research officer, Arbitron: Diary response rates are substantially lower in major markets like Houston and Philly, so the difference with PPM is not as great as this question implies. As diary response rates have dropped, we have not seen direct evidence that the response rate has much impact on ratings results. Much more important is the quality of the data collected. Electronic measurement produces more detailed and complete information, with less rounding and top-of-mind bias.

It is important to note:

1. The diary survey lasts one week; PPM panelists are recruited for up to two years.
2. The diary survey does not require daily proof of compliance; the PPM panel does. Panel members are only counted as in-tab when they comply based on electronic motion data (at least 8 hours for adults and 5 hours for children and teens, with overall average carry times of 14-15 hours per day).
3. Diary response rates are substantially lower in Houston and Philly than the national metro average, which includes many small markets. The top 50 metros, and especially the largest metros where PPM is presently being deployed, are much tougher response rate markets as compared to the national averages.
4. The PPM panel has multiple stages and levels of cooperation. The household SPI measures cooperation among sampled households in joining and remaining in the panel; the monthly SPI reflects the actual number of persons who were in-tab for the published ratings; and the daily SPI reflects the average number who cooperated day by day (the most stringent metric).

Lawyer: If we knew for a fact that non-responders had the same listening habits as those who respond, then SPI or response rates wouldn't matter. But because we don't know this, we want to achieve the highest SPI or response rates possible by maintaining efforts to improve the rate of consent, return, and compliance.

Riegel: Arbitron is taking active steps to encourage those in the panel to participate, or to replace those who aren't more quickly. Everyone who's sent a diary doesn't return it, and we're finding that some who agree to be installed with a PPM don't carry it.

What initiatives is Arbitron implementing to enhance young adult sample performance?



Owen Charlebois, president, operations, technology, and research & development, Arbitron: We are pushing poor complying respondents out of the panel on a more aggressive basis, because they reduce daily in-tab rates and ultimately SPI. There is no relationship between in-tab rates or SPI and ratings.

If respondents haven't formed the habit of carrying PPM within the first 30-60 days, they are unlikely to do so, no matter

what coaching, financial incentives, etc., we provide. Arbitron is implementing several initiatives to enhance young adult sample performance:

- Increasing the sampling rate of 18-24-year-olds in the panel
- Implementing selective use of in-person coaching
- Doubling the weekly performance bonus for households with one or more black young adults 18-24
- Instituting more aggressive panel management of poor compliers
- Fast-tracking the use of additional accessories for black young females
- Expanding the panelist website

Do lower response rates mean lower ratings?

Riegel: That depends on the demo and daypart. Pouring through the data in XTrends I can see lots of places where the data has remained quite stable, and other places where there are dramatic changes. Sample performance has a varied impact depending on the estimates you are looking at, just as if you look at a discreet diary month versus a four-book average.

Lawyer: My view of sample performance and its potential impact on ratings stems from a basic concern that in-tab samples may not be large enough to accurately represent the listening habits of that cell's population. For example, are 100 in-tab respondents enough to portray the radio listening of the 560,000 men 18-34 it is meant to represent? Weighting is not the answer if the sample is too small to begin with.

What financial effect is PPM having on rates?

Snyder: We are seeing a lot of different things happening in the negotiation process. One is that buyers are there to negotiate rates — but we are also seeing more stations being considered for buys. In a PPM world, the top 5 stations are not head and shoulders above the rest. Buyers are now looking deeper at stations and looking beyond rating points at more qualitative data. Cost per point is going up where the agency was able to plan for PPM data.

Lawyer: Many agencies are using the higher CPPs (cost per points) and lower GRPs (gross rating points) to demand and get lower rates. They are not making adjustments with the new methodology. Unfortunately, so far, I am seeing a net loss of total market revenue for radio. PPM has become a vehicle to negotiate. Although agencies perceive PPM as a more credible and accurate way to measure radio, they have not adjusted their goals to reflect the new methodology and audience results. Yes CPPs are higher and GRPs are lower, but you don't need to buy at the same level of GRPs to maintain the results you saw in the past at that level. A one-time conversion needs to take place. Stations continue to be bought based on diary cost criteria, which is founded in AQH.

What is the greatest impact PPM will have on radio's future?

Snyder: The ability to fine-tune the product to what a specific market needs, and see results quickly. Advertisers will have more accountability and confidence in the estimates.

The weakness is that change can be disruptive. There is a need to stop, analyze the data, and figure out how to move forward.

Riegel: Isn't it great that we have this new measurement tool to talk about and all this new data to analyze? We get to take a fresh look at radio, and buzz is always a good thing. Consider the consistently larger cumes, the frequency with which you will get estimates because of the panel methodology, and the opportunities to market and evaluate radio through a new set of eyes — or ears, as is the case with the PPM!

Lawyer: The greatest impact will be if we can prove that the increased cume reach radio delivers is of value to advertisers. We can no longer base radio's value on AQH, a metric first devised to measure the audiences of 15-minute radio shows back in the 1930s. A new cume metric must be developed that can be incorporated into the planning process to capitalize on radio's expanded reach and maximize its benefits for the client. ☐

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