

INSIDE RADIO

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   THE MOST TRUSTED NEWS IN RADIO

The Inside Story: With revenue upswing, some broadcasters ramp up research. After years of pulling back or eliminating market and music research as part of cost-cutting measures, several radio companies are now reinvesting in research, albeit in a more cost-effective manner. Improving revenue is driving the return, coupled with concerns that stations have fallen out of step with listener preferences. As more markets convert to PPM, there is a greater urgency to align music and programming with audience tastes — especially for stations that haven't done an auditorium test or perceptual in years. "We've stepped things up as of the first of the year," Saga executive VP/group PD Steve Goldstein says. Researchers say their business is up, though far from pre-recession levels. "The wind is re-entering the audience research sails," Mark Ramsey Media president Mark Ramsey says. "After a year on the sidelines, I think many broadcasters are recognizing that the distance between what they don't know and what they need to know to win is getting intolerably big." After a challenging 2009, president/COO Warren Kurtzman says Coleman Insights is experiencing "an outstanding rebound" in 2010. "Obviously a lot of this has to do with the improving financial performance of most radio groups, but I think it also reflects how we committed to expanding our capabilities rather than retrenching during the Great Recession." In a February court filing regarding ASCAP music licensing fees, Emmis Radio president Rick Cummings provided a window on the magnitude of recent research cutbacks. "We have conducted almost no music library testing over the past two years, and have completely eliminated 'callout' research on current music other than for two stations in New York and one station in Los Angeles," Cummings said. However, research remained a top priority throughout the recession for other groups. "We never cut back on research — even last year," Cox Media Group EVP Bob Neil says. "One of the great advantages of being back to a private company is we can take a longer view." ESPN, meanwhile, not only supported but also expanded its research and analytics department during the recent economic turbulence.



Stations become savvier about conducting budget-conscious research. With research budgets systematically slashed over the past several years, broadcasters have turned to less expensive — and less frequent — alternatives. The most profound change has been the migration to online research instruments. In a cost-cutting move, Clear Channel-owned Critical Mass Media last year moved to web-based respondent panels and outsourced sample recruitment. Almost all auditorium music testing by CMM for Clear Channel clients has moved online. CMM research analyst Lainie Fertick says the company continues to mirror Arbitron methodology using a hybrid of phone-based recruitment augmented by postcards to reach cell phone-only listeners. "The main difference is the instrument itself," Fertick says. "Instead of a human being on the phone reading questions to you, they appear on the web." The combination of compensation and convenience has resulted in increased participation, Fertick says. "We see a lot of activity at lunchtime when people can [take the test] on their computer at work. We're also better able to control the universes we're trying to represent." But it takes time for stations to realize cost savings from building research participant rosters. "Once stations have built up their research databases so that they can do 100% web testing, they can save from 25%-50%," Fertick says. "For anyone who has a research database [separate from a loyal listener database], suddenly lots of things have become more efficient if they need to tap into their database for any type of inquiry." Last quarter, Fertick says around 25% of CMM client stations were conducting all their research online. There are other ways stations have become savvier at conducting research on a smaller budget. By tapping a local vendor for recruitment and station employees as moderators, the role of the research company in a music test or perceptual can be reduced to processing the test data. "We are able to control costs by administering a lot of the pieces ourselves," Saga executive VP Steve Goldstein says. For many stations, listener advisory boards have replaced costly focus groups. "It is an incredibly valuable way to spend 90 minutes with P-1 listeners," Goldstein says. "They will tell you a lot."

New research products range from syndicated perceptuals to focus blogs. Shoestring research budgets have spawned a new menu of products from vendors catering to stations that can no longer afford a pricey perceptual study. Early this



month, Calgary, Alberta-based Dance Naked Media (DNM) began marketing Radio DOPLR, a new subscription-based perceptual research service available on a barter basis. Each subscribing station receives monthly tracking and trending data for their entire market, along with the option to field proprietary questions where only they have access to the responses. "It's a cost-effective way for stations to make perceptual research a priority again," says DNM president Howard Kroeger, the Canadian programmer who conceived the adult hits Bob format in 2002, a precursor to Jack.

The service launches this month in Los Angeles, with additional markets expected in the coming months. While Critical Mass Media originally intended its Fast Quality Research (FQR) service as a down and dirty way for stations get fast answers to a single inquiry, some clients now use it as a replacement for traditional perceptuals. Instead

of shelling out \$40,000 for a 30-minute survey of 400 respondents, clients pay \$10,000 for an eight-minute survey of 200 respondents that can be fielded on the phone or on the web. "It's standing in place of other traditional perceptual research for smaller stations that weren't otherwise getting research money," CMM research analyst Lainie Fertick says. The web migration has also given birth to the focus blog, the online equivalent of a focus group that empanels up to 30 people for three days instead of a few hours. In addition to a lower cost, advantages to focus blogs include eliminating bias caused by outspoken participants who sometimes sway others' opinions. "Everyone has to give their own response to a question before they interact with others," Fertick says. Researchers can also assign homework to panelists, such as listening to the station and then rating what they heard.

Caution and caveats for online-only research. Although online music surveys of station web site visitors are ubiquitous, they come with inherent shortcomings and pitfalls, researchers say. "The silver bullet of sticking a survey on your web site isn't the silver bullet that broadcasters thought it might be," Paragon Media Strategies CEO Mike Henry says. "The quality of the sample is paramount," he says, arguing that limiting a survey to core P1s is more of a marketing ploy to help foster the impression that the station cares about what listeners think than a legitimate research project. "It's faux research that would be very dangerous to consider as fact, he says. ESPN VP of audio research & special projects Dr. Tom Evans, who co-chairs the Advertising Research Foundation's Quality Task Force and has worked closely with major online researchers, agrees. "You can have a large sample, which some online research companies boast, but if the sample is not representative of the population you want to measure, then the results can be unreliable," Evans says. "If you invest in less expensive research, then you get less reliable information." Saga, which stopped conducting weekly callout as part of cost cutting, uses online music testing but is careful about interpreting the data. "I look most closely at the songs that are on the top and at the bottom of the results," executive VP Steve Goldstein says. "There is a risk in that P1s, while valuable, tend to move songs up quicker in the research." That risk may be exacerbated with PPM ratings, where stations with large cumes and mass appeal formats often perform better than those with small audiences that listen for long periods of time. "If you're looking to attract cume, that's a recipe for disaster," Goldstein says. *Share your feedback on this Inside Story on research with paul@insideradio.com.*