

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

JOINT COMMITTEE ON CONSUMER AFFAIRS AND CIVIL RIGHTS

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September 10, 2008

Start: 10:20am

Recess: 1:25pm

HELD AT: Council Chambers
City Hall

B E F O R E:
LEROY G. COMRIE, JR.
LARRY SEABROOK
Chairpersons

COUNCIL MEMBERS:
Charles Barron
James F. Gennaro
G. Oliver Koppell
John C. Liu
Mathieu Eugene
Darlene Mealy
Hiram Monserrate
Michael C. Nelson
Melissa Marks-Viverito
Letitia James
Christine C. Quinn
Maria del Carmen Arroyo

A P P E A R A N C E S (CONTINUED)

Stephen B. Morris
Chief Executive Officer
Arbitron, Inc.

Robert H. Patchen
Chief Research Officer
NYC Department of Education

Timothy Smith
Chief Legal Officer
Arbitron, Inc.

Charles M. Warfield, Jr.
President and Chief Operating Officer
ICBC Broadcast Holdings, Inc.

Frank Flores
Vice President and Market Manager
SBS-SRA

Ceril Shagrin
Executive Vice President, Corporate Research Division
Univision/SRA

Joseph S. Miller
Minority Media and Telecommunications Council

Jose Calderon
Vice President
Hispanic Federation

James Winston
Executive Director
National Association of Black Owned Broadcasters

2 YVETTE MOLINA: Testing, today's
3 date, September 10, 2008. This is a joint
4 Committee, Consumer Affairs and Civil Rights; and
5 it's recorded by Yvette Molina [phonetic].

6 [Break in Audio]

7 CHAIRPERSON COMRIE: Good morning.
8 My name is Leroy Comrie. I am the Chair of the
9 Committee on Consumer Affairs. I would like to
10 begin today's hearing by acknowledging the Chair
11 of the Committee on Civil Rights, Larry Seabrook,
12 who happens to be the prime sponsor on the
13 resolution we are discussing today. I'd also like
14 to recognize all the groups that are assembled
15 here today to have this discussion. This is an
16 important issue in New York City, and I look
17 forward to hearing everyone's testimony. Today
18 we'll be hearing proposed Resolution 1583-A, which
19 calls on the Federal Communications Commission to
20 investigate Arbitron Incorporated's personal
21 people meter system and its potential effect on
22 the diversity of radio. As many people in this
23 room are aware, Arbitron plans on launching its
24 PPM system in less than one month from now. The
25 PPM will replace the radio listening diary that

has been used to record radio listening behavior for the past 30 years. Whereas the diary recorded handwritten data for a week at a time, it was based entirely on the participant's memory and needed to be mailed back to Arbitron for data processing. The Portable People Meter automatically picks up the closest radio signal in real time and electronically transmits the recorded data back to Arbitron. The PPM system has the potential to increase the accuracy with which radio audience behavior is measured, and to minimize the delay in publishing this data. Based on what we have seen so far, the PPM has not yet realized its potential. Many minority groups, particularly those in the broadcasting industry have expressed the concern that the PPM's methodology is flawed and undercounts the listenership of Urban and ethnic radio stations, stations in the New York area such as WBLS and WPAT, which cater to Black and Latino audiences respectively, enjoy high ratings under the diary system, but saw their standing plummet when Arbitron released its unofficial PPM ratings. How does Arbitron reconcile these dramatic

2 differences? Radio stations in our city with
3 predominantly minority audiences have
4 traditionally had trouble attracting advertiser
5 and are often forced to lower their price of
6 advertising relative to the general market
7 stations in order to build some revenue. An
8 imperfect ratings system, which the PPM appears to
9 be at this juncture, would create another obstacle
10 for the vitality of minority radio stations in our
11 city. I look forward to hearing today's testimony
12 and to taking a closer look at the implementation
13 of the Personal People Meter system in our city.
14 I'd like to thank everyone for coming today and
15 joining this important dialogue. I'll now turn
16 over the floor to Councilmember Seabrook for an
17 opening statement, and I want to thank all of the
18 staff from both the Civil Rights Committee and the
19 Consumer Affairs Committee and the Speaker's
20 Office for everything that they've done to get us
21 to this point today. Councilmember Seabrook.

22 CHAIRPERSON SEABROOK: Thank you
23 very much. Good morning everyone. My name is
24 Larry B. Seabrook and I am the Chair of the
25 Committee on Civil Rights. I'd like to begin by

1 thanking my Co-Chair and esteemed colleague,
2
3 Councilmember Leroy Comrie, for holding this
4 important hearing. As most of the people in this
5 room are aware the Council has been paying close
6 attention to Arbitron and its Portable People
7 Meter system for almost a year now. We began a
8 dialogue with Arbitron and member of the minority
9 media back in the fall of 2007, out of concerns
10 that its methodology was flawed and undercounting
11 Urban and ethnic radio stations. While we were
12 able to compel Arbitron to delay the launching of
13 its PPM system back then, we are again faced with
14 the new deadline, October 8th, 2008, at which
15 point this system will be implemented. The City
16 of New York thrives on the diversity of its
17 citizens, but as long as we are to enjoy the
18 fruits born by the great cultural mosaic, we must
19 also ensure that we take steps to preserve its
20 livelihood. Arbitron's PPM system, which would
21 ostensibly increase the accuracy of radio ratings,
22 employs a methodology that many in the
23 broadcasting industry, particularly among minority
24 broadcasters, find inaccurate and biased towards
25 general market stations. These groups are

2 justifiably concerned, as advertising revenue is
3 often reliant on their performance in the ratings,
4 as published by Arbitron. A flawed methodology
5 would have disastrous consequences on minority
6 media and by extension minority groups. Arbitron,
7 Inc. is a superb company and its desire to improve
8 the accuracy of its rating process is commendable,
9 and should be encouraged. What the Committee is
10 concerned with however is the way in which this
11 new PPM system is being implemented. Minority
12 stations took a rating hit, in which the PPM
13 system was implemented in Houston and
14 Philadelphia. And we're seeing this pattern again
15 in the unofficial PPM ratings that have been
16 published here in New York City. To the extent
17 that we can, it is incumbent upon us, the City
18 Council, to take another close look at Arbitron's
19 PPM system and determine what further action, if
20 any, is necessary. I'd like to thank all of my
21 colleagues for joining us today. I'd like to
22 particularly thank Arbitron and the members of the
23 minority media who are in this room today. Now
24 without further ado, I'll relinquish the floor
25 back to the Chairman, Leroy Comrie.

2 CHAIRPERSON COMRIE: Thank you, Mr.
3 Chair. We're joined by Councilmember Oliver
4 Koppell from the Bronx, Councilmember Arroyo from
5 the Bronx, and Councilmember Charles Barron from
6 Brooklyn. For the record, we have testimony from
7 the Bronx Borough President, Adolfo Carrion; we're
8 expecting the arrival of Speaker Christine Quinn
9 in a few minutes. But we're going to start and we
10 are looking forward to hearing the testimony from
11 Stephen B. Morris from Arbitron, and Robert H.
12 Patchen from Arbitron. If you could come forward
13 to the table and start your testimony in whatever
14 order you decide. If there are any documents that
15 you need to give to the Sergeant-at-Arms, you can
16 just raise your hand. If anyone would like to
17 testify and has not filled out a form, you can
18 fill out the form at the Sergeant-at-Arms desk,
19 where the flags are. Whenever you're ready to
20 begin.

21 STEPHEN B. MORRIS: Chairman
22 Seabrook, Chairman Comrie, Committee Members, good
23 morning. I'm Steve Morris, the CEO of Arbitron.
24 Seated with me is Bob Patchen, our Chief Research
25 Officer. Thank you for the opportunity to present

2 our views on why the Portable People Meter is a
3 superior radio ratings system, and how its success
4 is critical to the future of all radio
5 broadcasters, the advertisers who use radio and
6 its listeners. We have great respect and
7 appreciation for the work of the City Council and
8 for the critical and unique role that Black and
9 Hispanic targeted radio plays as a voice for the
10 diverse communities in New York City. For those
11 reasons, we are committed to working together with
12 the Council and with minority broadcasters in a
13 voluntary, collaborative and supportive manner.
14 What we are debating here is change, change of the
15 survey instrument from a recall dependent paper
16 and pencil diary, to an electronic, completely
17 passive objective measurement device. The
18 industry demanded a more precise and credible
19 measurement tool for radio, just as they have for
20 all media. Paper and pencil diaries are simply
21 not up to the task of recording actual listening
22 behavior in a large, complex market such as New
23 York. And paper and pencil diaries are not up to
24 the critical task of providing New York
25 advertisers with the credible, accountable

2 measures they demand of radio and of every other
3 advertising medium. The Internet, with more
4 accountable electronic measures of its audience is
5 taking ad revenue from radio as we speak, as radio
6 struggles to compete using diary based ratings.
7 What we are not changing is the fundamental time
8 tested technique we use to recruit our respondent
9 samples. As with the paper and pencil diary, for
10 PPM we configure samples based on annually updated
11 US Census data. We recruit by telephone. We
12 provide larger cash incentives for Blacks,
13 Hispanics and 18-34 year olds of all races and
14 ethnicities. And while cell phone only households
15 are not included in the paper and pencil diary
16 method, we do sample cell phone only households in
17 PPM. As our written submission details, the PPM
18 sample is as representative of the diversity of
19 New York City and of the New York Radio Market as
20 the diary sample is today. The roughly 30% lower
21 ratings that we see in PPM versus the paper and
22 pencil diary are primarily attributable to one key
23 factor, the diary tends to overstate a listener's
24 actual exposure to radio, particularly heavy
25 listeners. Let me show you what I mean. Here's

2 some individual pages from three actual diaries
3 from the New York Spring Survey; one from an
4 African American female, age 39, on the left; one
5 for an Hispanic male, age 24; one for a non-Black,
6 non-Hispanic, other, male, age 28. What you see
7 are long, uninterrupted blocks of listening. And
8 there are thousands of diaries just like these in
9 Columbia, Maryland. We could show them all to you
10 if you would like. If were to take these and
11 similar diary pages literally, we would have to
12 believe that no one ever goes to a meeting, no one
13 ever turns down the radio to talk on the phone, no
14 one ever steps out for a breath of fresh air. We
15 would also have to believe that everyone turns the
16 radio on and off at exactly the same time each and
17 every weekday, almost always at the top or bottom
18 of the hour. This is not how real people live
19 their lives. And this is not how real people use
20 radio. If anyone needs proof, we have it now in
21 PPM. It's no surprise that this sort of
22 overstated heavy listening is more common with a
23 paper and pencil diary than with PPM. The PPM can
24 only report what you actually hear, not your
25 perception of what you heard, not your memory of

1 what you heard. Here's another example. On the
2 left is diary data and on the right is PPM data,
3 from the same person, one year apart. In the
4 diary, this person reports similar radio listening
5 for each weekday, Monday, Tuesday, Wednesday,
6 Thursday, Friday, exactly the same. PPM shows a
7 much more varied picture, more stations listened
8 to, 44% more listening occasions, each individual
9 occasion is 39% shorter. Here's another example,
10 this time from an African American respondent.
11 Again, the PPM data show a much more varied view
12 of radio listening, twice as many stations
13 listened to, more than twice as many episodes of
14 listening, each individual episode 70% shorter in
15 duration. The difference in ratings between the
16 diary and the PPM is not about the sample; it's
17 about how the diary lends itself to overstated
18 listening, particularly by loyal listeners. The
19 more loyal the listener, the more likely a diary
20 keeper will overstate their listening. It's the
21 primary driver of the 30% overall reduction
22 audience in PPM versus the diary. It makes sense
23 that Urban and Spanish Language radio stations
24 that spend the majority of their time servicing
25

2 their local community would develop a special
3 loyalty with their listeners. However it's not
4 just Urban and Spanish Language stations that are
5 impacted by this affinity for a station or
6 personality. The phenomenon affects all stations,
7 all formats in varying degrees. For example,
8 WABC, a talk radio station that features
9 personalities such as Rush Limbaugh and Sean
10 Hannity, has an audience that is 89% comprised of
11 persons who are not African American or Hispanic.
12 I'm sure that comes as a surprise to you. The
13 July 2008 ratings for persons 25-54 for ABC are
14 only 40% of those reported by the diary. That's a
15 60% reduction. Let me say that again. For adults
16 25-54, the demographic most sought by advertisers;
17 WABC has less than half the audience in PPM than
18 they have in the diary. And we see the same sort
19 of large differences for BBR, WOR, etcetera. In
20 our written submission we highlight the successes
21 that broadcasters who serve Urban and Hispanic
22 audiences are already having using the more
23 reliable and detailed Audience estimates that PPM
24 delivers. They're improving their programming.
25 They're building their audiences and they're

2 showing their advertisers how effective their
3 formats are in the marketplace. They're
4 succeeding by harnessing the power of PPM. In
5 Houston, our first commercialized PPM market,
6 after initially suffering a ratings decrease, with
7 programming changes the number one and number two
8 stations among listeners 12 plus are both Urban
9 formatted stations owned by Radio 1, a majority
10 Black-owned broadcaster. We've also included
11 exhibits that show how Arbitron is committed to
12 helping the entire radio industry, including Urban
13 and Hispanic radio stations make a smooth
14 transition to PPM. We recognize that PPM, like
15 any new technology, can be disruptive. We believe
16 that it's our responsibility to enable the
17 community that uses and is affected by this new
18 and vastly superior technology to make the
19 transition with as little disruption as
20 practicable, yet without sacrificing the progress
21 that PPM represent. This Council will be asked to
22 vote on a resolution recommending that the FCC
23 launch an investigation into PPM. We believe that
24 that would be a mistake. Most importantly, the
25 FCC does not have jurisdiction over our service

2 and diverting everyone's time and attention to a
3 proceeding on the part of a federal agency that
4 lacks both jurisdiction and specialized knowledge
5 may not be the best use of everyone's resources.
6 We should be working constructively with our
7 clients in the radio industry to address specific
8 diary to PPM transition issues. Furthermore,
9 there is already a government-chartered agency
10 responsible for looking at methodology like this
11 called the MRC. Arbitron adheres to the voluntary
12 code of conduct of the MRC, which requires three
13 things prior to commercializing a market; first, a
14 rigorous independent audit of the market by a
15 major auditing firm; a review of that audit by a
16 committee of industry representatives; and then a
17 pre-currency period during which customers can
18 prepare for the transition from one service to the
19 other. We work tirelessly with the MRC to
20 continuously improve the PPM service, just as we
21 have for decades with the diary. Accreditation is
22 a very difficult and time-consuming standard to
23 achieve. By the design of the MRC's voluntary
24 code of conduct, it is not required prior to
25 commercializing a market. The path we have

2 chosen, commercializing a market and then
3 continuing to seek accreditation in parallel, is
4 the path chosen, to our knowledge, by the other
5 major audience measurement companies. As I
6 conclude, let me summarize my main points, these
7 are important and they represent the heart of this
8 whole debate. Contrary to what our critics would
9 like you to believe, the PPM respondents are every
10 bit as representative of the diversity of New York
11 and other top markets as the diary is today. The
12 fundamental techniques that we use to recruit
13 respondents are the same as those we used in the
14 diary. What drives the difference between PPM
15 ratings and diary ratings is the survey tool, not
16 the sample. PPM collects actual exposure. The
17 Diary collects habitual remembered behavior. The
18 paper and pencil diary allows loyal listeners of
19 any and all formats to overstate their habitual
20 listening. We can show you many, many more of
21 those diaries if you would like. Broadcasters of
22 all formats, including Urban and Hispanic, who
23 have embraced PPM have improved their audiences
24 and their standing in the marketplace. This can
25 be done. We're committed to working

2 constructively with our clients, in the radio
3 industry to address specific diary and PPM
4 transition issues. And finally, we will continue
5 to strictly adhere to the MRC's voluntary code of
6 conduct, including fulfilling the predicates
7 necessary to commercialize a market and
8 continuously improving the PPM service. Thank you
9 for your time and attention to this issue.

10 CHAIRPERSON COMRIE: Thank you.

11 Are you going to make a statement also?

12 ROBERT H. PATCHEN: No.

13 CHAIRPERSON COMRIE: Okay. We are
14 joined by Councilmember Mike Nelson from Brooklyn
15 and Speaker Christine Quinn is here. She has an
16 opening statement. Speaker Quinn?

17 CHRISTINE C. QUINN: Thank you very
18 much, Chairperson Comrie. And I apologize for
19 getting here a little bit late. Let me first
20 start by thanking the folks from Arbitron who are
21 with us here today. I also want to thank Chairs
22 Comrie and Seabrook for holding this hearing, but
23 also for all of your work on this issue. I want
24 to thank the member of the Black, Latino and Asian
25 Caucus. This is an issue we've been working on

2 for quite some time now. Today's hearing comes
3 not at the beginning of that effort, and I want to
4 thank everyone for their work. I also want to
5 thank the radio and trade representatives who are
6 with us today who have given us a tremendous
7 amount of technical knowledge and input on this
8 issue and I also want to thank the staff,
9 particularly David Pristin, our policy director,
10 Rodney Kappell [phonetic] and others for their
11 work on this issue. You know some have said
12 recently to me, why is the New York City Council
13 looking at this issue? Maybe the folks from
14 Arbitron are saying, why is the New York City
15 Council looking at this issue? Why are they
16 holding a hearing on a resolution to ask the FCC
17 to look further at this issue? Well we're looking
18 at this issue for a couple of very important
19 reasons. One, we're looking at this issue because
20 we have seen that this switch to PPMs has caused a
21 serious negative affect on radio stations that
22 predominantly people of color communities or are
23 owned by people of color. That is something that
24 is of tremendous concern to us in the city of New
25 York. Those radio stations are a key part of the

2 infrastructure of this city, to make sure that all
3 of the residents of all five boroughs get the
4 information they need about what is going on in
5 their city, state and country. We've heard not
6 just one but numerous reports from other cities,
7 of radio stations that had long standing in the
8 top five almost overnight seemingly disappear from
9 the radio dial. Now how radio stations get rated
10 clearly impacts whether we like it or not, how
11 much advertising gets bought from those stations;
12 and that clearly impacts whether a radio station
13 is going to have the money it needs to stay on the
14 air. Now I want to thank the folks from Arbitron,
15 because they have been very accommodating in
16 meeting with the Council, in talking to us, in
17 taking us through your plans, your structures,
18 etcetera. And in many of those meetings we
19 expressed concern, concern that the way you were
20 laying out the decision to determine what was New
21 York City and therefore who in New York City
22 listens to us, made little sense to us. You said
23 you were going to include New Jersey in New York
24 City. Some might have philosophical objections to
25 that, but from a business perspective we were able

2 to entertain the ideal. Now that said, there are
3 parts of New Jersey that are not dissimilar to New
4 York. Eventually you told us Bergen County was
5 the part of New Jersey you were going to include
6 in New York City. I think there are some stark
7 differences between Bergen County and most of New
8 York City, certainly stark differences between
9 Bergen County and the listenership of most of the
10 radio stations we are concerned about. What we
11 are trying to do here today by this resolution is
12 make sure this issue gets the level of expertise
13 and attention it deserves. Arbitron and others
14 are right to say that the paper diary system has
15 not been perfect. They're right to say there
16 might be a better way to do it. But the problem
17 with switching to PPMs without a great deal of
18 further thought and a great deal of technical
19 involvement from higher government bodies, is once
20 that switch is done, its impact will be permanent
21 and forever. If we put it in place and we lose
22 radio stations from the dial, they will never come
23 back. Other decades later might replace them, but
24 those will never come back. We can almost rest
25 assured of that. So that's why today we're urging

2 the FCC to get involved. We're urging that the
3 federal government say stop for a second. Let's
4 get all of the experts, everyone, at the table and
5 come up with the best and most fair system. Now
6 the best and most fair system might yield that
7 there's some stations that we love that aren't
8 doing as well as we think they are. But if it's a
9 fair system, a system everyone has an input on and
10 a system that recognizes New York City's five
11 boroughs as New York City's five boroughs, then we
12 can all move forward. If we move forward with the
13 PPM process today, whether it is an intention or
14 not, and I don't believe it's an intention-- I
15 don't believe Arbitron has set out to put the PPM
16 in place to put people or stations out of
17 business, but the facts and the evidence have
18 shown us that is what will happen. That is too
19 big of a risk for the City of New York, and that
20 is why we are, in the most strongest possible
21 terms, going to urge the federal government to get
22 involved and the FCC to look into this matter as
23 quickly as possible. Thank you, Chairperson
24 Comrie and Chairperson Seabrook, for giving me
25 this opportunity to make a statement. And I want

2 to thank again everyone from Arbitron for being
3 here today.

4 CHAIRPERSON COMRIE: We've been
5 joined by Council Members John Liu from Queens,
6 Melissa Mark-Viverito from Manhattan, and
7 Councilmember Mathieu Eugene from Brooklyn. And
8 I'll allow the sponsor of the resolution,
9 Councilmember Seabrook to ask questions and then
10 Councilmember Arroyo to ask questions.

11 CHAIRPERSON SEABROOK: Thank you
12 very much, Mr. Chairman, and thank you for
13 participating in this hearing. There are a couple
14 of questions and concerns that I have that we had
15 talked about over the year. And perhaps you can
16 kind of explain. The speaker related in terms of
17 getting this information and the demographics of
18 how you retrieved this information, there were
19 some concerns with lumping areas of the Bronx with
20 Westchester County and some of the other areas of
21 New Jersey and the more affluent areas. How have
22 you dealt with that particular issue, because
23 that's a major concern of the demographics? And
24 then, perhaps, with the 2010 census results, what
25 is the impact of the process used in terms of

2 measuring this listenership?

3 STEPHEN B. MORRIS: Okay. I'll
4 take the first half of that and I'll let Bob speak
5 to the second part. We divide the country up into
6 what are called Metros. There are almost 300
7 Metros around the United States in which radio
8 listening is concentrated, and we measure each one
9 of those. The definition of what a Metro is--

10 CHRISTINE C. QUINN: [Interposing]
11 Can you just move the mic a little closer to your
12 mouth? I'm having a little trouble hearing you.
13 Or you could yell. Either or both is fine.

14 STEPHEN B. MORRIS: I lack the
15 appropriate voice for a political career, so I'll
16 stay in my buisness. As I was saying, we divide
17 the country up into a lot of individual Metros,
18 which we use as the basis for measuring radio
19 across the country; 300 of them in total,
20 obviously New York, Los Angeles, two of the
21 biggest. But first of all the definition of a
22 Metro is a dialogue between advertisers and
23 broadcasters. They determine the economic
24 geography in which the advertisers want to place
25 their money. And so, the definition, the size of

2 that Metro is driven, not by Arbitron typically,
3 but by this consensus of buyers and sellers. We
4 do have some rules about what can be included or
5 excluded. And Bob can go through those
6 specifically because commutational patterns become
7 a part of it. We look at all of those things in
8 making this decision. But this is a subject about
9 which we are open to conversation and have talked
10 to customers over the years about what the right
11 definition is of the geography. We changed the
12 definition of Boston some years ago when there was
13 a good case made for why it should be different
14 from the shape that it was described as. But
15 that's the basis for how we do this. Bob, do you
16 want to talk about the specifics of how we do it?

17 ROBERT H. PATCHEN: Thanks. How's
18 that? The key point about defining the radio
19 market really has to do with which people listen
20 to which stations, and how far do those stations
21 reach in terms of their signal. So if you start
22 there, the question for both the broadcasters and
23 the advertisers becomes who's being reached by
24 this radio programming and by the advertising
25 that's being carried on those radio stations. So

2 it's really not about the geography per se, it's
3 about the people and where they are and whether or
4 not they are being affected by those radio
5 stations. So we really look at two things that
6 drive, in most cases, the way a market is defined.
7 First is what are the shares for the radio
8 stations county-by-county going into, looking into
9 the market. So for example, in the case of Bergen
10 County as one example, do New York City licensed
11 station account for the greatest share of radio
12 listening in Bergen County? That's the first
13 question. The second question would be, where do
14 the residents of the county go to work. And
15 that's a government-- OMB uses commuting patterns
16 as one of their key determinants when defining
17 statistical areas for government use. We use the
18 same commuting data, what percent of the county's
19 workforce commutes into that city. Those two
20 answers basically tell the marketplace what is the
21 radio metro. And it's a fairly straightforward
22 set of information. In the case of New York City,
23 clearly as you look at the different counties that
24 surround the city, people do commute into the New
25 York Area, and the radio signals do go beyond what

2 we would normally think of as New York City
3 proper.

4 STEPHEN B. MORRIS: Let me add a
5 couple points. First of all, this is the same
6 system we use in the diaries. So there's no
7 change here in the way the market has been
8 measured for 30 years. So this is the way it has
9 been and that way for a long period of time.
10 What's different recently is we have software that
11 allows you to break up the market any way you
12 want. And in fact, most advertisers, retailers
13 particularly, don't look at a Metro. They go into
14 the software, they break out counties, they break
15 out whatever geography they want to advertise in,
16 and that's the way they conduct their buying and
17 selling at a micro level. So in terms of a
18 station that does not cover the whole geography,
19 they can easily break out the areas that they want
20 to sell within, where they want to persuade
21 advertisers that their concentration of listeners
22 reside in, and they can do that very effectively
23 in the software. So the Metro definition is kind
24 of for the national advertisers and the large-
25 scale people, and the software allows this very

2 micro breakout, which is what local advertisers
3 use. I think we really cover the needs of
4 everybody when we do it that way.

5 CHAIRPERSON SEABROOK: You raised
6 the issue of the similarities of the diaries and
7 it was used-- the same thing. Explain to us in
8 the short version, what is the system of the
9 diaries. And you use the same demographics. Out
10 of the diaries you came up with numbers that said
11 that these stations were rated here and then, with
12 the diaries, and you said there was no difference,
13 and then with the PPM, that was taken, same
14 demographics, and then these stations go at the
15 bottom. If it's the same-- obviously there's
16 something else at work. And perhaps maybe you can
17 explain the diaries and then you can explain what
18 the PPM is.

19 STEPHEN B. MORRIS: Yes, but--

20 CHAIRPERSON SEABROOK:

21 [Interposing] And who do you use and how do you do
22 that with the language.

23 STEPHEN B. MORRIS: I'm going to
24 let Bob describe that.

25 CHAIRPERSON SEABROOK: Okay.

2 STEPHEN B. MORRIS: But let me just
3 speak. The overall comment is the one we put up
4 on the board here. The difference between the
5 diary and the PPM is in the survey instrument
6 itself, how it collects the data. Starting with
7 the diary, you see that left hand side there;
8 people who are loyal listeners in the diary tend
9 to exaggerate their listening. And the more loyal
10 listeners you have in your audience, the more
11 you're going to have that effect. And PPM says
12 that's not how they listen to radio. They listen
13 in shorter durations, they listen to more
14 stations, and the net effect is substantially
15 lower levels of absolute listening. It applies to
16 every station. It is not unique to ethnically
17 formatted stations. It applies to every station.

18 CHAIRPERSON SEABROOK: Well when
19 you explain the diaries and the PPM, then I have
20 another question to ask you as to what else is
21 collected, since this is more of a mechanical
22 instrument; does it change when I walk into a
23 store and somebody else is playing different
24 music, is that recorded and picked up? And if we
25 walked along 125th Street and the strip is

2 different and they're listening and the store
3 owners are of a different ethnicity and they're
4 not listening to BLS but the shopper is a person
5 that listens to BLS and they're in this station,
6 does that mean that this person is part of what
7 the PPM-- so kind of explain to me what and how
8 this is done and how do you extrapolate that
9 information out of that.

10 STEPHEN B. MORRIS: Let me answer
11 just from 30,000 feet and then Bob will come down
12 and give it to you granularly.

13 CHAIRPERSON SEABROOK: Okay.

14 STEPHEN B. MORRIS: The issue you
15 raise about somebody walking along the street and
16 what they're exposed to-- what the advertisers
17 have said the want us to do, our job, our charter,
18 our mission as a company, is to measure what
19 people are exposed to, not what they choose to
20 listen to. And if you look at the instructions in
21 our diary, I actually have one here that you can
22 look at, we talk about record what you hear, not
23 what you choose to hear, but what you actually
24 here. And the advertisers want a clean,
25 unadulterated measure of exposure. Now they're

2 interested in loyalty. They're interested in
3 engagement and things like that, but other
4 companies measure that. What they want us to do
5 and Nielsen to do and other companies that provide
6 ratings, is to provide actual clean, clear
7 measures of exposure. Just give us that and do it
8 accurately, is what the charge from the
9 advertisers is, and that's what we all--

10 CHAIRPERSON SEABROOK: No. I'm
11 saying, but the person that lives in Bergen County
12 that don't listen to BLS, that works in Bergen
13 County, that won't listen to BLS or Latino radio
14 at all, so that's lumped into that Metro that
15 you're talking about so the numbers can begin to
16 get skewed on the basis of-- and they're in the
17 elevator and the elevator is playing a different
18 music and they're shopping in the mall and the
19 mall is playing different music.

20 STEPHEN B. MORRIS: Well
21 interestingly, the place where the biggest
22 difference exists between the PPM and the diary,
23 where the drop between the diary and the PPM is
24 the greatest, it's at home, where people have
25 control of the dial. That's where the

2 exaggeration factor seems to be the greatest. I
3 don't know why that's true, but it suggests that
4 control of the dial is not the big issue here.

5 CHAIRPERSON SEABROOK: How do you
6 measure when there's a level of the exaggeration?
7 How do you know there's a measurement of this
8 exaggeration?

9 ROBERT H. PATCHEN: Yeah, and
10 that's really the key question. What we've been
11 able to do is look at the types of diary entry,
12 and there's a specific type of entry, which we're
13 illustrating here, which is not universal, but
14 it's common enough that it effects the numbers.
15 And what happens is a diary keeper will write down
16 something like, I listened to this station
17 starting at 8:00 a.m. and I continued, unbroken,
18 until 4:00 p.m. When a diary keeper writes that
19 down, what they're saying is, in many cases, the
20 radio was on from 8:00 to 4:00. What happens with
21 PPM is, when they leave the room, the listening
22 stops. In the diary that doesn't happen. So when
23 you compare the two systems and take the at-home
24 example as a good example, when you compare the
25 two systems and you see that the biggest change is

2 coming at home, not at work, not at stores, not in
3 the car; that really points to this kind of a
4 problem where psychologically the person who is
5 filling out the diary is telling you what they
6 think happened. The radio was on from 8:00 to
7 4:00. What the meter is showing is the actual
8 exposure, so if they leave the room, they're
9 moving around the house, some of that listening
10 falls out. That's where the change in the
11 listening levels comes into play. What we don't
12 see are people using stations that you wouldn't
13 expect them to use to any great degree. So if you
14 take a radio station's audience in the diary and
15 you evaluate that audience based on the age, the
16 sex, the ethnicity, what have you, the profile of
17 the audience in the diary and in the PPM looks the
18 same. It's not a different audience. What's
19 different is these long periods of listening time
20 that get reported in the diary. That drives
21 virtually all the difference that we're seeing.
22 And as Steve says, it's the instrument that's
23 causing that and the way people perceive what
24 happened and what they write down.

25 CHAIRPERSON SEABROOK: So you've

2 explained what the diary, and how the diary is in
3 this.

4 ROBERT H. PATCHEN: Right.

5 CHAIRPERSON SEABROOK: And the
6 extrapolation if we're walking through various
7 places--

8 ROBERT H. PATCHEN: [Interposing] A
9 specific example, your example of walking into the
10 store. Let's say you walk into, I'll use a pizza
11 parlor as an example.

12 CHAIRPERSON SEABROOK: Right.

13 ROBERT H. PATCHEN: The radio is on
14 in the store and you stay for a half hour, and
15 you're exposed to that radio station in that
16 store, that is going to be picked up by the meter
17 and then you're going to be reported as part of
18 the audience for that station. The question is,
19 is that going to affect to any great extent the
20 ratings for that station. In the data that we've
21 seen, there's not much evidence of that. But
22 certainly for that individual, they would be
23 included for a station that they may not have
24 written down in the diary. So this is the
25 exposure versus self-report situation. In order

2 to be counted at all, they have to listen for at
3 least five minutes. So that exposure has to
4 continue for at least five minutes. So this would
5 take out things like, I was walking past the
6 store, or I was sitting at a stoplight and someone
7 had their car radio playing loud. That typically
8 would not be included because it doesn't hit the
9 five-minute threshold.

10 CHAIRPERSON SEABROOK: So in what
11 languages does your company actually deal with in
12 terms of this? What are the languages that you
13 deal with in measuring?

14 ROBERT H. PATCHEN: It's Spanish
15 and English.

16 CHAIRPERSON SEABROOK: And no other
17 language.

18 ROBERT H. PATCHEN: Correct. It's
19 Spanish and English.

20 CHAIRPERSON SEABROOK: Spanish and
21 English. So Russian--

22 STEPHEN B. MORRIS: [Interposing]
23 We are doing some work with Asian broadcasters--

24 CHAIRPERSON SEABROOK:
25 [Interposing] Asian.

2 STEPHEN B. MORRIS: --preliminary
3 custom work where a broadcaster comes to us and
4 says, we want to get a measurement of the audience
5 for our station. We're not ready for syndicated
6 research, but we'd like some measures. We'll do a
7 one time study, and we have done that. We're
8 looking at ways to, in geographies where there's a
9 concentration of some specific country to see if
10 there's support in the market for doing that kind
11 of additional language. It's a big deal to do it,
12 but we're prepared to do it if there's support for
13 it.

14 CHAIRPERSON SEABROOK: Just a quick
15 thing and I'll give it back to the Chair and I'll
16 come back around. A question, the people who had
17 the diaries, what was the selection process in
18 which you were using to select these individuals
19 to use the diary, a snapshot of these individuals
20 that you actually used for this. What as the
21 recruitment? How did you measure this and what
22 was the compensation of this, if any, in the
23 participation and in the particular areas which we
24 are talking about, the Bronx, Manhattan, etcetera?

25 STEPHEN B. MORRIS: That's a very

2 long answer that you've asked for. The system has
3 got a lot of different variations for different
4 demographic groups. We use a whole bunch of
5 finely targeted methods for--

6 CHAIRPERSON SEABROOK:

7 [Interposing] Okay. Then I'll narrow it down.
8 How did you pick Black and Latino people and what
9 was the age group that you had in those
10 percentages, the number from 18 to 28, etcetera.
11 What's those numbers? How did you get those
12 people? How did you recruit them? What type of
13 arrangements did you have? Previously, because
14 you're the only guy in town doing this, so
15 obviously you did it with the diaries, and now
16 you're doing it with the PPM. So how did you do
17 that? Where is this recruitment? I never saw a
18 recruiting flyer.

19 ROBERT H. PATCHEN: Right. Let me
20 kind of take it from the top at a very high level
21 first.

22 CHAIRPERSON SEABROOK: Okay.

23 ROBERT H. PATCHEN: At a very high
24 level, the systems start in the same place. The
25 diary service uses something called random digit

2 dialing phone numbers.

3 CHAIRPERSON SEABROOK: Phone?

4 ROBERT H. PATCHEN: Phone numbers.

5 So the diary service is 100% what we call land
6 line telephone numbers, which are generated at
7 random, based on known area codes for the market
8 and known exchanges for the market. So in New
9 York, for example, we know 212 is a New York area
10 code that services some counties. We know that
11 555, let's say, is one of the exchanges within New
12 York. We know that there are certain phone
13 numbers that serve the market. We have a computer
14 process in effect that generates random numbers, a
15 scientific random sample, and that's kind of where
16 we start the process. If we have an address, we
17 mail an introductory letter. If we don't have an
18 address, then the phone call is the first step.

19 CHAIRPERSON SEABROOK: Where do you
20 get the addresses from?

21 ROBERT H. PATCHEN: The addresses
22 would come from telephone directories and they
23 would also come from other databases that exist
24 today where we can match it up. And we found over
25 the years, as other researchers have, that if you

2 can send a letter first, more people will talk to
3 you when you call. Now, that process that we use
4 in the diary service is essentially the same
5 process that we use for PPM, with one addition.
6 In the PPM services we've added what are called
7 cell phone only households. The diary service
8 does not include cell phone only houses today at
9 all. In the case of New York 7.5% of the total
10 sample objective for the market is reserved for
11 cell phone only households. That's a first. And
12 one of the things to think about when you're
13 comparing PPM samples to diary samples is that
14 that's an improvement of the coverage on the PPM
15 side of the equation. We're covering more
16 different types of households as a result of that
17 enhancement than we are on the diary side. Now
18 beyond that the process involves talking to the
19 household directly over the phone. It involves
20 cash incentives. It involves on the PPM side the
21 ability to win sweepstakes or a prize drawing. On
22 the PPM side it really goes deep into a customer
23 service, what we call panel relations process,
24 where we try to establish a relationship with the
25 household after they've agreed to join the panel.

2 And that's important, because they're going to be
3 in the panel for up to two years. The average is
4 about nine months, but up to two years. And we
5 want them to wear the meter consistently. So that
6 goes a little farther than what we have in the
7 diary service, which is one week.

8 CHAIRPERSON SEABROOK: I guess the
9 question that I want to you think about, because
10 the Speaker is going to ask a question, but the
11 cell phone use is more prevalent in younger
12 people. I want to know the amount of young people
13 between the ages of 18 and 28 that are cell phone
14 users that you use, and how did you recruit them,
15 and are they a part of this sample and at what
16 percentage and how long and in terms of minority,
17 Latino and African American. Just write that down
18 and then we'll get to have a chance to have that
19 discussion about that cell phone use. Because I
20 think that's important, because the majority of
21 these kids use cell phones. They don't use home
22 phones. And so that's what we want to talk about.
23 But I'm going to-- the speaker has a question.

24 CHRISTINE C. QUINN: Thank you,
25 Larry. And I apologize; I just have to run to

2 another thing. I just have a couple of different
3 questions, but we'll make sure they get conveyed
4 to the chairs, etcetera. But one thing I wanted
5 to follow up just on one of Larry's original
6 questions about, you know, why Bergen county. And
7 you guys kind of said, well basically, I'm
8 paraphrasing, but it's as far as the radio waves
9 go. Right? It's where people can hear. But it
10 seems to me, if I'm listening to the radio
11 downstairs in my office, probably people right in
12 like Jersey City and Newark get those radio
13 stations too, right? So a decision was made at
14 some point, I mean I may not understand everything
15 about radio, but this kind of idea that it would
16 go north not out the other way into Jersey, at
17 some point a decision was made. Now you added in
18 the point of the secondary factors is how many
19 people from that county who are within the radio
20 wave range drive to work, which is a whole other
21 question related to congestion pricing, but that's
22 another conversation of why we're prone to
23 driving. But two questions; that's a relevant
24 factor, of course. It's a particularly relevant
25 factor if a significant portion of your radio

2 station's draw is drive time radio. Now in New
3 York City, for example, on largely African
4 American radio, Sunday evening is a critical time,
5 not a time most people are driving to and from
6 work. So if you're making your decision based in
7 part on two factors, how far a radio wave goes,
8 which seems a little funky to me, because there's
9 still a little decision on that. It's not like
10 Corey Booker put up a wall so the radio waves from
11 New York don't go there. Two, on drive time it
12 seems you're making a programming decision that
13 prioritizes radio stations that have a particular
14 time of programming versus others that have a
15 different type of programming. And that, to me,
16 seems inherently undercutting people of color
17 radio stations at the core foundations of where
18 you begin this.

19 STEPHEN B. MORRIS: Where the radio
20 wave travels--

21 CHRISTINE C. QUINN: [Interposing]
22 Sorry. It's just I yell, so I can only hear
23 someone as loud as me. I apologize.

24 CHAIRPERSON COMRIE: Do you want to
25 try switching the microphone maybe.

2 STEPHEN B. MORRIS: Do I have it
3 now? Where the radio waves goes matters because
4 this all really starts with advertisers and how
5 they spend their money, so--

6 CHRISTINE C. QUINN: Let me just
7 ask a simple follow up. The stations that are
8 heard in Bergen, are they not heard in the county
9 that Newark is in?

10 STEPHEN B. MORRIS: No, a New York
11 station-- I'm not sure I'm understanding your
12 question.

13 CHRISTINE C. QUINN: A New York
14 Station that you can hear in Bergen, can you hear
15 that in Newark?

16 STEPHEN B. MORRIS: Sure.

17 CHRISTINE C. QUINN: So you said
18 you pick which counties, and you matched us with
19 Bergen, not Newark's county, correct?

20 ROBERT H. PATCHEN: Well there's a
21 second piece to the puzzle.

22 CHRISTINE C. QUINN: No, no. I
23 understand that. But just hang on one second.
24 What county is Newark in?

25 MALE VOICE: Essex.

2 CHRISTINE C. QUINN: Essex. Okay.
3 You matched us with Bergen, not Essex, right? Yes
4 or no.

5 ROBERT H. PATCHEN: Bergen County
6 is part of the New York Metro, yeah.

7 CHRISTINE C. QUINN: Okay. So
8 Essex is not. And one of the reasons you said to
9 Larry's question was, in part the partnered
10 counties, right, to define the Metro region, are
11 based in where the radio stations can be heard.
12 So my question is, if you can hear it in Bergen,
13 could you not hear it in Essex? You can. You
14 made a decision on a county that I would argue has
15 less similarity racially to New York City than
16 Essex county. So I just wanted to clarify if it's
17 based on where you can hear the radio waves. You
18 had a choice of other counties, that in my
19 opinion, which is not like fully census based,
20 it's just my personal opinion, Essex would have
21 been a more germane county than Bergen. So I just
22 wanted to make sure that I understood that. You
23 said secondarily you overlay how many people
24 drive. And I'm sure you're correct that more
25 people drive from Bergen, or at least partially

2 drive to like a park and ride or whatever, than
3 drive from Essex County because of the PATH and
4 the New Jersey Transit and busses. But, I think
5 the two combined, the choice of the county that is
6 less similar, A, coupled with the decision to
7 prioritize morning drive time, which I think in
8 and of itself skews away from people of color
9 radio, create a foundational choice of definition
10 of metro area that is inherently biased against
11 people of color radio.

12 STEPHEN B. MORRIS: It's a fair
13 question. And we do not have that criteria as
14 part of defining a Metro.

15 CHRISTINE C. QUINN: Which?

16 STEPHEN B. MORRIS: The one that
17 looks at racial balance in addition to--

18 CHRISTINE C. QUINN: [Interposing]
19 No, I know you don't. But I'm saying by choosing
20 Bergen, and even if you don't look at racially I
21 would probably argue economically and a whole
22 bunch of factors. I mean one would think you
23 would put things that are like each other
24 together; but even the drive time-- I'm not saying
25 you did that as a choice to undercut people of

2 color radio. I am not saying that at all. But I
3 am saying it in fact does that, which causes the
4 problem that brings us here today. It may be an
5 unforeseen consequence, now having seen it in
6 Houston and Philly; we don't want to repeat it.

7 STEPHEN B. MORRIS: But if it goes
8 into Essex, I mean if you included Essex instead
9 of Bergen but there was nobody there that received
10 the signal, it would make no sense to include it.

11 CHRISTINE C. QUINN: But you said
12 they did receive the signal.

13 STEPHEN B. MORRIS: But at a much
14 lower level, at a lower level. There's a cut off
15 that you have to--

16 CHRISTINE C. QUINN: [Interposing]
17 Then I'd love to see the data at what level of the
18 frequency level is there into Bergen and Essex and
19 to what degree did that weigh in. I mean what
20 does that mean; fewer people hear, they hear it
21 less frequently? I mean what does that mean. And
22 I'd like to confirm it. Because it seems odd to
23 me, quite frankly, that Essex would get such less
24 thing. I mean I've been in lots of parts of
25 Jersey where I hear all of the New York Station.

2 STEPHEN B. MORRIS: Well we'd be
3 happy--

4 CHRISTINE C. QUINN: [Interposing]
5 Great. Great.

6 STEPHEN B. MORRIS: --I mean I
7 don't have the facts here. We would be happy to
8 come back.

9 CHRISTINE C. QUINN: And I'd love
10 to understand the history of why drive time is
11 prioritized in a way that I think has a secondary
12 effect that you didn't foresee.

13 STEPHEN B. MORRIS: But recognize
14 at the end of the day, we don't make this up for
15 our pleasure. We make it up because advertisers
16 say to us, here's how we're going to spend our
17 money. And what we need to know is, who hears
18 these radio stations, and that's the most
19 important thing. Then that's where we go. And if
20 it turned out there was a different criteria and
21 more important in some way--

22 CHRISTINE C. QUINN: [Interposing]
23 I mean look, I understand that. I also understand
24 that in any business there's a give and take. And
25 you guys can say, okay we'll do that; you should

2 know, for you guys to factor, advertisers, on
3 Sunday night, there's a big radio listenership and
4 do you want us to catch that? They may say, no,
5 no. But I bet you've never even raised that type
6 of a question with them.

7 STEPHEN B. MORRIS: Well I'd be
8 delighted to come back and talk specifically about
9 this point.

10 CHRISTINE C. QUINN: Okay.

11 STEPHEN B. MORRIS: It is the
12 system that's been in place for 40 years. So
13 we're not moving off in a different direction.
14 We've been doing the same way of making these
15 decisions about Metros for a very long time. And
16 I think TV is probably on a similar kind of a
17 basis.

18 CHRISTINE C. QUINN: And look, this
19 Council has long had questions, not just in the
20 radio industry, but generally, about how people
21 define the City of New York. And notwithstanding
22 we're calling on a federal agency to get involved,
23 we've had longstanding questions as to whether HUD
24 defines the City of New York correctly and whether
25 we lose housing related subsidies for that. So

2 this is a complication question that people before
3 us and after us and smarter than us have grappled
4 with. So it's not just the radio stations. The
5 problem here is, you know, maybe Metro should have
6 been defined differently from the get go. But it
7 becomes a more significant point when you're
8 moving away from paper diaries and when we see
9 what happened in Philly and Houston. If we were
10 City one, we might not have the evidence that
11 we're drawing on today. But I'd like to follow up
12 with you guys on this, and I know you will,
13 because you've been very forthcoming. So thank
14 you, and thank you Chairpersons Comrie and
15 Seabrook.

16 CHAIRPERSON COMRIE: Thank you.

17 Now we'll hear from Councilmember Arroyo. Then
18 I'll throw in my share of questions.

19 Councilmember Arroyo?

20 MARIA DEL CARMEN ARROYO: Thank
21 you, Mr. Chair. I was misbehaving and you caught
22 me. Sorry. Good morning, everyone; yeah, it's
23 still morning. Thank you everyone for being here.
24 We've been having this conversation for about a
25 year now, the Council, Arbitron, and the

2 broadcasters that are raising the concern. And
3 we're here today to talk about a resolution that
4 we will vote on in this body. And there's a
5 statement in your testimony, and it's page 2 in
6 the text, that references the effort of this
7 resolution. And the statement that you write,
8 it's diverting everyone's attention, time, to a
9 proceeding on the part of a federal agency that
10 lacks both jurisdiction and specialized knowledge
11 is not the best use of anyone resources. And my
12 understanding is there's a debate about whether
13 the FCC has jurisdiction or not. You say no and
14 the industry says yes. And I guess that that will
15 be clarified at some point. But you then go on to
16 say we should be working constructively with our
17 clients in the radio industry to address specific
18 diary to PPM transition issues. Who are your
19 clients? What client base are you talking about?

20 STEPHEN B. MORRIS: Our client base
21 is all of our customers, that includes Urban
22 formatted, Spanish Language, general market; I
23 mean all of those stations are part of this and in
24 fact we--

25 MARIA DEL CARMEN ARROYO:

2 [Interposing] So that includes the broadcasters--

3 STEPHEN B. MORRIS: [Interposing]
4 Very much.

5 MARIA DEL CARMEN ARROYO: Not the
6 guys that are buying time.

7 STEPHEN B. MORRIS: Oh no, we do
8 the same with the buyers too, absolutely.

9 MARIA DEL CARMEN ARROYO: So why is
10 there then such a disconnect between you
11 definition of the appropriateness of the PPM
12 methodology and what the broadcasters are
13 concerned about, if you feel so strongly about
14 working together on these issues. We're here
15 having this hearing because we've been having this
16 conversation for a year now, and we're still in
17 the same place. All of us are still in the same
18 place, because I have not yet received any kind of
19 assurances from anyone involved in this
20 conversation that things have changed since last
21 fall.

22 STEPHEN B. MORRIS: Oh, I think
23 things have changed quite a bit. At the time we
24 had our conversation with the Council last fall,
25 subsequent to that we made the decision to delay.

2 We had a lot of feedback from the market, a lot of
3 issues from more than the minority broadcasters.

4 We had feedback from the MRC; we had feedback from
5 the general market stations. One of the major

6 areas of common interest to everybody, minority
7 interests and general market, for example, was 18

8 to 34, this very difficult to recruit group that
9 we were talking about before. And we had each of

10 the people who had an issue here write down what
11 they were concerned about. So the minority

12 broadcasters wrote down their issues. The general
13 market stations had their issues written down.

14 And we said, all right, we're going to use the
15 delay period to address those questions. And we

16 did address them. We did the things we said we
17 would do. 18 to 34 representation was

18 substantially higher than it was a year ago.

19 We've made improvement across the boards in the
20 sample in quite a dramatic fashion. So we have

21 not just been sitting on our hands. In fact, the
22 minority broadcasters, the NABOB group, for

23 example, gave us a list-- sorry I take it back,

24 the Spanish Broadcasters gave us a list in January

25 that had ten specific points in it. We spent the

2 next seven months answering those seven questions.
3 And we presented them in June. And the
4 broadcasters said, well actually we don't care
5 about those; we have ten more issues that we want
6 you to think about. And so that's what we've been
7 thinking about since then, are the next ten. But
8 we answered the first seven, or ten or whatever it
9 was, that first block of questions. And we did
10 that for each of our customer groups. So we have
11 really moved the dial I think quite dramatically
12 in terms of being responsive, spending a ton of
13 money, slowing things down, getting it right. And
14 I think we've gotten it right. We have a service
15 now that is superior to the diary that we're
16 basing off of, on a number of important
17 dimensions, and we have definitely made
18 improvements in the last year.

19 MARIA DEL CARMEN ARROYO: Okay, so
20 for the broadcasters in the room, I imagine that
21 when you come up to testify, you can address that
22 statement in more detail. Because I know that we
23 had a meeting here, maybe a month or so ago, and
24 the concerns that I heard last fall continued to
25 be addressed and brought up as concerns that would

2 impact this industry in a really incredible way.

3 In the last page of your testimony, you have
4 bullets one, two, three, four; the fifth bullet
5 down: Broadcasters of all formats including Urban
6 and Hispanic. What's the different? Is there a
7 different definition between Urban and Hispanic?

8 STEPHEN B. MORRIS: Well the
9 primary definition is probably not the clearest
10 way to say it--

11 MARIA DEL CARMEN ARROYO:
12 [Interposing] I'm sorry, but you either have the
13 worst mic in the room or your voice is just not
14 compatible with that device.

15 STEPHEN B. MORRIS: Well any closer
16 and I'm going to be eating it.

17 MARIA DEL CARMEN ARROYO: Can we
18 try the other mic; maybe we can hear you better?

19 STEPHEN B. MORRIS: If I get that
20 close, I think that is coming across now, right?
21 Yes? Can you hear it now?

22 MARIA DEL CARMEN ARROYO: Better,
23 yes. Okay.

24 STEPHEN B. MORRIS: The formats,
25 they have names that are assigned to them in the

2 industry and Hispanic is not a format. There's
3 Urban and there's Spanish Language radio, and I
4 think that's what we were referring to there.

5 MARIA DEL CARMEN ARROYO: Can you
6 define what Urban format is?

7 STEPHEN B. MORRIS: Urban format
8 tends to be programmed towards a Black audience,
9 and Spanish Language tends to be formatted to a
10 Spanish Language-- within Spanish Language there
11 are a number of sub-formats. Within Urban there
12 are a number of sub-formats. For example, Gospel
13 is a format within Urban and Hip-hop can be a
14 format within Urban, likewise in Spanish.

15 MARIA DEL CARMEN ARROYO: Thank
16 you. I learned something new today. I've heard I
17 think part of the concern includes the sample size
18 recruitment or the sample recruitment. And what
19 I've heard you explain here, my understanding, is
20 that it's a telephone based recruitment process
21 that apparently was not the only way you did
22 recruitment in other areas. And one of the things
23 that we have heard is that in Houston, for
24 example, is that you did door-to-door recruitment,
25 and that is not part of your roll out plan here in

2 the City. Why not? And if that is one of the
3 things that would help us raise the confidence
4 level that we have about this system, why not
5 employ it in this city?

6 STEPHEN B. MORRIS: I'm going to
7 answer part of this and Bob's going to take part
8 of this. We developed Houston when we were trying
9 to do a partnership with Neilson, where we were
10 going to measure both radio and television at the
11 same time. And in that partnership, television
12 would have wound up paying two thirds of the cost
13 of the service and radio would have paid one
14 third. So it was a very expensive hybrid
15 methodology of how television measures and how
16 radio measures. And when we broke up that
17 potential partnership with Neilson and went out on
18 our own, we had to figure out how to get a service
19 that would give radio the kind of sample size that
20 it requires paying for it on its own. Television
21 typically has much smaller samples. So we had to
22 develop a different methodology that was much more
23 efficient than the Houston methodology. We did
24 that, we call it Radio First, and it is based on
25 the telephone. It is essentially based on the

2 diary method. So we are working off of the diary
3 basis that we started from. And as we've looked
4 at the data over the years, as we've developed
5 both methods simultaneously, the results are very
6 similar. And it's amazing how close that we get
7 in terms of the results. In some cases, the
8 telephone-based survey develops better data than
9 the door-to-door system, at a far lower cost. SO
10 it was a combination of efficiency and the fact
11 that with the telephone we could do as good a job
12 that caused us to move in this direction.

13 ROBERT H. PATCHEN: The only thing
14 I would add to Steve's response is that Houston we
15 basically had a mix that was pretty close to 50-
16 50. About half the sample was recruited by phone
17 and about half the sample was in person. However,
18 everybody started on the phone. So if we then
19 went to the door because we couldn't get someone,
20 we couldn't reach someone at home and we were able
21 to get them door-to-door, then that was useful.
22 But over time what we saw was the results-- we
23 were getting the same composition of the sample.
24 We were actually getting lower cooperation rates
25 day to day in the Houston panel than we saw in

2 Philadelphia and New York, where we had the
3 telephone and recruitment method. So looking at
4 what the PPM system really needs to work well,
5 which is daily cooperation for people to wear the
6 device, the results we were seeing in the new
7 approach were better than the results we were
8 seeing in the Houston market on that daily
9 cooperation. In addition, in the early months of
10 the Houston market, we had the same problem with
11 18 to 34 year old people that we had in the
12 telephone markets in Philly and New York. In
13 other words, we didn't have initially better
14 success. The success came over time just as it
15 did in the other markets that we started later
16 with the phone system. So there wasn't any
17 evidence that would suggest that going to the door
18 did a better job of getting, particularly those 18
19 to 34, respondents. And finally, when you look at
20 New York and you look at the composition of the
21 Hispanic sample based on language, based on
22 county, based on areas within the market, that
23 sample looks very, very representative. And in
24 fact, some of the metrics are better than we saw
25 in Houston in that regard. So the bottom line was

2 there really wasn't evidence that would have
3 justified this much higher cost. It just wasn't
4 there. So when we looked at the radio industry
5 and we knew that sample size was really an
6 important factor, that was the decision factor.

7 STEPHEN B. MORRIS: I should add
8 though, our results in New York in terms of the
9 demographic composition are terrific. We're not
10 dealing with a situation where we have low
11 representation. We're exceeding our metric
12 standards in total Black, 12 plus, 18 to 34,
13 etcetera, etcetera. We're feeling very proud,
14 frankly, of the results that we're getting.

15 MARIA DEL CARMEN ARROYO: Now last
16 year we were arguing that you were doing very
17 poorly in certain age groups and certain ethnic
18 groups. And so you're saying that's not the case?

19 STEPHEN B. MORRIS: Those are
20 dramatically increased--

21 MARIA DEL CARMEN ARROYO:
22 [Interposing] Compared to what's your benchmark in
23 terms of time? We were talking in October of last
24 year. So over the last year you have improved or
25 are we talking about the initial data that we were

2 looking at last year.

3 STEPHEN B. MORRIS: No. We're
4 talking about since last year the improvement in
5 those, particularly the 18 to 34 was a very major
6 part of that discussion a year ago. And one of
7 the points that we made was that was not an
8 ethnicity question, it was an age question. So
9 it's just people--

10 MARIA DEL CARMEN ARROYO:

11 [Interposing] I remember young men of color, or
12 Black young men, was the group that was
13 underrepresented in the sample.

14 STEPHEN B. MORRIS: I believe it
15 was then. It certainly is now. It's a common
16 issue across all 18 to 24 year olds; male, female,
17 Black, White, Hispanic; it's an age related
18 question. Most people in this room who have
19 teenage kids will attest, it's difficult to get 18
20 year old people to cooperate in the same way that
21 a 55 year old would. So it's basically an age
22 issue. And we have worked on it multiple ways,
23 but the net effect is that 18 to 34 in total, and
24 within that Black and Hispanic particularly, are
25 running dramatically ahead of where they were a

2 year ago in terms of representation.

3 MARIA DEL CARMEN ARROYO: You will
4 forgive me, but I want proof to what you are
5 testifying to here. Not that I don't believe you
6 or have no confidence that you would come here and
7 not be honest about what you're saying. But we
8 need to see the difference.

9 STEPHEN B. MORRIS: Absolutely.

10 MARIA DEL CARMEN ARROYO: Where
11 were you last year, where are you now. And so I
12 think that that would be helpful for all of us.
13 And my last question, because I know my colleagues
14 have questions as well, and the Chair threatened
15 me to only five. The engagement of the
16 broadcasters, what's the level of engagement that
17 you have with the broadcasters? How often do you
18 talk to them, meet with them? Is there a
19 coalition or committee or something that you've
20 formed to keep them in the loop and get their
21 input into how this system needs to improve?

22 STEPHEN B. MORRIS: I think we
23 have-- and I give equal credit here to the SRA and
24 NABOB people with whom we have been meeting very
25 consistently throughout the year. With NABOB we

2 started basically back a year ago and had monthly
3 meetings and sent updates to them in between.

4 With SRA it's a more recent phenomenon. As a
5 group they have formed-- and we have had a number
6 of meetings, many over the last couple of months,
7 addressing a whole series of these kinds of
8 questions. So we are absolutely open to that kind
9 of dialogue. If somebody wants to do more of
10 that, we're happy to do it. That's how we
11 operate. We have to get input from-- we have a
12 lot of constituencies who have different kinds of
13 views about what a radio rating service ought to
14 look like. We have to listen to all of them. We
15 have to try to accommodate all of their concerns
16 and needs and balance them. So we do a lot of
17 this kind of dialogue. And if more is desirable,
18 we are absolutely ready to do it.

19 MARIA DEL CARMEN ARROYO: Okay.

20 Well again, for the broadcasters in the room, when
21 you come up to testify, I hope that you would
22 share with us your experiences with that
23 engagement. Thank you, Mr. Chair.

24 CHAIRPERSON COMRIE: Thank you. We
25 have a couple other questions, but I want to ask

2 just one question that I've been wanting to fire
3 for a while. You talk about the metrics and you
4 talk about the-- I still can't understand why
5 advertisers are not looking at similar populations
6 where we're not measuring with Essex County as
7 opposed to Bergen County. I need to understand
8 what that philosophy is. You know, I traveled
9 down the turnpike the other day. You know, you
10 can get New York radio stations pretty much to
11 exit 5 on the turnpike. So that's way beyond.
12 Why are we going north and why are we focused on a
13 driving ridership when the majority of the people
14 who are coming into the city that are driving are
15 at an income and a philosophy level that's not
16 comparable with most Urban listeners?

17 STEPHEN B. MORRIS: Well what I
18 would suggest is that we come and give you a very
19 specific formal presentation specifically about
20 that. We don't change the Metro definitions
21 easily. Because as you can imagine, people have
22 enormous economic interest in how it's formed.

23 CHAIRPERSON COMRIE: Right.

24 STEPHEN B. MORRIS: And so we have
25 criteria. They've been bought into by the

2 industry. There have been lots of debates about
3 this over many, many years. You know, if there's
4 a basis for changing it, if there's a better way
5 to do it, we're certainly willing to have that
6 conversation, but I think we need to start by
7 laying out answers to your questions; because I
8 don't really have the facts about Essex versus
9 Bergen.

10 CHAIRPERSON COMRIE: I think that's
11 something that we've been talking about. I know I
12 brought it up in the meeting from October. Why
13 are we matching demographics from areas that are
14 not compatible with each other's lifestyle? You
15 know, why are we matching demographics with Bergen
16 County. It does skew the outcome when you're
17 dealing with a driver that's coming in from Bergen
18 Counted versus a listener that may listen and then
19 get on the subway. So, you know, I have a
20 fundamental problem with that issue and I was
21 hoping that that would have been resolved by now.
22 I know that you've been looking at a lot of
23 issues, but I think that's a fundamental problem
24 that needs to be dealt with to create a balance.
25 If you're shifting to a drive time radioship

2 [phonetic] listening philosophy or let's say even
3 a transportation type philosophy, then what are we
4 doing to pick up the people that are now
5 listening-- can the people meter check whether or
6 not an individual is carrying as often people do,
7 the MP3 players or the people that are listening
8 to MP3 players with FM tuners? Do you have the
9 ability to pick that up with the Personal People
10 Meter?

11 ROBERT H. PATCHEN: Yes. We do
12 have a way to connect the meter to the headset
13 that people are using when they're listening to
14 the radio; MP3 would be an example, Walkman would
15 be an example. And it's a pretty simple mater.
16 You plug it into the device and then you--

17 STEPHEN B. MORRIS: [Interposing]
18 I'm sorry.

19 CHAIRPERSON COMRIE: I'm sorry.

20 STEPHEN B. MORRIS: I was informed
21 by my colleague here that Essex County is in the
22 New York Metro. So they both are in.

23 CHAIRPERSON COMRIE: Essex County
24 is in the sample?

25 STEPHEN B. MORRIS: It is in, yeah.

2 CHAIRPERSON COMRIE: So what towns
3 are in the sample then, if you have it updated
4 from your research staff? How many people are
5 hear from Arbitron, actually? Raise your hands.
6 Let me see all the Arbitron people in the room.
7 Okay. All right. Okay.

8 STEPHEN B. MORRIS: Do you want me
9 to read the counties?

10 CHAIRPERSON COMRIE: Yeah, if you
11 have them.

12 STEPHEN B. MORRIS: Bronx,
13 Westchester, Passaic, Rockland, Morris, Richmond,
14 Monmouth, Queens, Hudson, Putnam, Essex, New York,
15 Bergen, Kings, Fairfield; that's it.

16 CHAIRPERSON COMRIE: Okay.

17 ROBERT H. PATCHEN: If I could just
18 inject one comment. I think I misstated the
19 description of the radio listening criterion that
20 brings a county into the Metro or not. It's not
21 simply the signal reach; it's the share of the
22 audience in that county that's listening to New
23 York stations. And if that's higher than 50%,
24 that county is considered a majority New York
25 radio county, in addition to the commuting

2 information, which is also 50% or more of the
3 commuters. So it's not simply the signal reach;
4 it's the share of the audience in that county
5 that's listening to New York stations.

6 CHAIRPERSON COMRIE: And that
7 commutes into the city.

8 ROBERT H. PATCHEN: The combination
9 of those two.

10 CHAIRPERSON COMRIE: And how many
11 people have actually taken on the people meter
12 that are listening to MP3s? How big of that is
13 your overall sample that's listening to..

14 ROBERT H. PATCHE: The last time I
15 checked it was around 20 to 25%. What we ask is a
16 question at the time we place the meters with the
17 household, and the question is, any time in the
18 past 12 months, the past year, have you used a
19 portable device with headphones to listen to the
20 radio. And if the answer to that question is yes,
21 we supply that respondent with the connector that
22 they need to connect the headphones to the meter.

23 CHAIRPERSON COMRIE: How big is
24 this thing? How big is the personal people meter?

25 STEPHEN B. MORRIS: I have one in

2 my pocket.

3 CHAIRPERSON COMRIE: Okay. And
4 that connects-- do you have it on now? Are you
5 connected to it?

6 STEPHEN B. MORRIS: No. This is
7 just a mock up.

8 CHAIRPERSON COMRIE: All right.
9 And that connects wirelessly to--

10 ROBERT H. PATCHEN: [Interposing]
11 Not wirelessly today.

12 CHAIRPERSON COMRIE: Okay.

13 ROBERT H. PATCHEN: But that is on
14 the drawing board. But we are working on a
15 wireless, for example Blue Tooth, type of
16 connection.

17 CHAIRPERSON COMRIE: Oh, it's like
18 a pager, practically. And you connect it by wire
19 to any device that you're listening to?

20 ROBERT H. PATCHEN: If there's a
21 headset, yes. If there's not a headset then the
22 connection is through the audio, just in the air.

23 CHAIRPERSON COMRIE: Oh, it has a
24 speaker on. Okay.

25 ROBERT H. PATCHEN: It's got a

2 microphone.

3 CHAIRPERSON COMRIE: There's a
4 microphone on it.

5 ROBERT H. PATCHEN: The small hole
6 on the front is the microphone.

7 CHAIRPERSON COMRIE: So it still
8 requires some level of opportunity to hear if it's
9 not connected by a headset.

10 ROBERT H. PATCHEN: If the sound is
11 audible, it will pick it up. And if it's below
12 the audible range, it won't pick it up.

13 CHAIRPERSON COMRIE: Okay, so
14 you're depending on most drivers, since they're
15 listening in their car, to put this in a spot
16 where it can be picked up by the speakers. I know
17 most drivers are on their cell phones more than
18 they're listening to the radio.

19 ROBERT H. PATCHEN: Well that's a
20 good point. And actually in the car the sound
21 actually gets picked up very easily, if the radio
22 is on and turned up. One of the things that we
23 think, going back to this question of what are the
24 differences between what people might write in
25 their diary and what the meter might show, if

2 someone gets a cell phone and they turn down the
3 radio, then typically that's probably not going to
4 get picked up in the diary. But in the meter,
5 when the sound goes off, the credit goes off. And
6 that is one of the things that you can see--

7 CHAIRPERSON COMRIE: [Interposing]
8 When the sound goes off the credit for the time
9 listening to the station?

10 ROBERT H. PATCHEN: That's right.

11 CHAIRPERSON COMRIE: And at what
12 volume would that be about? Because I'm always
13 listening to the radio and I'm turning down the
14 volume. At what volume level would it not pick
15 up? What decibel level?

16 STEPHEN B. MORRIS: It's very much
17 keyed to what the human ear hears. If it's really
18 audible to you, the meter is going to pick it up.

19 CHAIRPERSON COMRIE: Okay.

20 STEPHEN B. MORRIS: We try to
21 equivalent it to the ability of the ear to hear.

22 CHAIRPERSON COMRIE: Okay. All
23 right. And you believe 20 to 25% of your sample
24 are using this with portable devices?

25 ROBERT H. PATCHEN: Yeah. 20 to

2 25% tell us that they used in the past year a
3 portable device with headphones to listen to
4 radio. And for those folks who give that answer,
5 we supply the headset adaptor.

6 CHAIRPERSON COMRIE: Okay. And how
7 are you reaching out to people to become monitors
8 for you? You're just doing cold phone calls?

9 ROBERT H. PATCHEN: It's a very
10 elaborate process actually.

11 CHAIRPERSON COMRIE: Okay.

12 ROBERT H. PATCHEN: But to give you
13 the overview, we start with the random sample, the
14 statistical random sample that I described
15 earlier. And that sample is designed to represent
16 all the counties that are within this geography
17 that we've defined. The sample targets come from
18 the census data, which is the best source that we
19 have. And then it's updated--

20 CHAIRPERSON COMRIE: [Interposing]
21 When was your census data? Is the amended census
22 that was just done last year or was this the
23 original 2000 census, which is out of date?

24 ROBERT H. PATCHEN: We have a
25 supplier who begins the process with census data

2 and then they bring in all kinds of updated
3 information each year, and they supply us with an
4 annual update that's their best estimate of the
5 county population and the county demographics
6 within the market. So it starts with the last
7 census, but then there's a lot that goes on top of
8 that to update the information.

9 CHAIRPERSON COMRIE: Okay. And
10 then how do you outreach to people to want to
11 volunteer for this project?

12 ROBERT H. PATCHEN: We don't accept
13 volunteers. What we do is we select you and then
14 we come and ask you to be part of the panel.
15 That's important in terms of the random sampling
16 process. But when we do that, if we have an
17 address, we start with a letter and a brochure
18 that gets mailed to you. We provide a cash
19 incentive, which is our way of saying thank you.
20 We explain the importance of taking part in the
21 ratings process. The way we position it is, this
22 is your chance to count, it's your chance to be a
23 part of this whole ratings process. We use all of
24 the people within the household once we've
25 selected the household, who are age six and older.

2 CHAIRPERSON COMRIE: You use all
3 the people in the house?

4 ROBERT H. PATCHEN: That's right.

5 CHAIRPERSON COMRIE: Okay.

6 ROBERT H. PATCHEN: So if there's a
7 couple with some kids, they would be included. If
8 there are roommates living together, they would be
9 included and so forth. And we use multiple phone
10 calls to try to reach people at the stage where
11 we're trying to contact them. So we call 25 times
12 over a two to three week period, across different
13 times of days, different days of the week; because
14 as you know, very often people are not home,
15 especially younger demographics are hard to find
16 at home. So we make a very strong efforts to
17 reach people at home. Once they agree to join the
18 panel, it's a very simple process next. They
19 receive the box that has the meter and the docking
20 stations. It also contains the device that plugs
21 into the phone system so we can retrieve the data.
22 All of that is self-installed by the individual
23 household. To do that they're simply plugging it
24 in to the wall socket and they're plugging the
25 phone device into their answering machine or into

2 their wall outlet. If it's a cellular phone
3 household, we now have a cellular connector, a
4 cellular modem, so that they don't have to go
5 through the regular landline system. And then
6 from that point forward, it's a matter of them
7 wearing the meter every day. We get a report
8 overnight, every night, that shows us whether an
9 individual actually did wear the meter. If they
10 did and they followed the directions, that's
11 great. If they didn't, they get a phone call from
12 one of our very nice, very friendly panel
13 relations people. They've tried to establish a
14 relationship with the household, and they'll say
15 gee, is George at home, we'd like to find out if
16 there's any way we can help him wear the meter.
17 So it's an ongoing process. It's got a lot of
18 steps to it. And as I said earlier, the
19 incentives to the respondents really come in three
20 parts. One is this is their chance to count; and
21 believe it or not, a lot of people are very
22 interested in taking part of the ratings.
23 Secondly, we've got monthly cash payment, and then
24 third we've got the chance to win a sweepstakes
25 prize drawing, which is a bigger amount.

2 CHAIRPERSON COMRIE: And how big is
3 your sample, 2,000 people, 4,000?

4 ROBERT H. PATCHEN: In New York
5 we've got about 5,000 installed in the panel;
6 that's an approximate number, it may be 5,200.
7 And on a daily basis we have about 3,600, 3,700
8 that actually wear the meter. And of course
9 that's different people over the course of time.
10 And that's a sample size that's about two and a
11 half times larger than the equivalent Neilson
12 television sample size for New York.

13 CHAIRPERSON COMRIE: What is the
14 income strata level that you're dealing with out
15 of that sample? You're dealing with how many-- do
16 you have a breakdown on how many people have
17 incomes less than \$35,000; how many have--

18 ROBERT H. PATCHEN: [Interposing]
19 We do and we'd be happy to provide that.

20 CHAIRPERSON COMRIE: Okay.

21 ROBERT H. PATCHEN: The simple
22 answer is all income levels are represented.

23 CHAIRPERSON COMRIE: In your
24 sample. Okay. All right. Councilmember James
25 and Councilmember Viverito have questions and I

2 appreciate again all of the feedback and the work
3 that you've been doing. You have been responsive
4 to our questions so far and throughout this
5 process. Councilmember James?

6 LETITIA JAMES: Thank you. I
7 apologize for being late. And if someone has
8 already asked these questions, just stop me and
9 let me know. My questions will be brief because I
10 recognize the hour is late. My first question is
11 according to some documents that you provided to
12 the Council, it appears that individuals and some
13 proponents have argued that the PPM results prove
14 that ethnic weighting under the diary system had
15 failed because it was over representing listeners
16 to Urban radio. Do you concur in that statement?
17 Yes?

18 ROBERT H. PATCHEN: Actually, no.
19 You said something about weighting?

20 LETITIA JAMES: It basically said
21 that the system had failed because the prior
22 system of the diary system had over represented
23 listeners to the Urban radio. Do you agree with
24 that statement?

25 ROBERT H. PATCHEN: What we're

2 saying is that the PPM is an advancement because
3 the diary is not necessarily a perfect reflection
4 of what someone was actually exposed to. And the
5 reason that's true is that there's a human factor
6 that comes into play, which is memory. And people
7 write down what they believe happened. It's not
8 necessarily exactly what did happen. And when we
9 look at the electronic data we see a different
10 picture in many cases. That's what we're saying.

11 LETITIA JAMES: So your argument is
12 that it's exposure versus preference?

13 ROBERT H. PATCHEN: It's exposure
14 versus recall.

15 LETITIA JAMES: Versus?

16 ROBERT H. PATCHEN: Recall-- what
17 did they remember, what did they perceive. And in
18 some cases that may include preference, in other
19 cases it may not involve preference. It may just
20 be a memory error.

21 STEPHEN B. MORRIS: And one thing I
22 should I to that from our previous conversation on
23 this, but it is not just Urban stations that have
24 this phenomenon. This applies to every station,
25 every format, every geography to some degree, this

2 overstatement in the diary exists. It exists in
3 different levels, but it's not unique to any one
4 format.

5 LETITIA JAMES: But according to
6 some of the documents you provided this Council,
7 apparently the numbers of listening to the Urban
8 stations dropped and there was a slight increase
9 in majority stations according to the documents
10 that you provided to this Council.

11 ROBERT H. PATCHEN: If I could just
12 comment, the number actually increased. The
13 numbers of people listening to the different
14 stations actually increases. It's the amount of
15 time that's during the day that's being reported
16 is the issue. And that's something we call time
17 span listening. The time span listening statistic
18 is based on what people write in the diary in
19 terms of the length of the entry and in the meter
20 it's based on the electronic data on actual
21 exposure. That's where the difference is. But if
22 you ask the question are there fewer people, the
23 answer is no. There's actually more people, which
24 is something we call the Cume [phonetic] audience.

25 LETITIA JAMES: And to what extent

2 would this have an impact on advertising dollars?

3 STEPHEN B. MORRIS: The advertisers
4 have been through changes like this before.

5 Nielsen, when they converted from diaries to
6 electronic measurement saw similar declines in
7 terms of the ratings; for reasons probably not too
8 dissimilar to what we're talking about. And it's
9 hard for me to generalize about this because it is
10 a buying and selling market and it is a very soft
11 economic environment right now; so everybody is
12 having trouble in terms of pricing. But at least
13 at the beginning what the advertisers said was,
14 we're accustomed to this. We know what happens.
15 We know the audience has not in fact changed from
16 what it was yesterday. We just have a different
17 measurement. It's kind of like the dollar and the
18 Euro. And we understand that we need to increase
19 our cost per point if we want to get the same
20 amount of weight. Whether they all behave that
21 way or not, I wouldn't want to comment.

22 LETITIA JAMES: I think I follow
23 your argument, and I have to apologize. Yesterday
24 was an election day and I didn't get much sleep.
25 So I'm going to ask a question and hopefully your

2 answer will be just as simple. Will this new
3 ratings system have an adverse impact on
4 advertising dollars, yes or no?

5 STEPHEN B. MORRIS: If there's an
6 impact on total advertising dollars to radio--

7 LETITIA JAMES: [Interposing]
8 That's not yes or no. Go ahead.

9 STEPHEN B. MORRIS: If the question
10 is total advertising dollars to radio, our belief
11 is that a better measurement will increase radio's
12 total share of the advertising pie. Right now
13 radio is penalized by having what is viewed as a
14 non-accountable measurement system in the diary.
15 PPM is viewed as accountable and is a big step
16 forward. Again, if you believe what people say,
17 that could lead to more advertising dollars for
18 radio.

19 LETITIA JAMES: What is the
20 reliability? Some have argued that the device
21 that was just shown to me a few minutes ago is
22 defective and that it's not a reliable device
23 because it picks up all types of transmissions.
24 So have you heard the argument that in fact the
25 device is not in fact reliable and compromises

2 your ability to detect the number of listeners?

3 STEPHEN B. MORRIS: No, the device
4 itself is extremely reliable. It's been audited
5 many times by the MRC. There's not been an issue
6 raised as to whether the device works. It listens
7 for codes. You could be hearing five different
8 noises in a room; it's only listening for a signal
9 that carries a specific inaudible code that was
10 put on there by the radio station. That's all
11 it's listening for. All the other noises it
12 ignores.

13 LETITIA JAMES: Are there any other
14 transmissions that will have an impact on the
15 ability to pick up this code? Nothing will have
16 an impact on it?

17 ROBERT H. PATCHEN: Nothing that we
18 know of.

19 LETITIA JAMES: That you know of.

20 ROBERT H. PATCHEN: We've tested
21 for a lot of different things and we haven't found
22 anything that-- and the reason is it's based on
23 the audio. The code is actually a part of the
24 audio, and it's not a separate transmission. The
25 code is in the program. It's in the audio. So if

2 you can hear the audio, then the meter by
3 definition can hear the code.

4 LETITIA JAMES: So it's not
5 susceptible to any other audible signals?

6 ROBERT H. PATCHEN: If the-- I'm
7 sorry, go ahead.

8 STEPHEN B. MORRIS: If there's a
9 very loud noise; the vacuum cleaner is on and you
10 can't hear the radio, the device can't hear the
11 radio either. We're really trying to make it
12 mimic the human ear. So if you turn it down in
13 order to talk on the phone, it will stop picking
14 it up. If you turn it up, it will pick it up.
15 It's calibrated to the ear.

16 LETITIA JAMES: Why is it that the
17 Media Ratings Council denied your accreditation in
18 New York?

19 STEPHEN B. MORRIS: The MRC process
20 is a long and careful journey. It is a process
21 that's been in place for 40 years. It has
22 produced the best measurement systems in the world
23 because of that process. So we are big supporters
24 of the MRC. The way that process works is it
25 takes as long as it takes. In the meantime, they

2 deliberately put into their voluntary code of
3 conduct, the ability of a measurement company to
4 move forward and commercialize while in parallel
5 pursuing accreditation. They would prefer, if
6 possible, to get accreditation first, but in most
7 cases as these things come forward, and it's not
8 just in radio, the process has more typically been
9 to move in parallel, with a commitment on the part
10 of the company, in this case Arbitron, to get that
11 accreditation. And so we are committed to doing
12 that, but at the same time, we are moving forward
13 on the commercialization.

14 LETITIA JAMES: So you're not
15 required to get the accreditation, therefore
16 you're moving forward. And you basically say that
17 the accreditation process has not been timely, and
18 has not been denied or is going through the
19 process, or-- I understand it's not required, but
20 have you been denied or is the application still
21 being vetted?

22 STEPHEN B. MORRIS: In Houston we
23 are accredited. So we are through the process in
24 Houston and reconfirmed recently in its
25 accreditation status. In Philadelphia and New

2 York we were in our first submission denied last
3 fall, early winter. We conducted a new audit and
4 that process continues forward. And I think in
5 late August there was a meeting to review that new
6 audit. They have come back with questions; we now
7 have to go back with answers. They'll come back
8 with more questions. So that is the process, and
9 it goes on until it's complete.

10 LETITIA JAMES: And was the concern
11 and the reason why you were originally denied,
12 because of the concerns of the MRC related to the
13 ratings system, the new ratings system?

14 ROBERT H. PATCHEN: If I can; the
15 concerns are some of the same concerns that we've
16 been addressing this past year. The MRC process
17 is highly confidential--

18 LETITIA JAMES: [Interposing] Is it
19 the same concerns that have been addressed by this
20 Council and this body here today?

21 ROBERT H. PATCHEN: It's not about
22 different ratings results, no. So it's a
23 different concern. The concern specifically is
24 focused on the issues that we've been visibly
25 working on and reporting, which are improving

2 cooperation among 18 to 34, which we've had good
3 success with this past year; and improving what's
4 called the SPI, which is the response rate
5 statistic, which we've also had good success with
6 over the past year. And those are the areas where
7 we've been putting time, attention, money, effort.
8 And that's being acknowledged. It's being seen as
9 a very positive kind of development. Beyond that,
10 we just can't comment on the specific reasons why
11 the vote that's taken by the MRC members goes one
12 way or another.

13 LETITIA JAMES: Well, I don't have
14 a copy of it, but I understand that there was a
15 press release issued by MRC. And if any one in
16 the audience has a copy of that press release,
17 apparently they expressed the concerns in the
18 press release and I'd just like to have a copy.
19 I'm sure what you're saying is true, I just need
20 to confirm for myself. It's also my understanding
21 that a coalition has also filed a petition before
22 the FCC. Is that true?

23 STEPHEN B. MORRIS: Yes.

24 LETITIA JAMES: And what's the
25 status of that petition and why was the petition

2 filed, if you know? What was the basis for the
3 petition?

4 STEPHEN B. MORRIS: The request in
5 the petition is to conduct what's called a 403
6 investigation. The basis of it is the same
7 conversations we're having here, the belief that
8 we under represent minorities in the sample for
9 PPM. We very much believe that's not true. And
10 we're also concerned that the FCC does not have
11 jurisdiction over people who do audience
12 measurement as we do. So, that's a legal issue
13 that I'm not here to debate.

14 LETITIA JAMES: You don't believe
15 that the FCC has jurisdiction over Arbitron.

16 STEPHEN B. MORRIS: Correct.

17 LETITIA JAMES: What's your
18 reasoning?

19 STEPHEN B. MORRIS: I'd be better
20 off if I could have our Chief Legal Officer answer
21 that question. Would you like to have a legal
22 response?

23 LETITIA JAMES: Yes. If you would
24 be so kind as to have your Counsel approach the
25 bench, that would be most appropriate, thank you.

2 Hearing no objections, Counsel.

3 TIMOTHY SMITH: Good afternoon,
4 Madam Councilwoman. And I'm sorry, could you
5 repeat the question?

6 LETITIA JAMES: FCC not having any
7 jurisdiction, what's your argument on why that's
8 the case?

9 TIMOTHY SMITH: Well actually we
10 will be responding to the petition. There is a
11 time period in which responses are due. I believe
12 that's the 24th of September. And then there's a
13 period after which people can respond to those
14 responses--

15 LETITIA JAMES: [Interposing] No, I
16 understand that. I understand the timeline. The
17 question is your argument.

18 TIMOTHY SMITH: Yes. Based on the
19 statute, based on precedent and based on prior FCC
20 findings, we do not believe both as internal
21 counsel and outside counsel that have examined the
22 issue, that there is any jurisdiction of the FCC
23 over Arbitron.

24 LETITIA JAMES: But 403 of the
25 Communications Act basically says that they have

2 the authority to conduct fact-finding inquiries,
3 if I'm not mistaken. And so if FCC were to engage
4 in a fact-finding inquiry with respect to your new
5 ratings system, clearly the Black Letter Law of
6 403 gives FCC such jurisdiction, yes?

7 TIMOTHY SMITH: I don't agree with
8 that, Madam Councilwoman. I respectfully disagree
9 with that.

10 LETITIA JAMES: I understand.

11 TIMOTHY SMITH: I don't believe
12 that the fact finding broad powers of the FCC do
13 pertain to a private company providing radio
14 estimates as Arbitron does.

15 LETITIA JAMES: With FCC expressing
16 concern, with the Media Council expressing
17 concern, with a petition that has been filed by a
18 coalition of groups, with this Council expressing
19 concerns and about to vote on a resolution at some
20 point in the future; given that body, given those
21 starts being aligned like they've never been
22 aligned before, would you not want to reconsider
23 your position or take a second look at this new
24 rating system?

25 STEPHEN B. MORRIS: We are still

2 extremely confident in what we have done. And let
3 me tell you, we didn't just invent this overnight.
4 We've been working on this for 16 years. We've
5 had it in the marketplace for seven years--

6 LETITIA JAMES: [Interposing] And I
7 appreciate that, but these companies and these
8 businesses and these stations have been trying to
9 get on equal footing with other radio stations for
10 more than 16 years. We've been trying to get
11 recognized since-- let's not go there. We've been
12 trying to get recognized and keep these radio
13 stations afloat and trying to get them business.
14 And so I just believe, as the Chair does and as
15 every member of this body does, that this new
16 ratings system is going to have a disparate impact
17 on their bottom dollar, and I am very much
18 concerned.

19 STEPHEN B. MORRIS: And that's fair
20 enough. Our role is A, to care a lot about radio
21 and to try to improve it and strengthen it in
22 every way that we can. And that applies to all
23 formats, all owners, all the business people that
24 run the radio business. Given our role in the
25 industry, we have to take on the position of being

2 the partner of the industry. At the same time, we
3 have to be credible as an objective, fact based
4 organization. And we've tried to explain this
5 morning what the fact are that explain why the
6 audience number for Minority Broadcasters are down
7 the way they are. We believe it is entirely a
8 function of facts, and it does have a disruptive
9 impact on the marketplace, not just for these
10 broadcasters, but for all broadcasters whose
11 ratings are affected. But if we are anything, it
12 is an objective, fair, evenhanded measurement.
13 We're can't deal with a business, business, we
14 can't deal with a revenue--

15 LETITIA JAMES: [Interposing] No.
16 I understand.

17 STEPHEN B. MORRIS: We have to deal
18 with measurement of audiences.

19 LETITIA JAMES: No, I understand
20 that and I recognize time is getting away from us.
21 Let me just close by saying I believe it comes
22 down to a question of fact. And I believe that
23 those facts will, in all likelihood from what I
24 can hear, will probably be resolved in a Court of
25 Law. Thank you.

2 CHAIRPERSON COMRIE: Councilmember
3 Viverito?

4 MELISSA MARKS-VIVERITO: Thank you,
5 Mr. Chair. And the questions I had also were
6 related to the MRC and the FCC, but you know, I
7 have to just say I understand that you have been
8 very open and come to us and engaged us. But to a
9 certain extent I almost feel like we're being
10 strung along, in the sense that when you have an
11 MRC, when you have an FCC, these are two entities
12 within this system that are highly regarded and
13 that have something to say, and you think we would
14 listen. When those entities, on top of what we've
15 been raising as concerns, are saying that we are
16 troubled or there are questions that have to be
17 answered and Arbitron just flies in the face of
18 that and continues to proceed without seriously
19 addressing it; you have to wonder what ultimately
20 is your goal. I don't believe, this is my opinion
21 just based on what I've been getting, that your
22 interest is about the about the broadcast. I
23 think your interest, bottom line, is on the
24 advertisers. And this is all based on the
25 timeline of the advertisers and what they're

2 demanding of you. And that's what I heard you say
3 in your testimony; they want this kind of
4 research, they want this kind of information and
5 it's always been about the advertisers, not really
6 about the broadcasts. And I think ultimately what
7 we're asking here is for accountability and that
8 your measure is one that is going to be as
9 rigorous and as unquestioned as possible. And I
10 would hope that that's your goal as well. The
11 fact that the MRC has expressed these concerns and
12 the FCC combined and you're still going ahead
13 really, really is troubling to me. So that's one
14 comment. I know that Councilmember James really
15 asked the questions with regard to those issues.
16 So I won't go into it as well.

17 STEPHEN B. MORRIS: Could I just
18 respond?

19 MELISSA MARKS-VIVERITO: Yes.

20 STEPHEN B. MORRIS: The FCC has not
21 taken a position on this.

22 MELISSA MARKS-VIVERITO: Well there
23 has been concern, I understand it's a committee
24 within the FCC, but it's a committee that I would
25 think has some standing in this position. It is

2 about the diversity issues within the industry and
3 it is a commission and a committee that I would
4 think has some weight in terms of their position
5 and what they have to say. So I really am
6 troubled by that. I wanted to ask specifically
7 also with regards to the way that you develop your
8 samples. And you were comparing and talking about
9 the way that you did it in Houston versus the way
10 you're doing in New York. The Houston door-
11 knocking I believe is very effective. I've done a
12 lot of organizing in my day, working on campaigns,
13 etcetera. And that is the way that you really are
14 going to accurately be able to contact,
15 communicate with someone and really that is
16 reflective of the true diversity, you know,
17 economically, ethnically, of the City. So the
18 fact that you're relying in New York on phone; I
19 know when I'm at home I hardly ever answer the
20 phone. I never pick up the phone. And you in
21 fact may not be getting a very accurate assessment
22 or sample pool to work with. And you indicated, I
23 think, that it was based on costs. I think
24 ultimately, again, what we want is a real accurate
25 measure and a sample that really reflects the

2 City. So is there any thought about going back
3 and doing it the way you did in Houston here in
4 terms of door knocking?

5 STEPHEN B. MORRIS: Well first of
6 all, the way we're doing it with PPM in New York
7 today is the same way we have done it for 40 years
8 in the diaries. So this is not a disruptive thing
9 we're doing; we're actually staying with the tried
10 and true. And the question is whether door-to-
11 door would make a significantly different impact.
12 And as Bob described before, when we look at the
13 data coming out of Houston with the door-to-door
14 recruitment, forget the fact that it's more
15 expensive than anybody can pay for, but just put
16 that aside and say does it add anything in terms
17 of quality. And the results that we're finding
18 say that in fact it does not. The results are
19 very similar. In some cases, the telephone-based
20 recruitment is superior. We do not see a basis
21 for saying-- you'd have to add an awful lot of
22 value to--

23 MELISSA MARKS-VIVERITO:

24 [Interposing] But how do you base that? How do
25 you determine that it is better? Explain that to

2 me then, how is phone targeting better than door
3 knocking?

4 ROBERT H. PATCHEN: There are
5 literally dozens of specific sample metrics that
6 we look at: by county; by areas within county; by
7 race; by ethnicity; by age; by language use within
8 Hispanic; the cross-tab of those two, county plus
9 language. All of these different characteristics
10 within the market we can compare and see if there
11 are differences in the types of sample that we're
12 getting. And what we've found is that there
13 aren't, that we're getting the same very good
14 representation of all of those characteristics,
15 but in the case of the telephone methodology,
16 we're getting better daily cooperation than we
17 initially saw in Houston. The bottom line seems
18 to be that there's just not an added value other
19 than the perception that you mentioned, which is,
20 it feels like a better methodology in some cases
21 to go to the door. But the facts don't back that
22 up. And this is something that's studied very
23 much in survey research. It's not something
24 that's not understood. There are cases where if
25 you're conducting certain types of surveys or

2 community organizing, as you were discussing,
3 going to the door can be an advantage. There are
4 other cases where it's not necessarily an
5 advantage because you need the person to continue
6 to do what you've asked them to do. And that's
7 what we're seeing in terms of the compliance of
8 wearing the meter.

9 MELISSA MARKS-VIVERITO: There's
10 already some preliminary figures that you're
11 throwing out in this region, correct? I mean
12 there's been some rolling out of it to some
13 extent?

14 ROBERT H. PATCHEN: We've been
15 reporting data for New York for the past year in
16 great detail in terms of the sample, the ratings
17 and so forth.

18 MELISSA MARKS-VIVERITO: Right.
19 And I think some of the questions have been asked,
20 but I need; I don't have it, so you can repeat it.
21 But you alluded that you're increasing the sample
22 age, 18 to 34. Of the people that are using the
23 PPMs here in New York, do you have a breakdown of
24 the demographics of the sample group?

25 ROBERT H. PATCHEN: Yes. In fact

2 it's included in the handout under the section
3 called additional documentation. There are
4 several tables that follow that, that show
5 different sample metrics for the different
6 counties, the different geographies, for Black,
7 Hispanic and Other--

8 MELISSA MARKS-VIVERITO:

9 [Interposing] So you have the top there, that's
10 the diary sample, correct?

11 ROBERT H. PATCHEN: Yes. If you
12 look at the far right, you've got an index number
13 where, if you think of 100 as kind of a perfect
14 score, it compares at a summary level those far
15 right columns labeled diary and PPM in tab target
16 index. Those are the numbers that compare the two
17 samples. So for example, the first line
18 represents the Bronx high density Black area,
19 which is a geography that we use that synchs up
20 with neighborhoods that are heavily African
21 American in the Bronx. The sample on the diary
22 side is at a 100 index. On the PPM side it's
23 actually over the target by about 25%. And the
24 reason that's true is we have found that African
25 American households have the highest agree rates

2 compared to any other group when we asked them to
3 join this research. And that's what's reflected
4 in that number. As you go down the other areas,
5 the Bronx, high density Hispanic area. As you can
6 see in the diary it has an index of 90. That
7 means we're 90% of the target or 90% of
8 perfection, and in PPM it's 103, slightly above
9 the 100 index. So as you go through these
10 numbers, you can kind of see at a glance, when you
11 think of the two surveys, how do they stack up in
12 terms of their representativeness of both these
13 geographies and the ethnic makeup of the market.

14 MELISSA MARKS-VIVERITO: The
15 columns below that, what are these breakdowns
16 here, the persons 12 plus diary, 18 to 24 diary?

17 ROBERT H. PATCHEN: Right. Again,
18 if you go out to the far right--

19 MELISSA MARKS-VIVERITO:
20 [Interposing] Right, the PPM.

21 ROBERT H. PATCHEN: And you look at
22 the index for the diary service, the population
23 that's surveyed is age 12 and older. So when
24 we're comparing to diary, we can only compare to
25 age 12 and older. So these tables are all based

2 on persons 12 years old and older. If you look at
3 the line labeled Black and you go out to the
4 right, the diary has an index of 107, PPM has an
5 index of 109. For Hispanic, the diary has an
6 index of 95, for PPM it was 139. And as you go
7 down the page you can see more of the same kind of
8 information. So for persons 18 to 24 the Black 18
9 to 24 population in the diary index is at 112, and
10 PPM 102. For Hispanic the 18 to 24 index is at
11 100 in the diary; it's 129 in PPM. 18 to 34 a
12 similar story and so forth. If you go to the next
13 page you can look at the language breakouts for
14 the Hispanic portion of the sample. So in the
15 case of PPM, the proportionality index for the
16 Hispanic English dominant portion is 92; for
17 Spanish dominant 86, and for Hispanic overall, 89.
18 And under the DDI heading you can see the sample
19 delivery in PPM. So the point of these numbers is
20 to answer the question are there problems in the
21 representation of the different groups, whether
22 it's geographic, ethnic, age; are there
23 differences between the people that the diary is
24 getting in the sample and the people that the PPM
25 is getting in the sample. These charts answer

2 that question directly. And again, in our view,
3 it really takes us back to the instrument, because
4 that's what's different. The populations that are
5 being surveyed are either equal or slightly better
6 in some cases, but the instrument is very
7 different and the way it's measuring that time
8 spent listening is what's driving the difference
9 in the ratings. And that really gets to the
10 question of is it going to be a self-reported,
11 memory based paper and pencil system, or is it
12 going to be an electronic automatic updated
13 system, and that's really the struggle that we're
14 having.

15 MELISSA MARKS-VIVERITO: Well thank
16 you for your answers, but again I still indicate
17 my concerns. I think that with that hearing
18 they've increased, with the fact that although
19 there have been some attempts at conversations and
20 we will be hearing from others as well, that I
21 think they still exist. And that there really has
22 not been a real serious attempt to get to the
23 bottom of it to the point where everyone is happy.
24 And so I really want to thank you for your time.
25 Thank you, Mr. Chair.

2 CHAIRPERSON COMRIE: Thank you,
3 Councilmember. Councilmember Seabrook has a
4 follow up. We're running out of time.
5 Councilmember Mealy has one question. Since she's
6 late, we will have Councilmember Seabrook first.

7 CHAIRPERSON SEABROOK: Just a
8 couple of questions and concerns that I have. I'm
9 still a little puzzled and perhaps you can give me
10 some clarity. What is Urban radio? What's that?

11 STEPHEN B. MORRIS: I think Urban
12 is a word that's used to describe stations that
13 are directed towards an African American audience
14 in general. It's not a format per se. There are
15 sub-formats within that, as I was saying, gospel,
16 hip-hop, smooth jazz, tend to be categorized as
17 Urban, but have specific musical styles which
18 differentiate them.

19 CHAIRPERSON SEABROOK: So where
20 does that put rock?

21 STEPHEN B. MORRIS: That would
22 generally be call general market.

23 CHAIRPERSON SEABROOK: That's
24 general market. So 40 years ago it was called
25 race music or whatever, but anyway-- because

2 that's how they sell things. Because I was just
3 kind of figuring out what was this Urban music,
4 because I'm a little confused. But I'll get back
5 to that. Just a point of concern that I have, and
6 it goes right back to this whole question, almost,
7 of race music. It seems to me that we're losing
8 site of something that's most important to us and
9 what we've allowed to happen, and hopefully won't
10 happen, because we need to understand that these
11 stations were here when the diary was. This is
12 what concerns me; that you had Philadelphia,
13 Houston, New York, with BLS, KISS, all these
14 stations; they were here. And there was a sense
15 that for some reason, somebody believed that Black
16 and Latinos don't tell the truth-- that's what
17 they call over exaggeration, they don't tell the
18 truth, that means that they lie. But they call it
19 habitual in terms of what's being measured. It's
20 not habitual and lying. It's that in a racist
21 society we have been able to obtain our
22 information through radio. And the level of our
23 participation and loyalty is because we understand
24 how we receive our information is through those
25 people that we actually believe and trust. So the

2 level of loyalty comes from listening to that to
3 get our information. And it's not an over
4 exaggeration; it's a fact. And those facts aren't
5 measured in this. And somebody's seeing these
6 numbers and saying, well there's got to be
7 something wrong if these stations are here today,
8 so we've got to have a different demographic, a
9 different way of measuring this, because they just
10 lie so much, and that we've got to, in some way,
11 how do we sell this? Because it's all about
12 advertising dollars; and so we call it Urban, Jim
13 Crow it, we even sell them at a lower rate. And
14 we don't even buy this Urban. They say there's
15 only one Urban station in New York; we've got BLS,
16 we've got KISS, well we only need to buy from one
17 Urban station. So that's what they do. They buy
18 from one Urban station. They don't buy from the
19 other one. If Coca Cola buys from BLS, they don't
20 buy from KISS or the other ones. That's the
21 nature of this thing. I've been sitting here
22 listening to this. And it got me, I've kind of
23 got it now, that what we're trying to measure, and
24 that's why we've got to really kind of look at
25 this thing a little bit differently, if we're

2 talking about being honest about this, we've got
3 to have a different proportional level of what
4 we're talking about when we're looking at these
5 numbers. Because when you just write out habit,
6 you're writing out my history, because I've got a
7 history of listening this. When I got to my
8 mother-in-law's house, and she's from Puerto Rico,
9 I know what station she's listening to. I know
10 what's on the radio there because that's all she
11 listens to. Try and understand. When I go to my
12 house, I know what I'm listening to. And that's
13 not that I'm lying; that's a fact. But it's not
14 being measured because people have said that
15 that's not the way to measure this thing because
16 it's a habit and they've just been lying so much,
17 these diaries. And then that's how they sell
18 these things. And so you've got to show me that
19 the oldies, the classic rock stations got a boost,
20 and these other stations went down. And so what
21 happens is, of course, because that's who you're
22 measuring and when you've got all those other
23 counties and everything else; so you have to show
24 me a level of proportionality as to how you're
25 measuring these things. I've got to see that.

1
2 And then I've got to see how you're reaching this
3 age group, going out and who's doing it. I'm an
4 old guy, but ain't never seen anybody with a
5 meter. Nobody has ever come to me and told me
6 they were wearing a meter. I ain't never seen
7 nobody? You? Never. You? I ain't never seen
8 nobody with a meter. And I represent that Black
9 high density Bronx; that's my district. I ain't
10 never seen nobody, ever. So you've got to show me
11 who do you reach out to. Who's recruiting these
12 people? I know almost every Black person in my
13 district and they ain't never told me, I'm wearing
14 a meter, I have something on and somebody came to
15 me and they called me. I ain't never seen that,
16 ever. And I've been in the legislature business
17 for about 30 years. So if you're telling me I'm
18 not honest about this habitual thing, then you've
19 got to show me some honesty about you. I've got
20 to see you-- since you said I lie so much, you got
21 to show me some truth to what you do. Who does
22 this recruitment? Who goes out in these
23 communities? Who does this calling? Who are you
24 calling? Who are you calling in these Latino
25 communities? Who goes out in the South Bronx

2 recruiting door-to-door, who? Who from here? And
3 so I've got to see that to have a level of comfort
4 in order to say that this is real. Because you
5 can drive this thing and say that my behavior-- my
6 behavior comes out of history of living in America
7 and understanding how this is done. That's how my
8 behavior comes, by habit. I didn't make the
9 choice, but I understand living in America made
10 the choice for me. And that's what we've got to
11 look at and open this up to deal with it; because
12 if these stations were here one year and all at
13 once you started something else and they just
14 dropped, you're taking my history away from me, my
15 access. And that's not being measured. And
16 that's the reason why the call for the FCC on the
17 basis of looking and saying hey. They might not
18 have the jurisdiction over you in terms of you
19 over that, but they do have jurisdiction in terms
20 of finding fact, Councilwoman-- she left, but
21 finding fact and a concern for diversity. Because
22 it is-- you're creating what is on the airwaves
23 and the airwaves belong to the people. It is
24 ours, and you are the currency. You are the
25 Bible, man, because you're the only book in town.

1
2 And what you say is gospel to us. But we are a
3 book in that Bible too. And so that's why we have
4 to sit here in each and every day that we've got
5 to count that we're how going to participate in
6 this. That needs to be a discussion with Black
7 and Latino-- I don't know about this Urban thing,
8 you know, but Black and Latino broadcasters, radio
9 stations, dialoging, communicating and find out
10 how we reach and deal with these people. And
11 there's nothing ever wrong with habitual behavior
12 because I learned that from you. And so, it
13 wasn't my choice. And so that's what I think that
14 we need to begin to look-- because I've listened
15 to this, and there's something wrong when these
16 stations are here and somebody says we can't have
17 people doing this, writing about what is real,
18 because we don't believe it. They've got to be
19 lying. And all at once they drop. Something's
20 wrong. And so, you might not have to go back to
21 the drawing board at the 100 yard line; but you've
22 got to come somewhere in between, and there needs
23 to be some dialogue and taken under consideration
24 our historical dynamics to this. And that has to
25 be addressed. And hopefully we will be able to

2 hear from the Black and Latino, and as soon as we
3 find the Urban guys, we'll call them too, that
4 they can be at the table to sit down and have a
5 discussion about this. Mr. Chairman.

6 CHAIRPERSON COMRIE: Councilmember
7 Mealy, Darlene Mealy.

8 DARLENE MEALY: Yes. I'll be very
9 brief. And Chair, you are so right. We do need
10 the facts. I'm with you 100%. Some people's word
11 is not gold or is not like a Bible. So I just
12 want to ask, could you explain to me why you
13 believe that your new device and your ratings
14 system does not underreport minority radio
15 listeners?

16 STEPHEN B. MORRIS: I should
17 probably let Bob answer this. We have a lot of
18 facts about representation. And the way to answer
19 your question is to give you a series of facts.
20 We just went through a number of them.

21 DARLENE MEALY: Facts?

22 STEPHEN B. MORRIS: Facts; about
23 percentages of people who are in a panel and how
24 they compare to what the census percentages should
25 be.

2 DARLENE MEALY: Excuse me, could I
3 just ask-- you will be bringing back that
4 information, who you've gotten to go out and do
5 these surveys. Correct me if I'm wrong. Chair,
6 I'm sorry I was late.

7 STEPHEN B. MORRIS: We can come
8 back and provide whatever level of detail about
9 the nuts and bolts--

10 DARLENE MEALY: [Interposing] So
11 that's the facts you're getting from people who
12 went out and did surveys.

13 STEPHEN B. MORRIS: The facts I was
14 talking about are the facts of what we've actually
15 accomplished in terms of representation in the
16 panel. We ticked off some of the top line ones a
17 moment ago that suggested that minority
18 representation in the panel is, if anything, above
19 average.

20 DARLENE MEALY: Okay.

21 STEPHEN B. MORRIS: So at that
22 level, which is admittedly very high, there is no
23 obvious evidence of under representation. But
24 you'd like to see the facts to support that and
25 we'd be delighted to set up a session and go

2 through it in excruciating detail.

3 DARLENE MEALY: I really would love
4 to see the facts on that. Thank you.

5 CHAIRPERSON COMRIE: We're going to
6 wrap up.

7 DARLENE MEALY: Was that quick?

8 CHAIRPERSON COMRIE: Yeah, that was
9 very quick. I'm impressed. Thank you. I need to
10 do the same. I'm going to try to be brief and
11 wrap up. I really appreciate Arbitron and
12 everything that you're trying to do to get to a
13 point where people can be comfortable with this
14 process. I think that no one is disputing that
15 real time sampling makes more sense. That's not
16 the issue here. It's still the issue of whether
17 you're trying to shape the agenda or you're trying
18 to sample the real listenership. And that's what
19 we think really is the problem, whether you're
20 trying to shape the response and create
21 advertising base to create their own self-
22 fulfilling reality that they'd like, or rather
23 we're taking a true sample of radio listenership
24 in the most diverse city in the country, and
25 actually the most diverse suburbs in the country.

2 This is just an opportunity to get to that point,
3 to make sure that we're sampling a reality that is
4 reflective of what people are really listening to,
5 and not a reality of what the advertisers would
6 like to see so that they can continue to push
7 products that are not germane to what the
8 listenership is. We have a listenership now that,
9 you know, I'm always amazed when I see people that
10 are not Black or Hispanic listening to Black and
11 Hispanic radio, and listening to it in ways that
12 are amazing to me. I'm always understanding that
13 now that we have new communities in this town,
14 that what they're listening to is an eclectic
15 sample of music; and how we're measuring that, I
16 want to make sure that we keep a high level of--
17 you have kept a high level of communication in
18 response to us, but the problem is we're still
19 running into some fundamental, I think,
20 differences in how we achieve a proper sample. I
21 appreciate you said you have 5,000 people with, I
22 think, 3,700 approximately, that you're measuring
23 at any one quantitative time. You know, I really
24 think that in this market that has to double and
25 be expanded. And I'd really like to see the

2 ethnic breakdown delineated a little better, and
3 how we can help to do that with that outreach, I
4 think is critical. Now, as Councilmember Seabrook
5 said, I have never run into anyone in my 20 plus
6 years involved in government that has said that
7 they've been a member of Arbitron or that they've
8 been involved in the sample, and I have people
9 that are very communicative to me about everything
10 that they're doing. So, you know, to find these
11 5,000 people, I don't doubt that they exist, but
12 why they haven't outreached, or is that a proper
13 sample, I think for a New York market, I think is
14 something that has to be challenged. Because if
15 we're going to continue to allow the advertising
16 companies to give you the sampled areas, then
17 we're going to continue to have a problem; and I
18 think that that's where the fundamental breakdown
19 is in this process. To allow the advertisers to
20 shape the definition of their listenership creates
21 a difference in what the actuality is. And I
22 think that's what happened in Houston, frankly.
23 You had the advertisers, they shaped the market,
24 changed your demographics, and then the stations
25 had a-- through their efforts of pushing back,

2 pushed that back a bit; because if you're driving
3 it from an advertiser perspective and not a
4 listenership perspective, you're going to get
5 skewed numbers. Again, I want to thank you for
6 being here. We are running out of time. So I'm
7 sure that we'll be continuing to do outreach to
8 you during this process so that we can try to come
9 up with a more representative sample of
10 listenership as opposed to an advertiser base and
11 a driver base that I think really skews your total
12 representative balance. You know, surveys and
13 polls always pull out what the pollsters put into
14 it, and we need to get closer to what the people
15 are really listening to and how people are
16 changing their listenership habits. You know, my
17 kids who are 11 and 14, they do most of their
18 stuff through the internet now. So there is a new
19 reality in media and listening that we have to
20 deal with. They're pulling down radio stations
21 through the internet. My daughter has an FM tuner
22 on her MP3 player. So, how do we pick up all of
23 that and deal with that reality is something that
24 I think we need to continue to work together with.
25 So I want to thank you for being here. If you

2 have a closing statement you can say it at this
3 time.

4 STEPHEN B. MORRIS: No, I
5 appreciate the time you've given us, and I think
6 we have a long list of follow-ups which we will
7 try to organize into some kind of sort of a stage
8 response so that we can cover each of these points
9 in the kind of depth that you've asked for. Our
10 business is to every day be better. And we have
11 had a diary that hasn't changed for 40 years, is a
12 tremendous demand. And I'm not just coming from
13 the advertiser's standpoint. Go around and ask
14 all broadcasters, do you need to move forward with
15 an electronic measurement that's passive,
16 portable, the way PPM is. And I don't think
17 anybody is going to say no. They all want to go
18 that way. So we're trying to respond to the
19 broadcaster need for better measurement. It's
20 amazing to see what broadcaster's have done when
21 they've gotten their hands on PPM data. BLS in
22 New York has been a tremendous advocate of
23 grabbing the data and getting into it and in fact
24 improving the ranking of their station. In
25 Houston there are stations that have grabbed the

2 data-- it allows you to understand radio in a way
3 that you never could before. The diary doesn't
4 allow you to understand listening, but PPM, with
5 its minute by minute data allows programmers to
6 really get in, change the way they program their
7 stations and improve the loyalty and listening of
8 their audience. It's a tool to get better. So
9 our job is to be better in terms of measurement,
10 and when we can do something that facilitates
11 better programming, better quality of programming
12 amongst our customers, that's a home run. And
13 minority stations are not lagging. They are not
14 being dragged through the mud here. They have the
15 same opportunity that other stations whose
16 audiences have come down, to learn how to program
17 better and build that audience back up. And
18 there's a number of examples of stations that have
19 done that. SO I think this is an opportunity,
20 really to take a huge step forward to everybody.
21 And I understand that this is a disruptive
22 transition. There is no way to get around that
23 fact. But, we are talking about facts and we do
24 need to lay facts out on the table. And that's
25 our come back. We'll be back with more of that

2 for you.

3 CHAIRPERSON COMRIE: Thank you.

4 Councilmember Seabrook?

5 CHAIRPERSON SEABROOK: Yeah. Just
6 as a closing about the PPMs. I know it might be
7 overbearing, but if you could possibly deal with
8 the BLBs, that's the Black and Latino
9 Broadcasters, I'm calling them, if you would just
10 sit here and listen to them. Just sit here and
11 listen to them. Don't leave. I know it's a lot,
12 but don't leave.

13 STEPHEN B. MORRIS: We're staying.

14 CHAIRPERSON SEABROOK: Sit here and
15 listen to them and let them tell what their meters
16 register, okay?

17 STEPHEN B. MORRIS: Fair enough.

18 CHAIRPERSON SEABROOK: Thank you.

19 CHAIRPERSON COMRIE: Thank you, I
20 appreciate your time. Oh, I forgot. Do PPMs
21 measure non-commercial radio?

22 STEPHEN B. MORRIS: Yes it does.

23 CHAIRPERSON COMRIE: Okay. Thank
24 you. Next we'll hear from Charles Warfield from
25 ICBC Broadcast Holdings, Frank Flores from SBS-SRA

2 and Ceril Shagrin from Univision/SRA; excuse me if
3 I mangled that name. Are all three people here?
4 Again, if you have testimony you can give it to
5 the Sergeant-at-Arms. If anybody else would like
6 to testify, although we're running out of time,
7 you can fill out a form. We were supposed to be
8 out of the room at 1:00, but we're going to hold
9 out as long as we can. We're missing one person?
10 Okay, can the Sergeant-at-Arms pull up another
11 chair? I appreciate you waiting, and whoever
12 would like to go first can just make sure the
13 button is up and go right ahead.

14 CHARLES M. WARFIELD, JR: Okay.

15 Good afternoon Chairman Comrie and Chairman
16 Seabrook, Committee members and staff. My name is
17 Charles Warfield, and I am the president and Chief
18 Operating Officer of ICBC Broadcast Holdings,
19 Inc., which is a minority broadcast company that
20 owns and operates 17 radio stations, primarily
21 targeting the African American communities in New
22 York; San Francisco; Jackson, Mississippi; and
23 Columbia, South Carolina. And WBLB and WILB here
24 in New York City are two of our stations. And I
25 thank you for holding this hearing today regarding

2 resolution 1583, calling on the Federal
3 Communications Commission to investigate
4 Arbitron's Personal People Meter system and its
5 potential devastating effect on the diversity of
6 radio broadcasting. Free, over the air radio is
7 dependent on the single revenue stream of
8 commercial advertising. For four decades Arbitron
9 has provided the audience measurement data upon
10 which the radio industry has based the cost of
11 commercial advertising. In June, despite failing
12 to achieve accreditation from the Media Ratings
13 Council, the independent body responsible for
14 evaluating the accuracy and reliability of
15 audience measurement data, Arbitron announced that
16 it intends to continue the commercialization of
17 its new PPM service. My comments today speak to
18 the threat to minority ownership and any
19 broadcaster committed to serving the Black and
20 Hispanic communities in this country, and
21 specifically in New York City. Each year billions
22 of advertising dollars are spent in radio based on
23 Arbitron data. Arbitron likes to refer to itself
24 as the preferred provider of ratings data, but the
25 reality is that they're a monopoly, the sole

2 provider of audience data for the broadcasting
3 industry. Arbitron has created the PPM
4 methodology, the PPM meter as a device carried by
5 listeners throughout the day to record the
6 individual's exposure to radio broadcasts.

7 Arbitron intends to replace the existing
8 accredited written diary based ratings service
9 with this system in the top 50 radio markets by
10 2010. To date, Arbitron has rolled out PPM
11 commercially in Houston and Philadelphia markets.

12 Commercial roll out of PPM in New York, Los
13 Angeles, Chicago and others is planned for next
14 month. Arbitron has been denied Media Ratings
15 Council accreditation for its Philadelphia and New
16 York sampling methodology, which is scheduled to
17 replace the accredited diary based service.

18 Arbitron's unaccredited methodology produced
19 unreliable and inaccurate measurement data. This
20 morning Arbitron presented charts and graphs in
21 their effort to dazzle and justify the reliability
22 and validity of their data and their methodology.

23 However, here is the reality. Some of the
24 problems experienced with PPM are inexplicable
25 variances between the data provided by the PPM and

2 the data provided in the Arbitron diary system;
3 lack of MRC accreditation; difficulty in
4 recruiting and an inability to maintain the size
5 of the sample panels in the 18 to 34 demo,
6 particularly in the African Americans and
7 Hispanics 18 to 24; disproportionately small
8 sample panels for minority. And PPM does not take
9 listener choice into account or engagement with a
10 station, therefore passive measurement is skewed
11 towards general market stations. Initial results
12 from the PPM systems have show drastic declines in
13 the audience for stations serving African
14 Americans and Hispanic audiences. In
15 Philadelphia, WDAS FM, previously Philadelphia's
16 top rated radio station, suffered a 44.4% decline
17 in its 12 plus average quarter hour ratings,
18 versus the immediate preceding diary rating
19 period. More damaging was a 57.1% decline in its
20 primary target demo of adults 25 to 54. WRNB FM
21 and WUSL FM incurred respective losses of 60% and
22 57.1% in their 12 plus audience. In Los Angeles,
23 KGLH FM, an urban station owned and operated by
24 Stevie Wonder, suffered an 84% audience decline
25 and 0 ratings share. The station's market rank

2 dropped from number 20 to number 40 in PPM. In
3 New York, our station, WBLS FM, had a 50% decline
4 12 plus and a 62.5% decline in our audience 25 to
5 54 in the PPM. Spanish language station WPAT FM
6 had a 60% decline in its 12 plus audience. And
7 our primary competitor here in New York, WRKS FM
8 had a 43% 12 plus decline and a 50% decline in its
9 adult audience. And further, in Chicago,
10 recently, WGCI FM, Chicago's number two station in
11 the spring Arbitron diary survey, suffered a 67%
12 decline in their PPM ratings. The station dropped
13 from number 2 to number 12 in the market. And
14 while Mr. Morris referred to the number one and
15 number two Houston stations being Urban, neither
16 station has attained the pre PPM share or revenue
17 potential. The continued, unabated roll out of
18 PPM data by Arbitron will result in huge financial
19 losses for radio stations serving the Black and
20 Hispanic audiences. It might even force some
21 stations out of business. This is not about
22 resistance to change, as indicated or expressed by
23 Mr. Morris. For ICBC Broadcast Holdings, Inc.,
24 this is a civil rights issue. This is about
25 survival, the survival of Black, Spanish and

2 Hispanic formats and voices, the dissemination of
3 news, information and entertainment of interest
4 and necessary for our communities. The
5 commercialization of flawed ratings data will
6 directly effect the ability of current owners to
7 service debt, repay debt, employ staff and serve
8 the communities we live in and are committed to.
9 And again, I appreciate your time and support in
10 this hearing.

11 FRANK FLORES: Okay. My name is
12 Frank Flores. I am the vice president and market
13 manager for Spanish Broadcasting Systems here in
14 New York. I manage WSKQ, La Mega, 97.9 FM and
15 WPAT, Amore, 93.1 FM. These are two of the most
16 successful Spanish language radio stations in
17 terms of ratings and revenues in the United States
18 today. I come to you with a varied history in
19 broadcasting, almost 30 years in the business.
20 And it's unique in that 12 of those years have
21 been spent in the Hispanic Broadcasting business,
22 while 14 or 15 of those years were spent in the
23 general market business. And that will come to
24 bear in a little while as I speak to you about
25 this. Today I come before you to continue my

2 efforts to prevent Arbitron's launching of the PPM
3 survey in October. I could speak volumes of what
4 I believe are the shortcomings of this new survey
5 treatment, but needless to say they are too many
6 to mention in such a short time, and the purpose
7 of my participation here is not to bore you into
8 submission, but to call attention to other facts
9 and issues regarding this matter. I would much
10 rather talk to you about what I believe are the
11 real consequences involved here and how they will
12 eventually play out in the not so distant future.
13 You see, no matter what is presented to you by the
14 good people of Arbitron today, the real truth is
15 that Spanish language radio stations who currently
16 are having a tough time competing for the radio
17 advertising dollar will be further challenged in
18 this new world. Why? Because our ratings will be
19 less. How much less? About 50 to 60% less. How
20 much will that effect our revenue? It will effect
21 our revenue about 50 to 60%. Some stations will
22 survive and some won't. So in a marketplace that
23 some say has more than 4,000,000 Latinos who hail
24 from 21 different countries, with 21 distinct
25 cultures and share the same language, who can now

2 listen to five different Spanish language radio
3 stations, will have a choice of two or maybe
4 three. Simple business mathematics will rule and
5 only the strong will survive? Scary, isn't it?
6 It should be. It is frightening when you consider
7 what these radio stations mean to the Latinos in
8 the New York area today. I can tell you about
9 what our radio stations have done for the
10 community, but I am also certain that my
11 competitors and colleagues can paint a similar
12 picture in terms of what they have done as well.
13 Consider this, without Spanish language radio
14 stations, there would have been no effort citywide
15 to help those in need in the Dominican Republic or
16 Florida when killer hurricanes ravaged their homes
17 in recent years. Spanish language radio stations
18 were there to help organize and promote the relief
19 effort. And what about the extraordinary work we
20 did to heighten the awareness of the plight of the
21 immigrants here in the New York area? In fact,
22 some might say if it weren't for our efforts, the
23 great immigration demonstration of a few years
24 back might have not had the impact that it did.
25 Spanish language radio was there, front and

2 center, to lead the way. Domestic violence
3 programs, getting our children back to school,
4 school mentoring programs, voter registration
5 drives, AIDS awareness campaigns, learn to read
6 programs; I could go on and on. Spanish language
7 radio stations have been there making sure we lead
8 by example. You see, the reality here is that
9 we're not just talking about radio stations, but
10 the radio stations that are a vibrant extension of
11 the communities that we serve. And serve it we
12 do, every day, every single day. We serve a
13 community that far too often has been forced to go
14 to the back of the bus, a community that continues
15 to grow in leaps and bounds, becoming a vital
16 force in today's business economy, but whose
17 dedication to the American dream is sometimes,
18 nevertheless, questioned; a community that
19 continues to suffer untold slights and flagrant
20 discrimination even in today's enlightened world,
21 a community that is founded on good family values,
22 strong religious beliefs and a community that
23 prides itself on good work ethic, but has far too
24 often been relegated to the back of the line. You
25 see, this is not just the radio industry problem,

2 where the company whose sole job is to accurately
3 measure radio listening that has undervalued the
4 Hispanic listener. No, we're talking about what
5 that severe undercounting will mean to the
6 stations affected and the community that we so
7 nobly serve. We're talking about taking away
8 something from a community who deserves a hell of
9 a lot better. No, we're not talking about a
10 problem effecting radio stations here. We're
11 talking about potentially silencing a community,
12 and that we cannot let anyone do, not now, not
13 ever.

14 CERIL SHAGRIN: Good afternoon. My
15 name is Ceril Shagrin, and I am the executive vice
16 president of the Corporate Research Division for
17 Univision Communications, where I oversee research
18 for all of its divisions. Univision provides
19 information and entertainment for Hispanic
20 consumers. Prior to joining Univision nine years
21 ago, I spent 27 years at Neilson Media Research.
22 I was their first director of quality assurance.
23 And for my last ten years at Neilson, I was there
24 as Senior Vice President, Director of Market
25 Development and in that position; I designed

2 implemented and managed Neilson's Hispanic
3 television services. As part of that development,
4 Neilson tested various methods to ensure a
5 representative Hispanic sample. That improved
6 methodology and procedures have now been
7 incorporated into most Neilson samples. I believe
8 similar improvements need to be accomplished by
9 Arbitron in order to accurately report radio
10 listening by Hispanics. For Hispanics, radio
11 provides more than entertainment; Spanish media
12 provides a lifeline to the Hispanic communities,
13 and it must survive. While other concerned
14 parties may focus on differences in ratings, I am
15 a researcher and my focus is the quality of the
16 sample. This is not a question of the viability
17 of electronic measurement. My background is in
18 audience measurement research, and I'd like to use
19 my time today to provide the Council with my
20 analysis of why Arbitron's proposed new system
21 risks inaccurately counting Hispanic listeners.
22 But before getting into those details of
23 Arbitron's flawed methodology, it's important to
24 understand the context of today. Today Arbitron
25 is the only game in town when it comes to radio

2 audience measurement. I think we've mentioned
3 that a couple of times. It's a monopoly with no
4 current competitors. Thus, whatever ratings
5 numbers that Arbitron produces, those are the
6 numbers that drive advertising rates, which in
7 turn drive programming decisions, which in terms
8 determines whether or not that programming is
9 economically sustainable. Put simply, Arbitron's
10 rating determines what programming stays on the
11 air and what gets dropped, which radio stations
12 thrive and which shut down. That's a huge
13 responsibility. That responsibility becomes all
14 the more important when one recalls that
15 Arbitron's work powerfully impacts the public
16 airwaves. Arbitron is also a publicly traded for
17 profit corporation. Arbitron decision makers must
18 balance their public responsibility to make
19 necessary investments in effective research
20 methodologies with their financial responsibility
21 to limit operational costs that promote the
22 interests of their shareholders. It's therefore
23 very important for outside observers, including
24 this city council, to play an oversight role,
25 making sure that Arbitron is putting the interests

2 of the viewing public first and making the
3 necessary investments to ensure that its numbers
4 are as accurate as possible. Unfortunately in
5 this case Arbitron is falling far short of that
6 standard, and I'd like to explain precisely why
7 that is. Regardless of the media measured,
8 certain standards must be met to ensure accurate
9 measurement. A primary measure of quality is
10 response rate. The response rate lets the user
11 know what percent of the originally selected homes
12 and persons agree to participate in the sample.
13 Not all persons agree to participate in a research
14 sample. Those who agree and those who do not
15 agree are not the same, and they may not consume
16 media in the same way. Different incentives are
17 required to encourage participation from those
18 that are less likely to cooperate. That's part of
19 the work I did for many years. Arbitron's
20 incentive is cash, which may not be the right or
21 only incentive for some households. Arbitron
22 radio only PPM sample design recruits participants
23 via the telephone. We've had a lot of
24 conversation about that this morning. It is far
25 more difficult to convince someone to agree to

2 participate in a panel via the telephone. While
3 the diary service recruits the sample by phone,
4 the request is simply to fill out a diary for one
5 week, while the PPM sample is asked to wear or
6 carry the PPM every day for up to two years.
7 Spanish dependent Hispanics are far less likely to
8 agree on the phone to accepting a meter that they
9 perceive tracks where they are, than their
10 willingness to accept and fill out a one-week
11 diary. Arbitron needs to implement ways to
12 improve both their initial and ongoing cooperation
13 rates. Some samples may have enough Hispanics,
14 but are those Hispanics representative of the city
15 being measured? Arbitron doesn't collect or share
16 enough information about their samples to know if
17 participants are representative. Their goal
18 should be to have the right number of Hispanics,
19 not too many or too few, and an accurate mix by
20 language use, country of origin, age, sex, working
21 status and county. Once a person agrees to be in
22 the panel, they need to provide usable data. Not
23 everybody provides usual data every day. The
24 percent of Hispanic persons providing usable data
25 is another quality measure. Panelists need to

2 carry their meter every day. Too many do not do
3 so. The activities they engage in on the days
4 that they remember to carry the meter may differ
5 from the activities on days they do not. Too many
6 young Spanish dominant panelists are not providing
7 usable data for ten or more days in the months.
8 That leads to a bias in the reported radio data.
9 The MRC uses a term, SPI, which stands for Sample
10 Performance Indicator. And that's a very
11 important statistic for determining the quality of
12 samples. The SPI simply is the percent of those
13 originally selected that provide usable data on
14 the average day. New York is probably the
15 toughest market for every research company to
16 recruit and maintain a sample. But in New York,
17 the PPM SPI, the most current number I have is 14,
18 and that comes to a New York Neilson local people
19 meter SPI of 27.6, just about double. Sample size
20 in PPM is smaller than the diary service, which
21 limits the way the data can be used. And Arbitron
22 talked about how advertisers can look at a
23 specific community. But the sample size is so
24 small - - that looking at a specific community for
25 a specific station is nearly impossible. PPM may

2 require sample sizes that are larger in order to
3 provide stability of the data and accurate
4 representation of ethnic populations. Arbitron's
5 PPM methodology under represents cell phone only
6 homes. First of all their target, the number
7 they're trying to recruit, is too low and the
8 response rate and compliance among those who are
9 cell phone only is lower than the others and lower
10 among those that agreed to participate. As a
11 percent, they're given very large rates in the
12 calculation of ratings, which leads to increased
13 bias in the estimates. Cell phone penetration of
14 young Hispanics is higher than among other groups.
15 Weighting cannot adjust for the missing persons in
16 the sample. Language weighting as implemented by
17 Arbitron is insufficient to adjust for the
18 differential response rates among Hispanics.
19 Arbitron only weights with a single weight for
20 Spanish dominant, non-Spanish dominant, with no
21 differentiation by age. The percent of Hispanics
22 who are Spanish dominant varies both by age and
23 even by sex. One control does not adjust for
24 differences in sampling. Arbitron sets its goals
25 too low. They set an overall standard of 75% of

2 persons six plus providing usable data and 60% of
3 persons 18 to 34. That means that if 40% don't
4 provide usable data, that's good, that met their
5 standard. That's not acceptable for currency
6 data. Arbitron must be made to delay making PPM
7 currency data in New York and other markets until
8 they improve the accuracy and reliability of the
9 data. The quarterly diary measurement was an
10 average of 12 different weekly samples; one might
11 have been bad one way, one week might have had a
12 bias the other way, but they averaged twelve
13 different weekly samples. In PPM, if the sample
14 is not representative, users of the data must live
15 with that sample for a month. These estimates
16 become currency with which radio is bought and
17 sold. Spanish radio will not continue to exist if
18 our currency is counterfeit. Thank you.

19 CHAIRPERSON COMRIE: All right,
20 thank you for your panelist testimony.
21 Councilmember Seabrook, do you have any questions
22 for the panel?

23 CHAIRPERSON SEABROOK: Yeah, just a
24 couple of questions. You all would agree that
25 there are certain standards that have to be met

2 and you agree that the need for having information
3 provided that would allow advertisement to be
4 done. And your concerns are if the station and
5 the diaries were used that had you at a level and
6 now that there's a new methodology and all at once
7 a drastic drop, and it seems the overriding issue
8 that I got was this habitual listener audience.
9 Could you explain that? I'm a little confused.

10 FRANK FLORES: Let me see if I can
11 answer it in a way that's unique to my experience.
12 I spent, as I mentioned to you, the first part of
13 my career I spent running a small time Spanish
14 language radio station here in New York. It was
15 owned by Infiniti Broadcasting who at the time
16 also owned a huge FM in New York that housed
17 Howard Stern. As luck would have it, I was moved
18 over and I became director of sales for WXRK and
19 Howard Stern. And during the 12 years that I
20 worked there, Howard Stern was the number one
21 morning show in the market, almost every demo that
22 you could possibly look at. I left, Howard leaves
23 the radio station. I move on to WSKQ, who has a
24 very strong morning drive radio station, which we
25 still due, radio program. And they became number

2 one, 12 plus, according to the diary, according to
3 Arbitron. Ask me if I got the same rates that I
4 got for Howard Stern, that I got for SKQ? I'll
5 tell you what the answer is: no. So already there
6 was a discount there for my listenership, even
7 though I could go back to the very same
8 advertisers that were buying Howard Stern at a
9 certain rate, they were discounting this audience,
10 regardless if it was number one or not. Okay.
11 Imagine now you take ratings and you decrease
12 them, reduce them by 50 or 60% in the same
13 environment. What do you think I'm going to get?
14 So there is a difference there, and it's close to
15 being racist, and it's close to being
16 discriminatory, but it's certainly devalued in
17 terms of what our listenership is. The PPM,
18 unfortunately, feeds right into this. I don't
19 know if that answers your question, but..

20 CHAIRPERSON SEABROOK: Now Mr.
21 Warfield, BLS was number one; did they get the
22 same ratings of advertising dollars as these other
23 stations; because it was the number one station
24 almost in the nation at one point.

25 CHARLES M. WARFIELD, JR: I have

2 worked with a number of the radio stations that
3 have been or will be impacted by PPM. For five
4 years I was the general manager for KISS FM here
5 in New York, which was number one for four and a
6 half of this in this market. Never did we reach
7 the number one billing status in the marketplace.
8 In Philadelphia, where I now live, although I work
9 here in New York, I went there to manage WDAS FM.
10 We were number one and number two in that market,
11 most rating periods, never attained the number one
12 revenue status in that market. I've also worked
13 with in another capacity WGCI in Chicago, which
14 had been number one in that market for years. One
15 time, one time that radio station attained the
16 number one revenue rank that was equal to its
17 ratings rank in that marketplace. So there is a
18 discount that's there. It's what we have to
19 explain to our salespeople, that they have to find
20 a way to address that. Another reality, you can
21 have Urban stations or Latin stations, Hispanic
22 stations in this market, they can be number one
23 and number two in this market. The reality is
24 that the advertisers too often will find a reason
25 and an explanation to buy one or the other. They

2 won't buy two. So if you have Urban stations that
3 are no longer in that top five, you may not even
4 get a phone call about a piece of business. And
5 then if you're out of the top five and you're in
6 the 10, 11 and 12, as Mr. Flores just indicated,
7 what negotiation position do you have? We had
8 Arbitron, quite honestly, a couple of years ago
9 when they were about to roll out discussing
10 rolling out PPM, wanted us to have presentations
11 about the impact of PPM on Urban stations, to tell
12 the story of Urban radio in a PPM environment.
13 And we declined to do that, because quite
14 honestly, there wasn't a story to tell. There
15 wasn't a story that we wanted to be put in the
16 position of trying to explain when we didn't
17 understand it. And we've been in this dialogue
18 with them for four years. This is not new. We
19 talk about, has there been an open dialogue? Yes,
20 there has been. But yet you hear the frustration
21 that we, as minority broadcasters, still have with
22 this company. As open as they are in dialogue,
23 and they've been open in dialogue with you, at the
24 end of the day the results are what they are. And
25 there is no way to justify radio stations across

2 the country, market after market, going from being
3 number one, two or three to being number 12, 17,
4 18, 19 and expect that these stations are going to
5 continue to stay in business and serve the
6 communities that we need served and are under
7 represented in this country.

8 FRANK FLORES: And can I also say
9 one more thing? They said, one of the closing
10 comments that I believe that Mr. Morris said, is
11 that the industry is clamoring for this change,
12 that they've set it up so that this is the magic
13 pill that the industry needs. And the way I'm
14 looking at it, the way I theorize is, the industry
15 in terms of the agencies, if I'm an agency person,
16 why wouldn't I want this? Because even in the
17 best case scenario, I could take the top radio
18 stations and discount them by 20%. I can take the
19 Black and Hispanic stations and put them back in
20 their place and only pay 50 or 60% of what I was
21 paying before. The general market broadcasters
22 that they say are clamoring for this, well you
23 know what? I go back to the chicken and the pig
24 scenario in terms of giving somebody breakfast.
25 They're the chicken in this; they can lay an egg

2 and feed somebody. We're the pig, how are you
3 going to get bacon from us? And that's what you
4 have to understand. We can't live at 50 or 60%
5 discounts. It's just not viable, and it's just
6 not fair. And by the way, the one thing that
7 nobody talks about, nobody talks about this, they
8 are the same company that gave us the diaries.
9 They are the same company for 30 years that
10 charged us millions and billions of dollars for
11 it. So all of a sudden, lo and behold, they've
12 got the new and improved mousetrap and we're
13 supposed to believe it, and we're supposed to
14 believe that after 30 years we were wrong, and
15 they're going to put us back in the place where we
16 belong to be. That can't be.

17 CHAIRPERSON SEABROOK: So this is
18 the last question, Mr. Chair. The Chairman raised
19 an issue about the advertising industry and the
20 dollars and that everything is being driven by the
21 industry to create this atmosphere. And if the
22 industry in a sense actually knocks down radio
23 stations, devalues you in such a way, and there is
24 no recourse because they're the only game in town-

25 -

2 FRANK FLORES: [Interposing] Where
3 do we go?

4 CHAIRPERSON SEABROOK: Exactly. So
5 the question becomes what Mr. Warfield opened up
6 his argument, about a civil rights issue. Because
7 now the majority of people who live in this city
8 are minority; so that they would actually be wiped
9 out of listenership information, participation and
10 employment, with just this idea of we have
11 measured this and the measurements say that you
12 shouldn't be included. So this whole issue; if
13 you had the opportunity, the three of you here,
14 because I don't consider you habitual people, but
15 you just had-- and Arbitron is here. What would
16 you tell them? What would you want them to do to
17 deal with this issue? They're right there. They
18 didn't leave.

19 CHARLES M. WARFIELD, JR.: The
20 first request, and we've made this request
21 consistently with Arbitron over the last two
22 years, is do not roll out this methodology. It is
23 not ready for commercialization. There are too
24 many issues that remain. Yes, there's been a lot
25 of improvements that they've made. There's been a

2 lot of dialog that's been exchanged with Arbitron.
3 And we're still a long way away from a replacement
4 methodology for the diary. And we're not against,
5 as may have been alluded to, we're not against
6 progress. We're not against electronic
7 measurement; we just want it to be right. Because
8 the damage that would be brought upon our industry
9 because of PPM methodology is irreversible; we
10 don't get an opportunity to roll this out a second
11 time. I what I requested initially with them is
12 do not roll this out in these markets until you
13 get it right. And secondly, continue to make
14 improvements in the system. A year ago, this
15 would have been rolled out a year ago, and yet we
16 sat here today and listened to all of the
17 improvements that have been made. And yet, we're
18 still here because we're so far from a system that
19 fairly represents listenership in the market, as
20 you indicated, that's more than 50% ethnic. Why
21 are those stations not in that top tier all of a
22 sudden? Where do we go? What do we do different?
23 As they have indicated, the audiences didn't
24 change, only the measurement. But look at what it
25 did. Look at what it has the potential to do to

2 these radio stations in this market. Why is that?
3 And we haven't been satisfied with any answers
4 that we've gotten.

5 FRANK FLORES: And furthermore, in
6 some of the meetings that we've had with them, in
7 fact, the very first meeting that the Spanish Radio
8 Association had with them, one question was asked
9 of them, and I asked the question. And the
10 question was simple, do you believe that you have
11 a problem, as the way we're looking at it, because
12 the people on our side of the table believe you
13 have a problem. Their answer at that point, which
14 was six or seven months ago, the answer was no.
15 All of a sudden, in the last six or seven months,
16 cell phone only households, sample size
17 redirection, panelists, more attention to panels
18 configuration; all of these things are coming
19 about in the last couple of months. Well if all
20 of a sudden those seem to be issues now, then
21 obviously you're not ready to roll this out.
22 Because if you were so sure six or seven months
23 ago there was nothing wrong and now there's
24 something wrong; then why roll it out?

25 CERIL SHAGRIN: Arbitron has a long

2 list of ideas that they want to test that might
3 improve their samples, that might improve
4 representation of their samples. I applaud it. I
5 just don't want to wait until two years from now
6 when this is bid currency for two years, and half
7 the stations are no longer in business. I applaud
8 them for having ideas. I think they need to work
9 with the industry n terms of implementing some of
10 those ideas. I said it earlier in my comments
11 that there are ways to improve cooperation. There
12 are ways to improve compliance, and it isn't just
13 money. Money may be having an adverse effect in
14 some cases. So there's a lot of work that can be
15 done. We want to see it done. We want to see it
16 improved and then we want to see it made currency
17 after that.

18 CHAIRPERSON COMRIE: Thank you.

19 We're really running out of time. We have another
20 hearing that's ready to start. So I'm going to
21 have to interject and thank the panel for coming.
22 You really gave us some strong information that we
23 can utilize. Thank you Council Members for not
24 wanting to ask them to highlight more. And we
25 will take all of this into advisement and continue

2 to raise the level of communication. Hopefully we
3 can get some progress. Thank you.

4 CHAIRPERSON SEABROOK: Well these
5 are two smart groups of people, Arbitron there and
6 these people. I'm certain level headed people can
7 come together and get to very reasonable solution
8 to solving this particular problem; because there
9 is no return from the death penalty. And so we
10 need to deal with that.

11 CHAIRPERSON COMRIE: We have one
12 last panel, really quickly, Jose Calderon, James
13 Winston and Joseph Miller, and if you could come
14 forward. Due to the lack of time, if you could
15 just not read your entire testimony, but give us a
16 brief two-minute summary, because we are way over
17 time. Okay, who would like to go first?

18 JOSEPH S. MILLER: Good morning,
19 Council Members, on behalf of the Minority Media
20 and Telecommunications Council, MMTC, thank you
21 very much for inviting us here to testify today.
22 MMTC is a member of the PPM Coalition and since
23 1986--

24 CHAIRPERSON COMRIE: [Interposing]
25 Okay, Mr. Miller?

2 JOSEPH S. MILLER: Yes, sir.

3 CHAIRPERSON COMRIE: I hate to put
4 you off, but we're way out of time. You've heard
5 all the testimony. Is there some salient point
6 that you want to add to sum it up? Because we've
7 heard the basics, so give me the meat and potatoes
8 in two minutes.

9 JOSEPH S. MILLER: Sure,
10 absolutely.

11 CHAIRPERSON COMRIE: I apologize,
12 but we're just out of time.

13 JOSEPH S. MILLER: I'm prepared to
14 give three minutes, is that fine?

15 CHAIRPERSON COMRIE: Okay.

16 JOSEPH S. MILLER: I'm MMT's Earle
17 K. Moore Fellow and a product of New York City. I
18 grew up listening to radio stations WSKQ and WBLS.
19 Had it not been for La Mega and WBLS, it would
20 have been a lot more difficult, if not impossible,
21 for me and millions of other to discover artists
22 like Celia Cruz and Mary J. Blige, Tego Calderon,
23 Jerry Rivera and Luther Vandross, and radio hosts
24 like Juan Carlos Alonzo and Steve Harvey. These
25 artists have special value to minorities and non-

2 minorities alike. Those who take the subway or
3 bus to work rather than fight through traffic on
4 the Long Island Expressway and who live in
5 neighborhoods like West 207th Street where during
6 the sweltering summer months you're a lot more
7 likely to encounter flavored ice carts rather than
8 lawn sprinklers. Before I attended New York Law
9 School just five and a half blocks north of here,
10 I was employed in the radio broadcasting industry.
11 Over the course of ten years I worked in five
12 radio stations here in New York, in all
13 departments including advertising sales. I've
14 analyzed many an Arbitron ratings book and have
15 firsthand knowledge of how crucial ratings are to
16 a radio station's ability to generate revenue,
17 ultimately determining its continued survival.
18 The implementation of a flawed PPM methodology
19 would be akin to dropping a financial nuclear
20 bomb, what MMTC estimates to be around
21 \$500,000,000 in annual lost revenues on America's
22 minority radio stations. It would create the
23 greatest loss of asset value in the history of
24 minority radio, and if implemented nationwide
25 would most likely bring about--

2 CHAIRPERSON COMRIE: [Interposing]
3 I hate to be rude, but you're reading word for
4 word. Your testimony is more than three minutes.

5 JOSEPH S. MILLER: Sure. That's
6 fine.

7 CHAIRPERSON COMRIE: So can you sum
8 up? I hate to, but I don't have a choice. I have
9 a Committee hearing that has to get started.

10 JOSEPH S. MILLER: Well when you
11 say meat and potatoes, let me just go through a
12 few reasons why minority owned media is important.
13 We already know that the methodology is flawed, so
14 let's go through the reasons why minority owned
15 media is important. First, it's critical for
16 promoting a robust dialogue that's reflective of
17 the diversity of the population. Second, it's key
18 for ensuring that minority consumers are able to
19 make well-informed product choices. Three, were
20 it not for minority owned radio stations, the
21 current sad state of broadcast employment
22 diversity would fair even worse. And all three
23 branches of government have held that broadcast
24 diversity must be preserved. The one point I'd
25 like to touch on is that minority owned radio

2 stations are key for helping minority consumers to
3 make well-informed product choices. By helping to
4 control-- PPMs flawed methodology threatens to
5 drive advertising dollars away from minority owned
6 stations, which is basically a slap in the face of
7 minority broadcasters. Arbitron is as much a
8 friend to advertisers as it is to top ranked radio
9 stations. Many advertisers have used pretextual
10 excuses for refusing to advertise on Black and
11 Hispanic radio, when the real reason is often
12 under the preconceived notion that they'll drive
13 away White customers, they do not want to
14 associate their products with people of color.
15 We're familiar with some of the absurd assertions
16 that advertisers make for not broadcasting on
17 Urban radio, so they're in the testimony, you can
18 see them there. Earlier this year, after 24 years
19 of advocacy by MMTC and others, the FCC adopted a
20 rule banning discrimination in advertising sales
21 and requiring advertising sales contracts to
22 contain a clause stating that neither the
23 advertiser nor the station discriminates against
24 other stations on the basis of the ethnic
25 composition of the audience. Now that this anti-

2 discrimination rule has been enacted, the flawed
3 PPM methodology has arrived as a gift to
4 discriminating advertisers in need of an empirical
5 pretext to justify decisions not to use Black and
6 Hispanic radio. I have several other points that
7 I'd really like to make, but I know you're pressed
8 for time. I can continue for as much time as you
9 permit me to, or I can conclude now.

10 CHAIRPERSON COMRIE: Well you can
11 submit the rest of the testimony to us in writing.
12 We can make sure we get a copy to Arbitron. I'm
13 really sorry, but we have to get out of the room.
14 I have to let the next two people make a short
15 statement. I really understand and appreciate all
16 the work that you put into it. I understand that
17 you're a Fellow and you'd like to say your whole
18 statement; we just don't have time.

19 JAMES S. MILLER: Okay. Thank you
20 very much.

21 CHAIRPERSON COMRIE: Next person?

22 JOSE CALDERON: I'll speak. Good
23 afternoon, Chairman Comrie, Chairman Seabrook.
24 I'll be very brief. And so I'll go over the
25 salient points as far as we're concerned. My name

2 of Jose Calderon. I'm vice president of the
3 Hispanic Federation. It's a membership
4 organization that represents 100 Latino
5 organizations throughout the northeast. We are
6 seriously concerned about the roll out of this new
7 system. And these are the salient points as far
8 as we're concerned. I'm here to tell you that if
9 the proposed roll out of the PPM continues as
10 planned, Latinos living in many of the
11 neighborhoods that many of you represent will be
12 deprived of perhaps the single greatest source for
13 information health, education and public affairs
14 that we have at our disposal. I am here to tell
15 you that in our neighborhoods, the stakes of this
16 fight could not be any higher. Each week the
17 Federation produces three half an hour segments
18 that appear on Spanish--

19 CHAIRPERSON COMRIE: [Interposing]
20 I know people are coming and going, but can they
21 be quiet? Then we can get through this quicker.
22 Thank you. I know we're running late, but please,
23 if you can be as quiet as possible we can finish
24 up.

25 JOSE CALDERON: Thank you Chairman.

2 I'll be, again, very brief. So we produce three
3 half hour radio segments where we talk directly to
4 our members about health issues, housing concerns,
5 education needs and so on and so forth. We
6 believe that this vital link would be jeopardized
7 if the Spanish language radio stations that are
8 our partners in this endeavor were undermined by
9 the ratings systems now being pedaled by Arbitron.
10 We fear that in the face of diminished advertising
11 revenues that Spanish language radio would return
12 to the days, and I remember them well, when the
13 Spanish voices coming over the airwaves were
14 difficult, if not impossible, to find. This would
15 force a fundamental reorganization of Spanish
16 language radio programming and would, we are
17 certain, compromise our access to the communities
18 we work day and night to help. By way of
19 conclusion, let me add that as an organization
20 whose staff, members, agencies and clients are in
21 the communities, most depend on Spanish language
22 radio, I find it difficult to believe and accept
23 the fall off in radio listenership for Spanish
24 language radio won by pre-currency PPM data. I
25 know that statisticians are loath to accommodate

2 anecdotal information, but I welcome the people
3 from Arbitron to join us in our communities. We
4 know that Spanish dominant immigrants continue to
5 arrive in the City by the thousands, if not
6 millions over the last decade or so. And yet the
7 discrepancy with this new data--

8 CHAIRPERSON COMRIE: [Interposing]
9 Can we close that door? Quiet please.

10 JOSE CALDERON: So again, in
11 conclusion, we don't understand the discrepancy.
12 And so, we ask that the New York City Council vote
13 yes on the resolution calling the FCC to
14 investigate Arbitron's PPM system and its
15 potential grave effect on the diversity of radio
16 in New York City.

17 CHAIRPERSON COMRIE: Thank you.
18 Mr. Winston?

19 JAMES WINSTON: How do you do? I'm
20 James Winston. I'm the executive director--

21 CHAIRPERSON COMRIE: [Interposing]
22 You've got to speak into the mic because it's
23 really loud.

24 JAMES WINSTON: Executive director
25 of the National Association of Black Owned

2 Broadcasters. I don't intend to read my
3 statement. I wanted to just point out a couple of
4 things for the record. Yesterday the Attorney
5 General of the State of New York initiated an
6 investigation of Arbitron, a formal investigation.
7 They sent them a letter of inquiry and they sent
8 them a subpoena. I just wanted to get that on the
9 record. Second, I wanted to point out in my
10 testimony, there is a table at the back that shows
11 a most recent diary versus PPM data and it's for
12 New York, Chicago and Los Angeles. At the bottom
13 of the New York chart is the general market
14 leaders, which is i.e. the White stations. If you
15 look at the item marked rank in those columns, you
16 will see that the rank of those stations has gone
17 from a variety, from one of them tied in the
18 market for first, to tied in the market for 13th,
19 such that all of those market leaders are now tied
20 for number one in New York under PPM. At the same
21 time, WBLS fell from tied for 8th to tied for
22 13th; WPAT tied for 8th, tied for 13th. I just
23 say, you know, when you talk about this, that
24 graphically points out what the problem is here.
25 Well, one more thing. Arbitron has given you this

2 information about, as you've pointed out, habitual
3 listening and how that skews reporting. You know,
4 that's diary data that they are selling in the
5 rest of the United States. They've got about 200
6 markets where they're selling that data. They're
7 disparaging their own data, which means they're
8 undercutting the value of the diary not just with
9 PPM data here, but with diary data everywhere else
10 in the country, so that all minority stations are
11 under attack because of PPM. The last thing I
12 wanted to say, Chairman Seabrook, I've been
13 executive director of NABOB since 1982, when I
14 became executive director, the Black owned
15 stations called their format Black radio. White
16 owners who were running Black formatted stations
17 did not like to identify themselves as Black
18 stations. They started calling themselves Urban
19 stations. Advertising dollars started going to
20 the Urban stations, so the Black owned stations
21 followed suit so they could continue to get the
22 advertising dollars. That's how we became Urban
23 stations. With that I conclude my testimony.

24 CHAIRPERSON COMRIE: All right. I
25 want to thank you all for being here. I want to

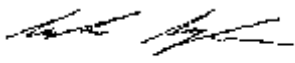
2 thank the audience for being patient. I think
3 we've learned a lot. I want to thank Arbitron for
4 staying and I sure think that that shows that we
5 have an opportunity to have a real discussion to
6 get to a comfort level for all of the parties
7 involved. We do not want to lose our Urban radio.
8 We do not want to lose-- Urban, see, I just said
9 it? We don't want to lose our cultural radio in
10 this city, and I think that clearly there's a
11 desire on all parts to make that happen, as long
12 as we can keep talking with each other. I'm sorry
13 that we have to end the meeting. There are two
14 other meetings that have to start. If you have
15 any information, please give it to the Sergeant-
16 at-Arms. I therefore declare the meeting-- a
17 point of information? I'm sorry.

18 CHAIRPERSON SEABROOK: I just want
19 it also to be known that in a few weeks we're
20 going to have the advertising industry in here so
21 that we will understand what this is all about and
22 find out is there a thin line between habitual or
23 not.

24 CHAIRPERSON COMRIE: Right. Thank
25 you. And thank you all. The hearing is closed.

C E R T I F I C A T E

I, Erika Swyler, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.


Signature_____

Date September 14, 2008