

Media

Bad Ratings For Arbitron

Seth Lubove, 03.11.03, 10:24 AM ET

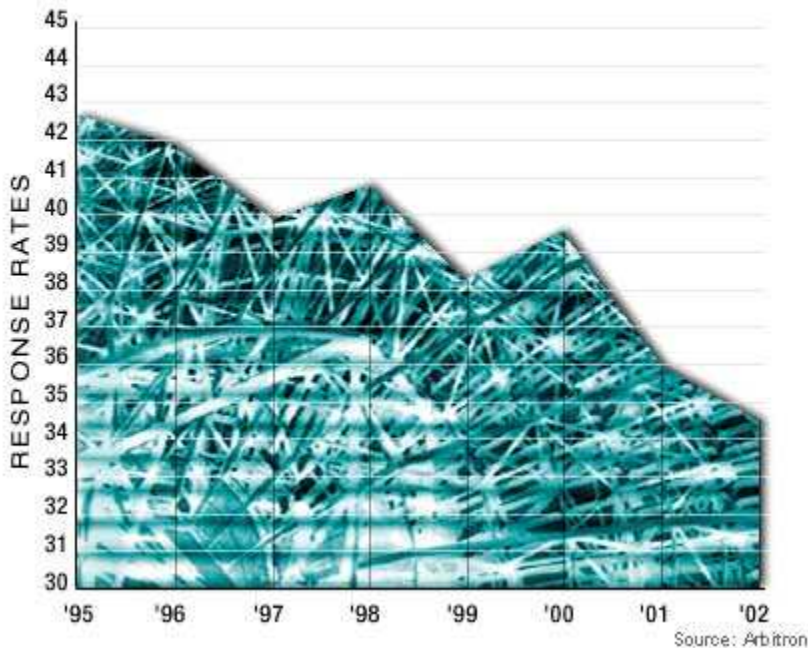
Do you have caller ID or a screening device on your phone? Do you gleefully hang up on obnoxious telemarketers? Then you're a big reason why radio broadcasters are furious with **Arbitron**, the New York City-based radio ratings service whose research determines the fate of much of the \$20 billion that is spent on radio advertising.

After randomly selecting thousands of households in a radio market and sending written notification, Arbitron (nyse: ARB - news - people), then calls each house to get consent before sending out diaries for each person over the age of 12. Presuming they agree, the diary keepers spend a week recording the radio stations they listen to and at what times.

But fewer and fewer people are picking up the phone when Arbitron calls. That, in turn, means fewer diaries are filled out. Since peaking at 42.7% in 1995, response rates have fallen to 34.5% as of last fall. With fewer diaries backing up the ratings, the radio broadcasters who live or die on the ratings are wondering how good they are in the first place.

## Tuning Out

The number of people willing to keep a listening diary for Arbitron is plummeting. The gig pays \$2 a week.



"When response rates reach a lower level, you become concerned about how

representative the sample is to the population, because you don't know the listening patterns of those people they can't reach," says Charlotte Lawyer, director of sales research for Susquehanna Pfaltzgraff's Susquehanna Radio division, a 31-station radio station chain. Lawyer is also the chairperson of the National Association of Broadcasters' Committee on Local Radio Audience Measurement, an influential group of radio research executives who are airing their complaints about Arbitron in public. In January, Lawyer's committee blasted Arbitron for its "alarming lack of aggressiveness in implementing measures to stem these declines."

The group is now demanding that Arbitron come up with a plan to boost the response rates by its next meeting, March 19 in Washington. Lawyer says that, among other things, she hopes Arbitron will at least set a benchmark for itself, as when it once promised that it wouldn't let response rates fall below a now-ambitious 40%.

"You need a goal to strive for," says Lawyer. "If you just say, 'We'll do better,' well, what's better?"

Arbitron acknowledges that the response rates are a problem and that it's working on several possible solutions. Among them, "promised incentive," which is research-speak for paying folks more money once they complete their diaries instead of at the beginning. As it is, the money is already pretty chintzy: \$2 per person, in crisp one dollar bills, with the unpaid promise that you're helping to program radio stations in your area. The new back-end incentive pays \$10, but not until you finish the diary and send it in.

The primary beneficiaries of the new sweetened incentive, however, are black and Hispanic listeners, a huge demographic category that is notoriously unresponsive to Arbitron's calls, and one reason why overall response rates are falling.

"Even with the added dollars we lavish on blacks and Hispanics, their return rate is still lower than the population at large," says Thom Mocarsky, Arbitron's vice president of communications. Mocarsky helpfully notes that Nielsen Media Research is having similar problems: Response rates for the TV ratings business of Dutch media conglomerate VNU fell to 31.1% last fall, down from as much as 43.5% in 1993.

Nielsen has already received an earful from television broadcasters alarmed at the falling response rates. Now it's Arbitron's turn. Yet another industry group, the Network Radio Research Council (NRRRC), is taking Arbitron to task for its Radar (Radio's All Dimension Audience Research) service that tracks listeners of national radio commercials. Following its acquisition of Radar in 2001 from Statistical Research, Arbitron decided to convert Radar's traditional phone-survey methodology into its existing diary-based system. Doing so increased the survey sample from 12,000 people to 50,000, but

it also introduced the same response problem Arbitron has been having with the old-fashioned diaries.

"With cell phones and pagers and telemarketing and caller ID, it becomes harder and harder for Arbitron to initiate successful respondents," says Len Klatt, head of the NRRC and a senior vice president and director of research for **Clear Channel Communications**' (nyse: [CCU](#) - [news](#) - [people](#).) Premiere Radio Networks.

One costly technological solution long touted by Arbitron as the ultimate answer to the inexact science of handwritten diaries is still a work in progress. Under development since 1992, Arbitron's Portable People Meter is a pager-like contraption that can tell what radio or television stations someone is tuned in to by tracking inaudible audio codes. At the end of the day, the user puts the device into a base station, which sends the data overnight to Arbitron. Presuming that the user is diligent about carrying the thing around and charging its battery--and doesn't mind the Orwellian thought that someone is eavesdropping on his or her every waking moment--the People Meter could provide broadcasters with more precise ratings data than ever before.

If broadcasters buy into it, that is. "There's a small group of people who say, 'Yay, rah, rah, this is really great and I can't wait,' and another group of people saying, 'This is horrible,' " says Klatt, referring to debates among broadcasters over whether consumers will be willing to wear the gizmo for a year and keep track of all the accompanying equipment. "Then there is a great bulk of us in the middle looking at it. We need to see more and know more and be involved at every step. We are looking cautiously."