

# Spot Load Study 2005

*Managing Radio Commercial Inventories  
For Advertisers and Listeners*



## Questions We Are Trying to Answer:

- Do listeners perceive spot loads to be increasing or decreasing?
- How are spot loads affecting radio listening?
- Where and when do listeners tune out radio commercials?
- What's more important -- the quality or quantity of commercials?
- Are there new marketing strategies related to commercials that can be tried?



## How the Survey Was Conducted

- 1,003 telephone interviews conducted in March 2005
- Fall 2004 Arbitron diarykeepers age 12+
- National sample drawn from continuous measurement markets
- Data tracked with previous spot load survey of 1,071 interviews conducted in June 1999



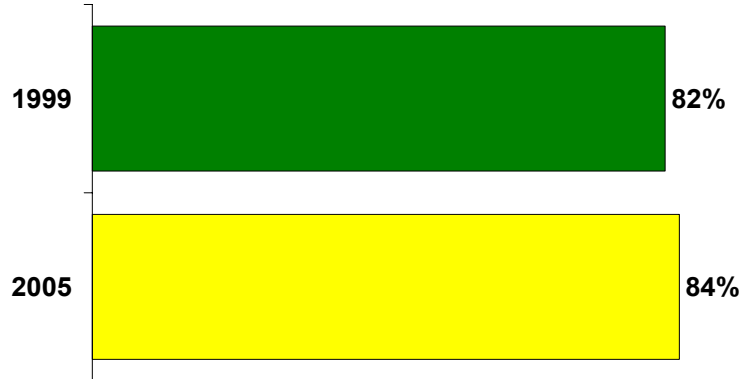
## Listener Perceptions of Spot Loads



## Vast Majority of Radio Listeners Accept Trade of Commercials for Free Radio

*"Is listening to commercials a fair price to pay for free programming on the radio?"*

% Saying "Yes"

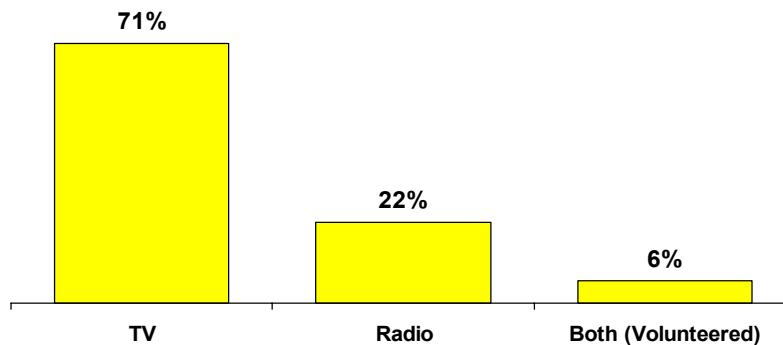


Base: Total Population 12+



## Television Is Perceived to Have More Commercials Than Radio

*"Between television and radio, which one has more advertisements?"*

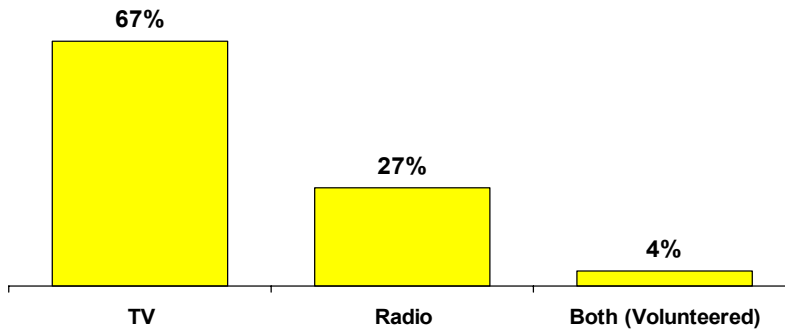


Base: Total Population 12+



## Television Ads Are Perceived to Be More Intrusive Than Radio Ads

*“Between television and radio, which one has ads that are more of an intrusion?”*

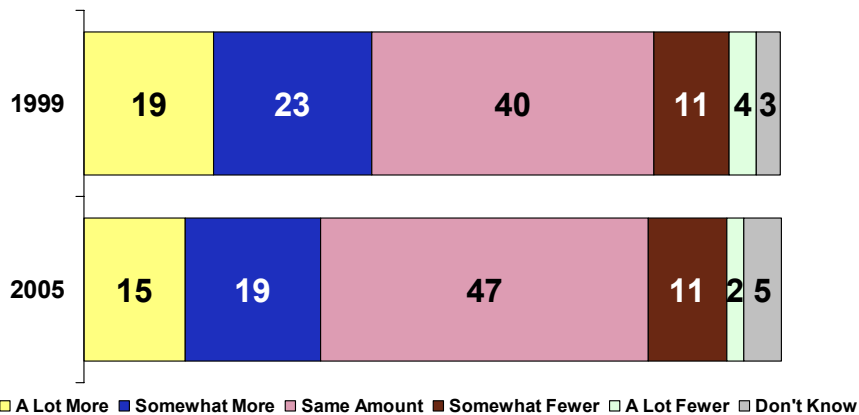


Base: Total Population 12+



## One-Third Think Radio Has More Commercials Than One Year Ago – Fewer Than in 1999

*“Compared to one year ago, are there more or fewer commercials on stations you listen to?”*

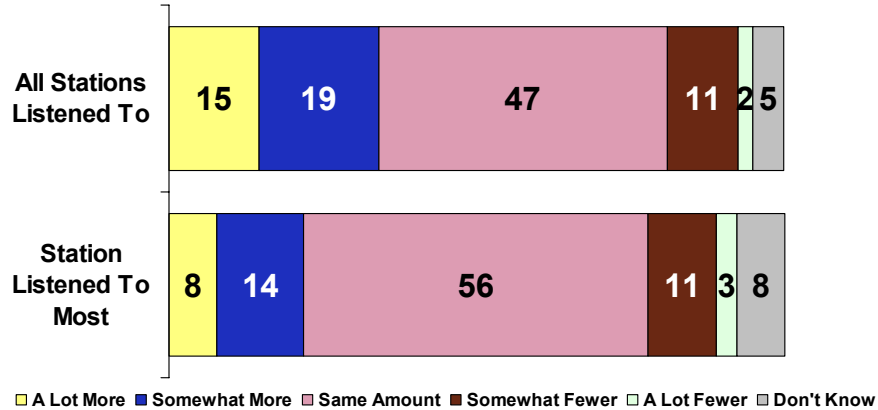


Base: Total Population 12+



## 1 in 5 Think P1 Station Has More Commercials Than One Year Ago – Less Than All Radio

“Compared to one year ago, are there more or fewer commercials on...?”

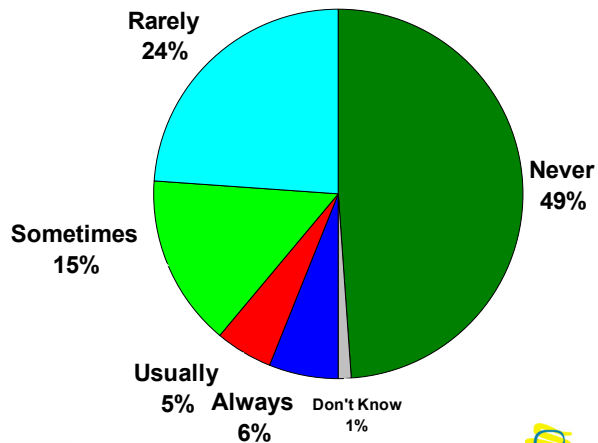


Base: Total Population 12+



## Half Say They Never Change Stations When Commercials Come On at Home

“How often do you change radio stations when commercials come on while you are listening at home?”

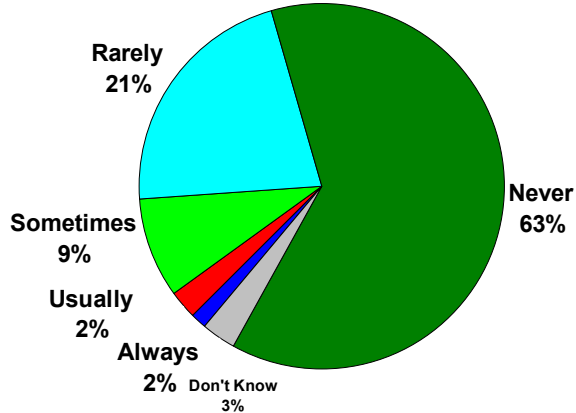


Base: Listen to Radio at Home



## Almost Two-Thirds Say They Never Change Stations When Commercials Come On at Work

*“How often do you change radio stations when commercials come on while you are listening at work?”*

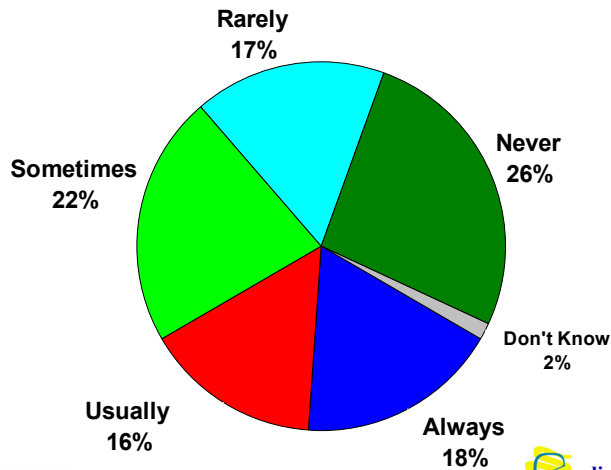


Base: Listen to Radio at Work



## One-Quarter Say They Never Change Stations When Commercials Come On in Car

*“How often do you change radio stations when commercials come on while you are listening in car?”*

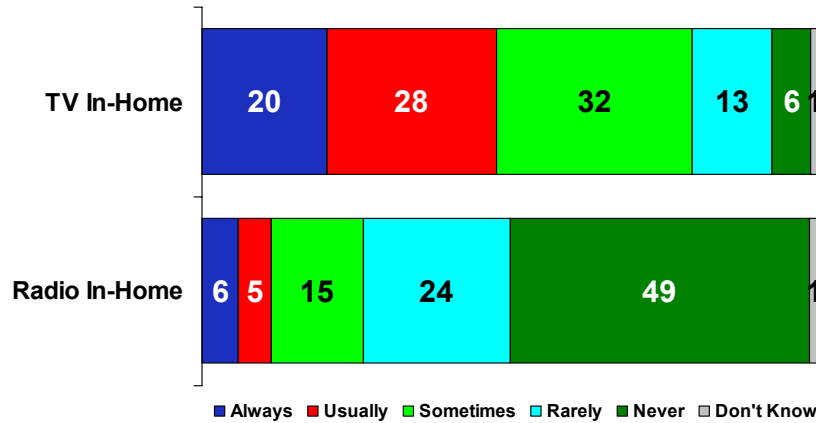


Base: Listen to Radio in Car



## Radio Listeners Less Likely Than TV Viewers to Change Stations When Spots Come On at Home

"How often do you change stations/channels when a commercial comes on?"

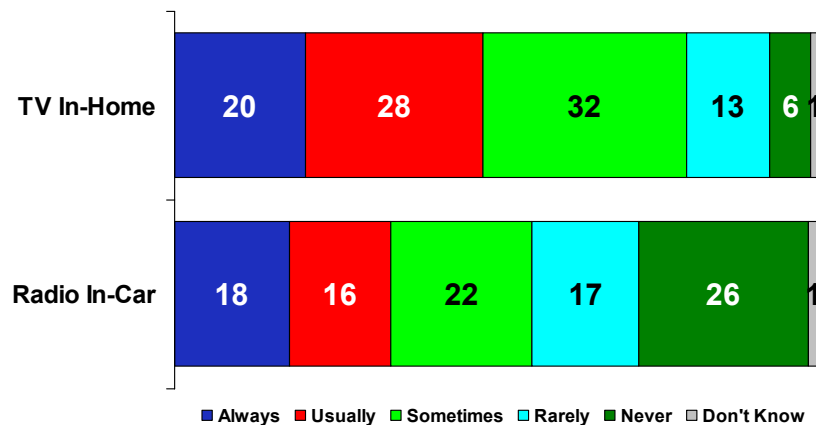


Base: Use Medium at Home



## Radio Listeners Less Likely Than TV Viewers to Change Stations When Spots Come On in Car

"How often do you change stations/channels when a commercial comes on?"

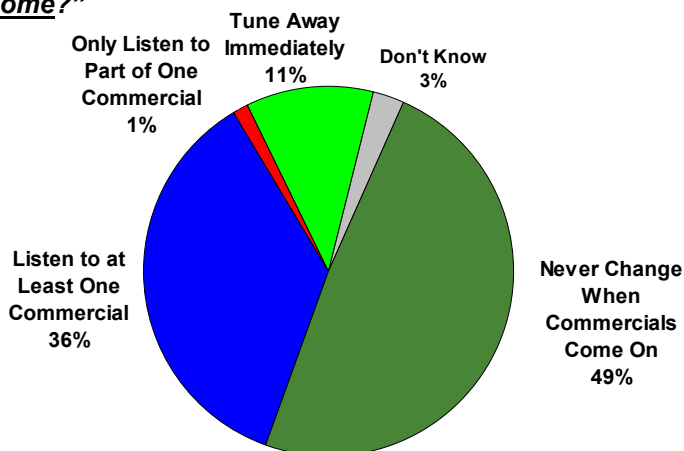


Base: Use Medium at Location



## 85% Hear at Least One Spot When Commercials Come On at Home

“When do you change radio stations when commercials come on at home?”



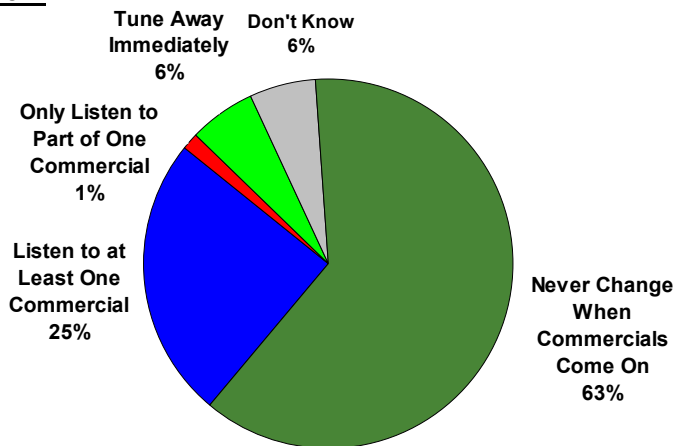
Base: Listen to Radio at Home



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## Nearly 90% Hear at Least One Spot When Commercials Come On at Work

“When do you change radio stations when commercials come on at work?”



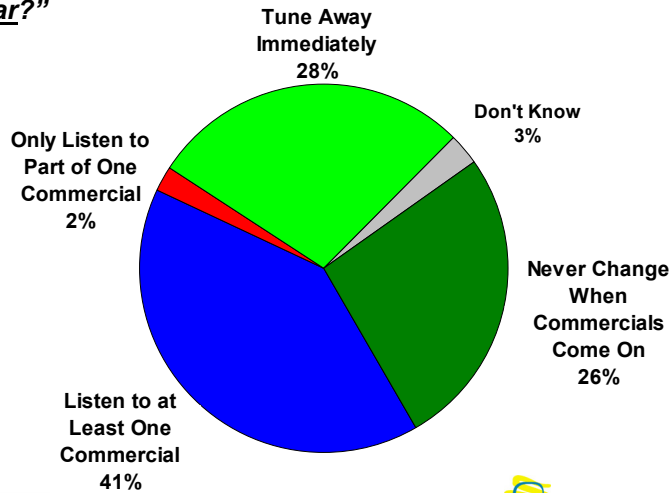
Base: Listen to Radio at Work



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## Nearly Two-Thirds Hear At Least One Spot When Commercials Come On in Car

*"When do you change radio stations when commercials come on in car?"*



Base: Listen to Radio in Car



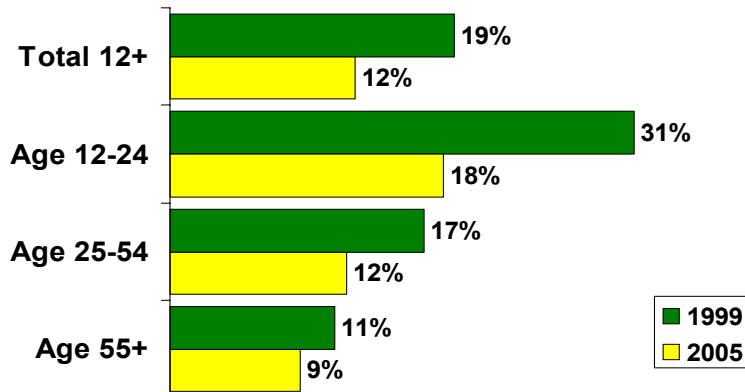
## Listener Reaction to Commercials



## Fewer Now Say They Listen Less to Radio Due to Commercials

*“Are you listening to the radio less as a result of hearing more commercials on the radio?”*

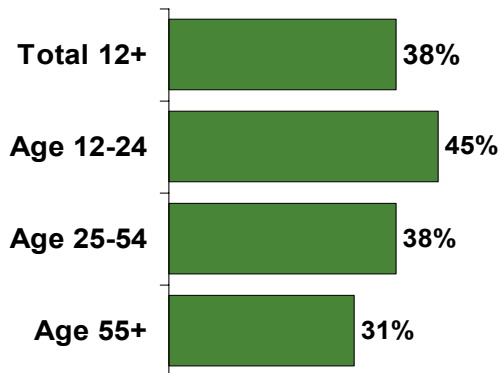
% Listening Less



## More Than One-Third Turn Radio Off When Commercials Become Intrusive or Annoying

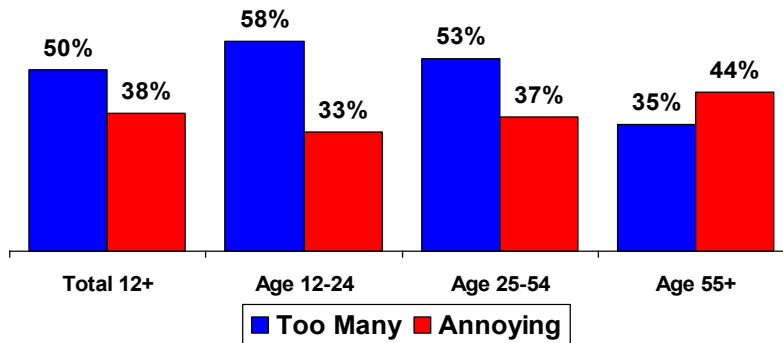
*“Do commercials on the radio ever become so intrusive or annoying that you turn the radio off?”*

% Saying “Yes”



## Young Bothered More by Too Many Spots; Older People Bothered More by Annoying Spots

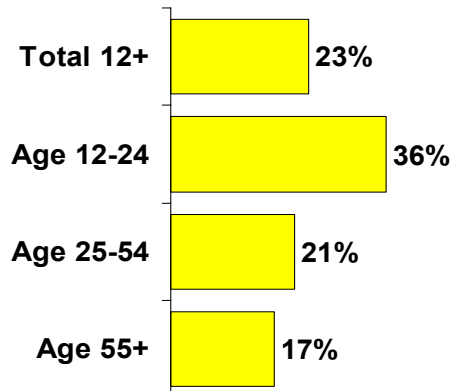
“Which bothers you more on the radio: too many or annoying commercials?”



## Nearly One-Quarter of Listeners Are Aware of Stations with Fewer Commercial Breaks

“Are you aware of any radio stations that are playing noticeably fewer commercial breaks than they used to?”

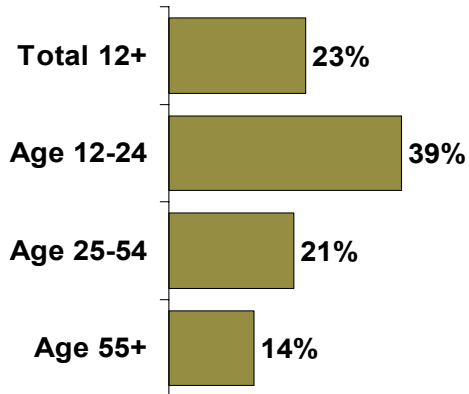
% Saying “Yes”



## Nearly One-Quarter of Listeners Are Aware of Stations with Shorter Commercial Breaks

*“Are you aware of any radio stations that are playing noticeably shorter commercial breaks than they used to?”*

% Saying “Yes”



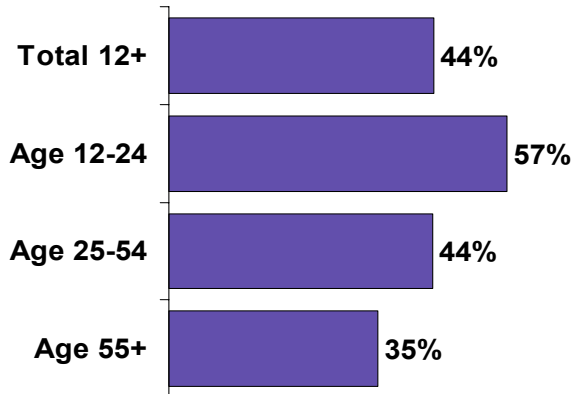
## Spot Load Strategies



## Consumers Say They Would Listen More with Noticeably Shorter Commercial Breaks

*“Would you listen to a station a lot more, a little more or the same amount if it had noticeably shorter commercial breaks?”*

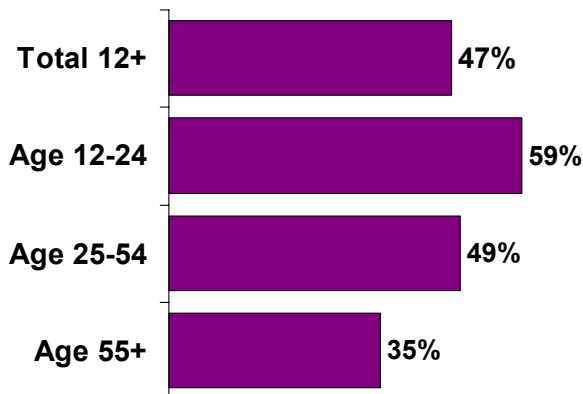
% Saying They Would Listen “A Lot More”



## Consumers Say They Would Listen More with Noticeably Fewer Commercial Breaks

*“Would you listen to a station a lot more, a little more or the same amount if it had noticeably fewer commercial breaks?”*

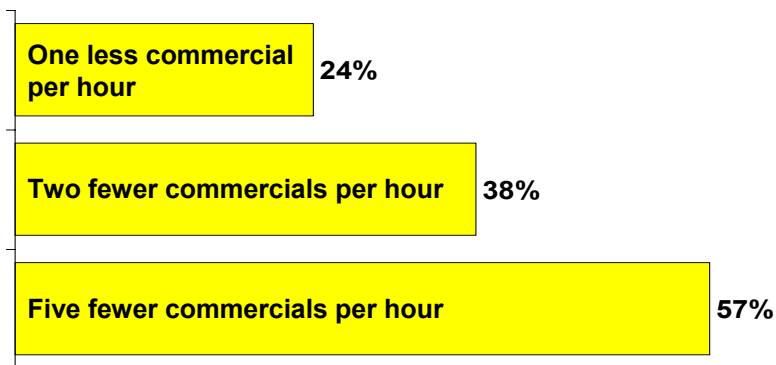
% Saying They Would Listen “A Lot More”



## Radio Listeners Say They Would Listen More with Fewer Commercials

*"Do you think you would listen MORE to your favorite radio station if it played...?"*

% Who Would Listen More



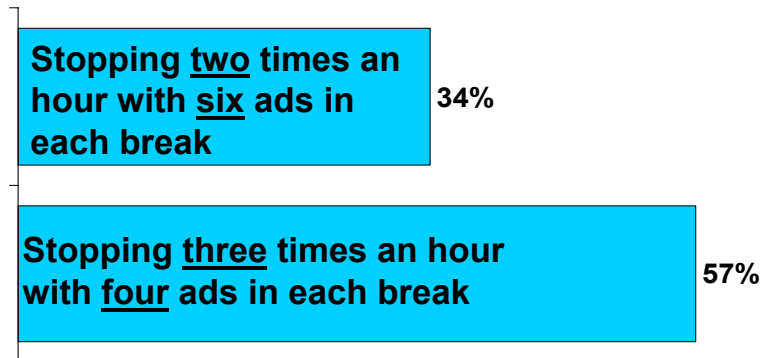
Base: Total Population 12+



## Listeners Prefer Three Breaks of Four Spots Over Two Breaks of Six Spots

*"If your favorite radio station played 12 ads an hour, would you prefer..."*

% Preferring to Have Commercials Divided Each Way



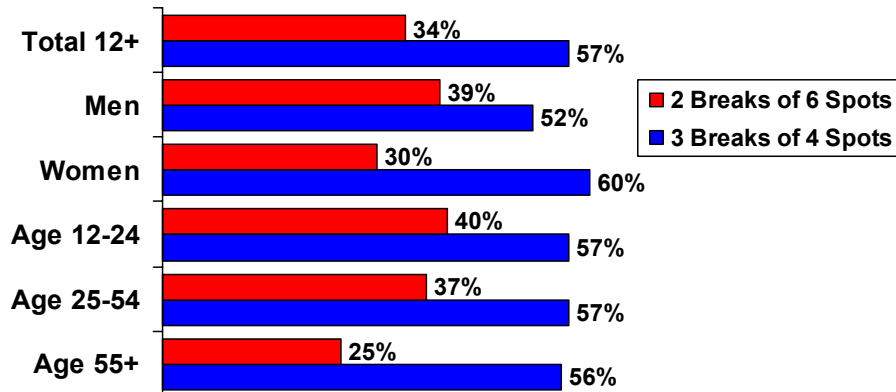
Base: Total Population 12+



## Preference for Three Breaks of Four Spots vs. Two Breaks of Six Spots Consistent by Demographic

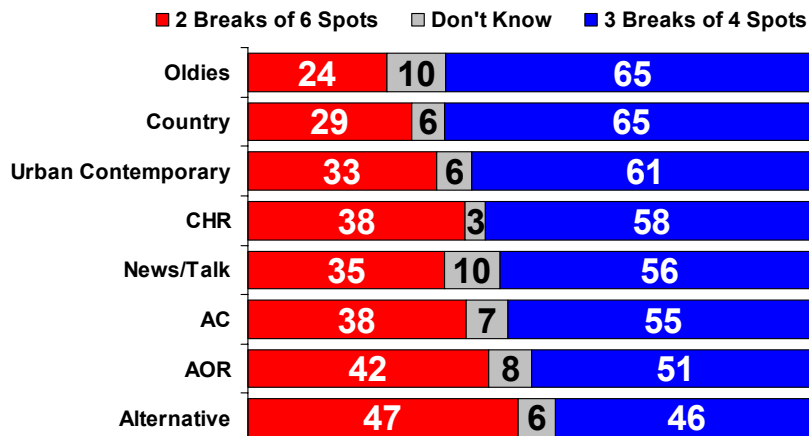
"If your favorite radio station played 12 ads an hour, would you prefer...?"

% Preferring to Have Commercials Divided Each Way



## Most Format Partisans Prefer Three Breaks of Four Spots over Two Breaks of Six Spots

"If your favorite radio station played 12 ads an hour, would you prefer...?"



Base: Format P1s  
(Those Who Listen Most to a Given Format)

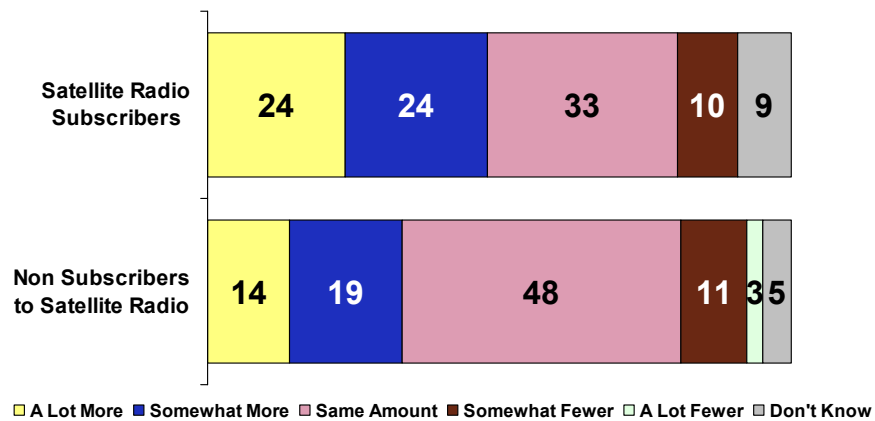


# New Technologies



## Nearly Half of Satellite Radio Subscribers Say There Are Now More Commercials On Radio

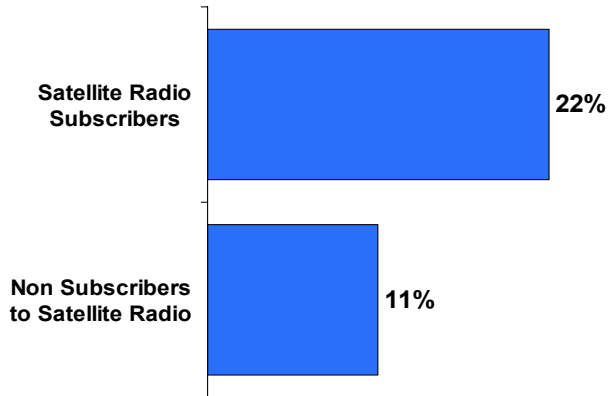
*“Compared to one year ago, are there more or fewer commercials on stations you listen to?”*



## One-Fifth of Satellite Radio Subscribers Say They Listen to Radio Less Due to More Commercials

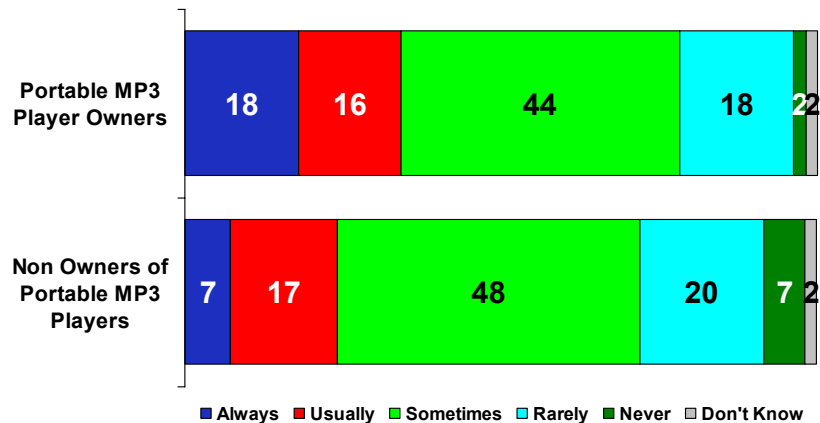
*“Are you listening to the radio less as a result of hearing more commercials on the radio?”*

% Listening Less to Radio



## One-Third of Owners of Portable MP3 Players Often Find Radio Commercials to Be Intrusive

*“In general, thinking about the commercials you hear on the radio, how often do you find them to be intrusive?”*



# Recommendations



## Recommendations

### 1. Make spot load reductions “noticeable” and promote the changes to the audience

There is considerable evidence that reductions in radio spot loads should lead to greater time spent listening provided...

- ✓ There is a tangible payoff for listeners
- ✓ Stations tell the audience about the changes



## Recommendations

### 2. Radio should promote its spot load advantages compared to TV

Radio listeners are much more likely to stay tuned when commercials come on than are television viewers.

- ✓ Most TV viewers “surf” during commercials
- ✓ Most radio listeners at-home and at-work do not change stations when commercials come on
- ✓ Even in the car where it’s easier to change stations, radio listeners change stations less when spots come on than TV viewers at home



## Recommendations

### 3. The industry should promote the value of “free radio” to listeners

Most radio listeners accept the trade-off of commercials in exchange for free radio programming. Radio should continue to promote its free programming and emphasize the free content coming with HD (digital) radio.



## Recommendations

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◆ **4. Radio stations should consider a variety of spot load strategies**

In general, audiences say they prefer 3 breaks of 4 commercials over 2 breaks of 6.

These results vary by age, format, station and market.

Stations should conduct research to align commercial elements with listener desires.



## Recommendations

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◆ **5. Better, not just fewer, commercials are an answer to protecting time spent listening and generating better results for advertisers**

Quality of commercials, in addition to quantity, is an issue for many listeners. More creativity in commercials will benefit advertisers and improve the overall value of radio programming for listeners.



## Recommendations

6. **Programmers should make all 60 minutes of an hour compelling and entertaining *including the commercial elements***

Stations should apply the same focus and creative energy that they spend on their programming to advertiser messages.

This will make radio more appealing to listeners and create better results for advertisers.



## Recommendations

7. **Spot structure should be assessed based upon listening location**

Listeners at-work and at-home infrequently switch stations when commercials come on.

In-car listeners are more likely to punch around.

Stations with larger at-work or at-home audiences could schedule more frequent – and shorter – breaks with less fear of listeners tuning away during the breaks.



## Recommendations

◆

### 8. Spot load strategies are even more important to stations that target younger listeners

Younger listeners – ages 12 to 24 – are more likely to report that their amount of radio listening is affected by the quantity of commercials they hear.

Younger listeners are also more likely to increase their time spent listening to radio when they perceive decreases in spot loads.



## Recommendations

◆

### 9. On-demand consumers who use satellite radio and iPods are more sensitive to spot loads

Satellite radio subscribers are more likely to say that radio stations are playing more commercials than they did one year ago.

Addressing the spot load issue will lessen the appeal of satellite radio.



## Recommendations

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◆ **10. Stations targeting older listeners should take special care to avoid “loud” or “obnoxious” commercials**

The older the listeners, the more they complain about “annoying” advertising. Programmers and production directors of older-formatted stations should screen commercials before they air to identify and address content that may cause tune-out.



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