

***“Will Your Audience  
Be Right Back  
After These Messages?”***

**The Edison Media Research/Arbitron  
Spot Load Study**

***Sponsored By Radio & Records***

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## **Introduction**

Since the very beginning of electronic media, broadcasters have pondered the issues of how many commercials to run and how to best mix programming and advertising. In recent years, these issues have taken on heightened interest as the radio industry has had to contend with an explosive demand for ad inventory.

In the past several years, radio has been one of the fastest growing media, outpacing other traditional media. A business faced with heightened demand for a limited resource can follow two paths – either increase prices or produce more of the product. Most industry observers indicate radio has primarily increased inventory.

The Arbitron Company and Edison Media Research are pleased once again to provide compelling and insightful research for the benefit of the radio industry. In the last several years, Edison and Arbitron presented the Newspaper Advertiser Perceptual Study, The At Work Listening Study and numerous studies on the Internet and Radio.

This document and all graphs for the Arbitron/Edison spot load study can be found at [www.arbitron.com](http://www.arbitron.com) and [www.edisonresearch.com](http://www.edisonresearch.com).

## **The Goals of This Study**

The objectives of this study are to probe listeners' perceptions toward radio advertising, determine the degree to which listeners perceive the increase in the number of radio commercials, and ascertain how listeners would like programming and advertising to be presented.

## **How the Study was Conducted**

In June of 1999, 1,071 Arbitron radio diarykeepers from the Winter 1999 survey were re-interviewed. The sample was drawn to represent a national overview of radio listeners in continuously measured markets. Listeners' responses were compared with their format preferences, and radio usage was obtained from the Arbitron radio ratings diary.

We will begin with a summary of main messages from the study. The 21 key findings of the research will then be reviewed followed by 12 recommendations for the radio industry.

## Main Messages

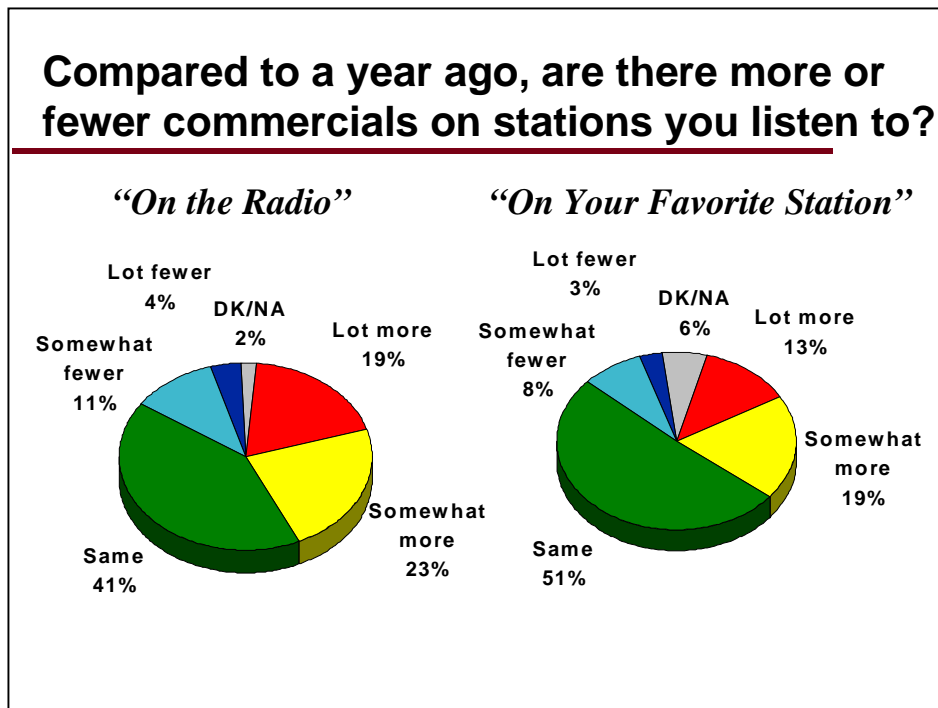
Overall, this study reveals several significant main messages:

- There is a perception among listeners that the number of commercials on the radio has increased. Interestingly, listeners are not as likely to perceive their own favorite station as playing more commercials. There is no difference in radio time spent listening among those that say radio is playing more, less or the same number of commercials as before. When Americans are asked which medium plays the most commercials, TV is the overwhelming choice.
- Commercials are not evil. The vast majority of respondents find radio commercials to be informative, at least some of the time. While some in the radio industry assume listeners hate commercials, the opposite is true. Eight out of ten Americans say listening to commercials is a fair price to pay for free radio programming.
- Just as many listeners say they are bothered by radio stations playing annoying commercials as those that are bothered by radio stations playing too many commercials. Listeners are as concerned about the quality of commercials as they are about the quantity of commercials.
- The younger the listener, the louder the complaints about stations playing too many commercials. This finding matches a long-term trend in radio time spent listening among the youngest radio listeners. Over the last six years there has been a significant diminution in listening among 12-24 year olds.
- Over the last six years, total radio listening is down by 9%. This erosion in listening cannot be entirely explained by the most recent increases in commercials. Time spent listening to radio has been gradually dropping for years with the same losses occurring from 1993 to 1996, (before the period of huge demand for radio ad time) and from 1996 to 1999.
- Listeners say they generally prefer more frequent commercial breaks as opposed to long blocks of programming with long blocks of commercials.

## 21 Key Findings

Below, we list the key findings from the Arbitron/Edison Spot Load Study.

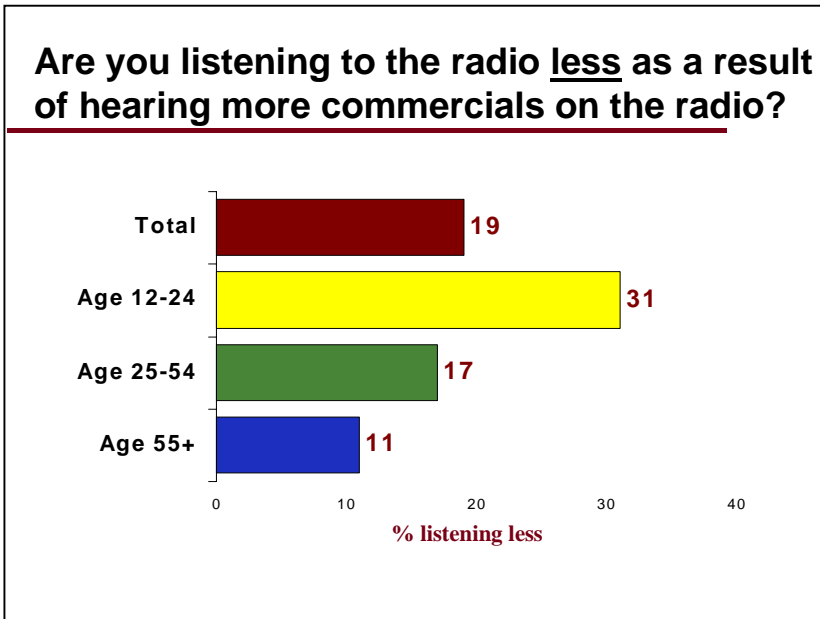
- 1. Nineteen percent of Americans say radio stations are playing “a lot more commercials,” 23% say stations are playing “somewhat more commercials”.** Forty-one percent say that commercial levels on radio are the same and 15% indicate stations are playing fewer commercials. When we examine the actual listenership from the Arbitron diaries of these respondents, there is no difference in current time spent listening between those saying radio is playing more commercials, those saying radio plays the same amount and those saying radio is playing less. Over the past year, Arbitron and Edison Media Research have trended this question in our joint national surveys. From August of 1998 through June of 1999, the proportion of Americans who say that radio stations are playing “a lot more commercials” has been very consistent: August 1998 (21%), January 1999 (18%), June 1999 (19%).



- 2. Listeners do not perceive as large an increase in commercials on the one radio station that they listen to the most.** While 19% say radio in general is playing “a lot more” commercials, only 13% say their favorite station is playing “a lot more” commercials. Forty-one percent say stations overall are playing the same number of commercials compared to 51% for a listener’s favorite station.

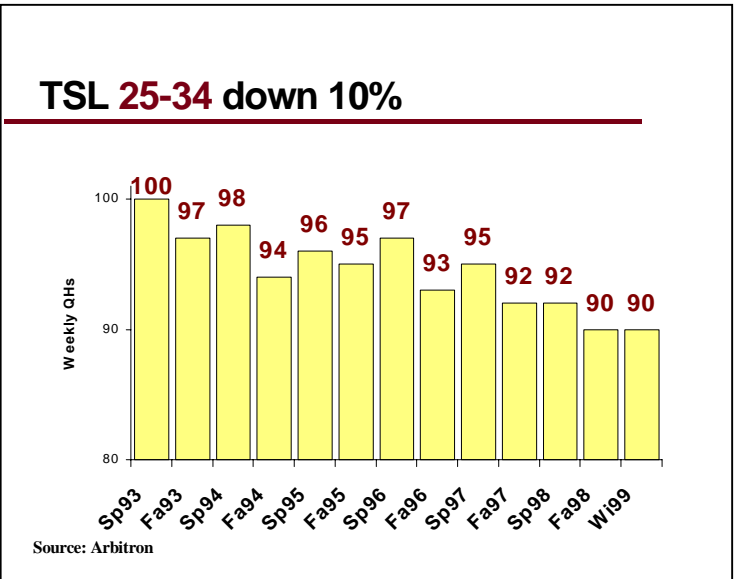
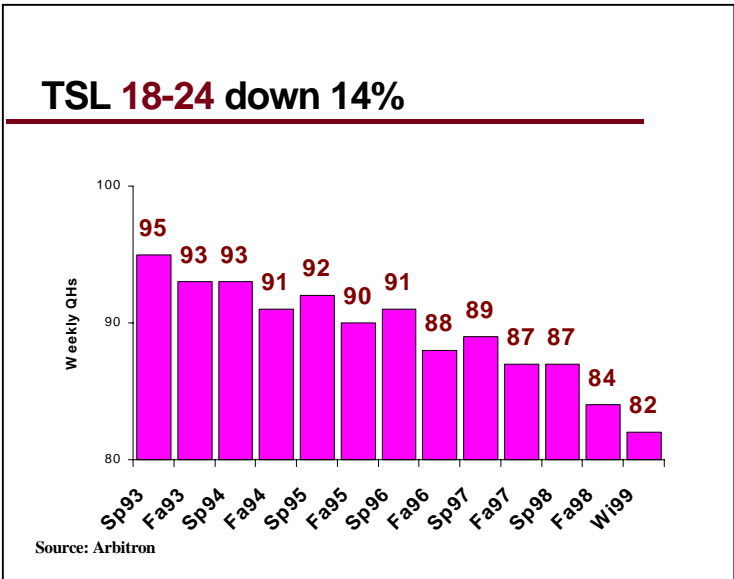
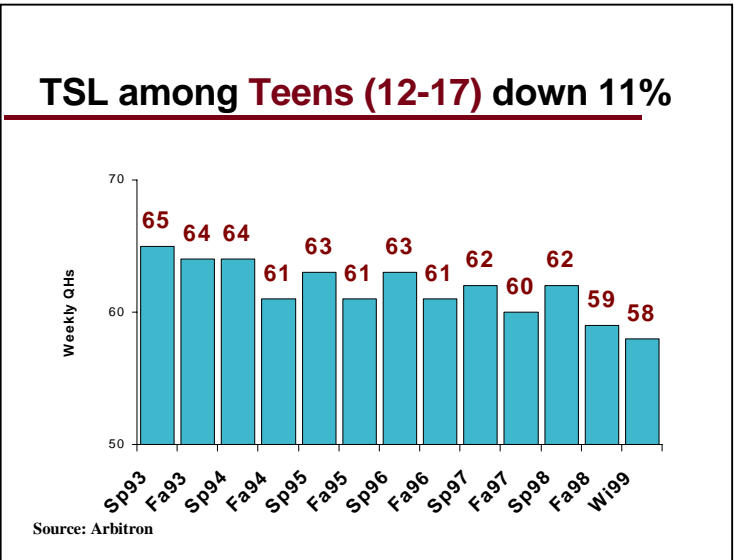
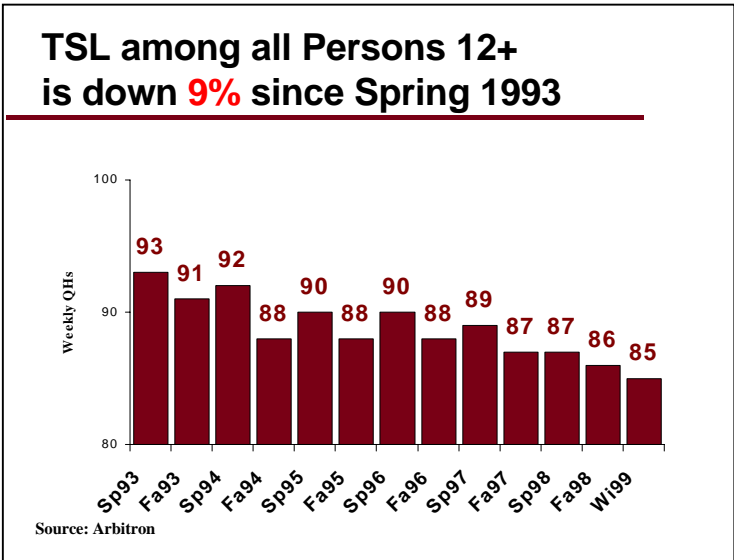
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- 3. Younger listeners say they are listening less to radio because of increased commercials.** Overall, 19% of listeners indicate they are listening less to radio due to the increased number of commercials. Thirty-one percent of 12-24 year olds indicate they are listening less to radio compared to 17% for 25-54 year olds and 11% for those 55 and older. This perception of reduced listenership to radio is confirmed by the long-term time spent listening trends. Not surprisingly, listeners to younger-targeted formats such as Contemporary Hit Radio, Alternative Rock, Album Oriented Rock and Urban Contemporary are more likely to say they are listening to radio less compared to the norm.



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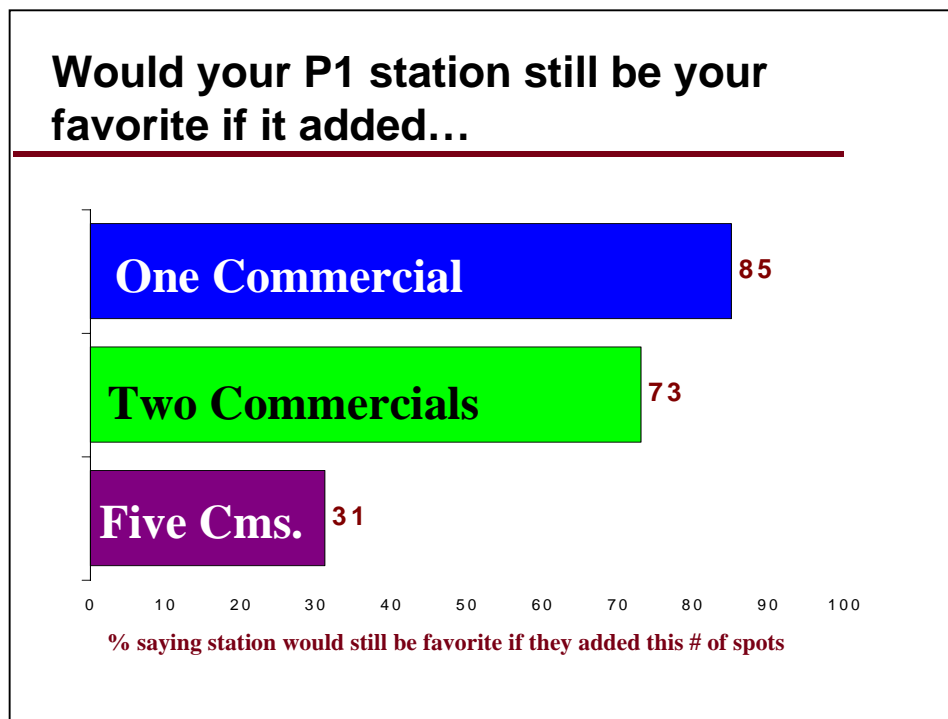
4. **An examination of Arbitron time spent listening levels from Spring of 1993 to Winter of 1999 reveals a 9% erosion in time spent listening representing 2 fewer hours per week.** Some have speculated that time spent listening erosion to radio has occurred over the past several years due to the heightened demand for radio and the resulting increase in ad inventory. However, the data indicate that time spent listening to radio has been gradually eroding over the past 6 years. From 1993 to 1996, there was a one-hour loss in time spent listening. This was a period before the large surge in demand for radio ad time. From 1996 to 1999 there was another hour lost in time spent listening. Thus, the time spent loss during 1996-1999, a period of heavy radio ad demand, is no greater than the prior three-year period. Time spent listening among African Americans and Hispanics have not eroded as much as the general market. From Spring of 1993 to Winter of 1999, Hispanic time spent listening is off only 4% while African American radio time spent listening is off 5%.



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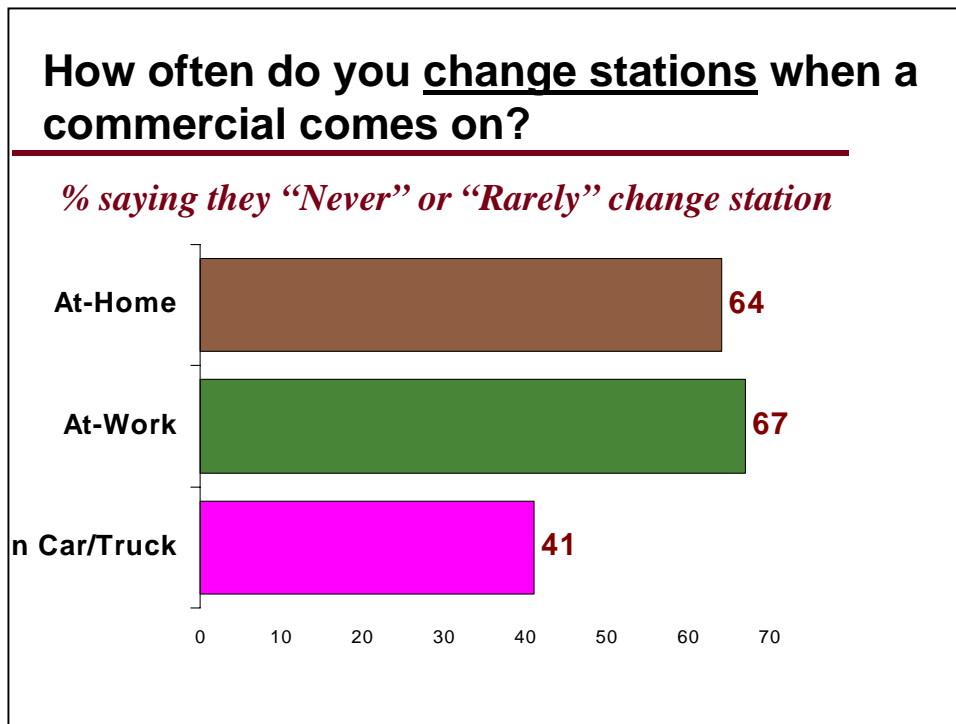
5. **While time spent listening is down 9% overall, the greatest erosion has occurred among the youngest demographics.** During the 6-year period from Spring of 1993 to Winter of 1999, 18-24 time spent listening is down 14%; teens 12-17 time spent is down 11%, 25-34 year olds see a 10% time spent erosion. Time spent listening decreases among those ages 35 and over are not as pronounced, averaging a 6%-8% loss. Since spot levels have increased only in the last several years, the loss in time spent cannot be entirely attributed to increased commercial load. Most likely, radio's time spent loss is due to a series of factors including increased demands on people's time and the proliferation of new media such as cable television and the Internet.
6. **Most listeners will tolerate the addition of one or two commercials, but not five.** Listeners were asked whether they would continue their allegiance to their favorite station if it added one, two and five commercials per hour. If one commercial were added, 85% say the station would continue to be their favorite. With the addition of two commercials, 73% say they think they would stay with the station. The likelihood that listeners will continue to consider a radio station their favorite plunges to only 31% with the proposition of adding five commercials.



7. **The vast majority of Americans feel listening to commercials is a fair price to pay for free programming on the radio.** Eighty-two percent of all persons age 12 and over agree with this statement. This finding is consistent among all ages, even among the hard-to-please teenagers.

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8. **Most listeners find radio commercials to be informative.** Twenty-nine percent say radio commercials are always or usually informative. Fifty-four percent say they are sometimes informative and only 16% say they are rarely or never informative. These findings fly in the face of commonly held radio industry programming wisdom that suggests listeners do not like commercials and therefore commercials are something against which radio stations should market.
9. **The majority of people who listen at home and at work do not change the station when a commercial comes on the radio.** Sixty-four percent of listeners at home rarely or never change the station and 67% of at work listeners rarely or never change the station. (This finding is in striking contrast to all of the "zapping" data, which indicates most TV watchers are constantly switching to avoid commercials.) Not surprisingly, when radio listeners are in their cars they are more likely to change the station due to a commercial. Only 41% say they rarely or never change the station while in the car. Advertisers and programmers need to know that for the most part radio listeners like and listen to commercials.



10. **One third of Americans would pay \$5 a month in exchange for commercial free radio stations.** Twenty-five percent of Americans would pay \$10 per month for commercial free radio. Only 14% would pay \$25 and only 7% would pay \$50 per month. Younger listeners show a greater interest in paying for commercial free radio. Two-thirds of teens would pay \$5 per month for commercial free radio suggesting opportunities to target younger listeners with satellite or Web delivered commercial-free radio programming.

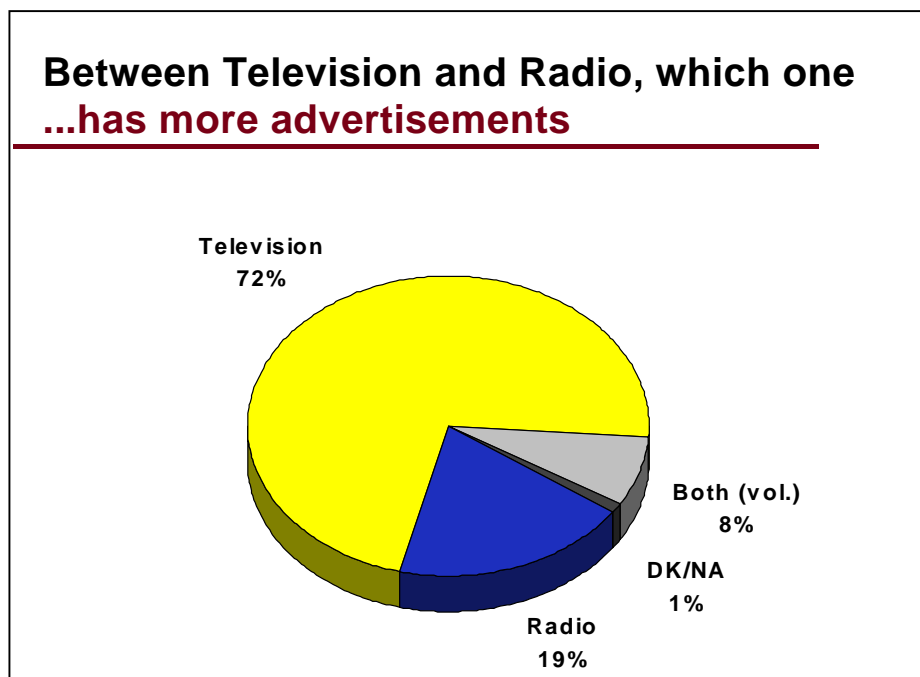


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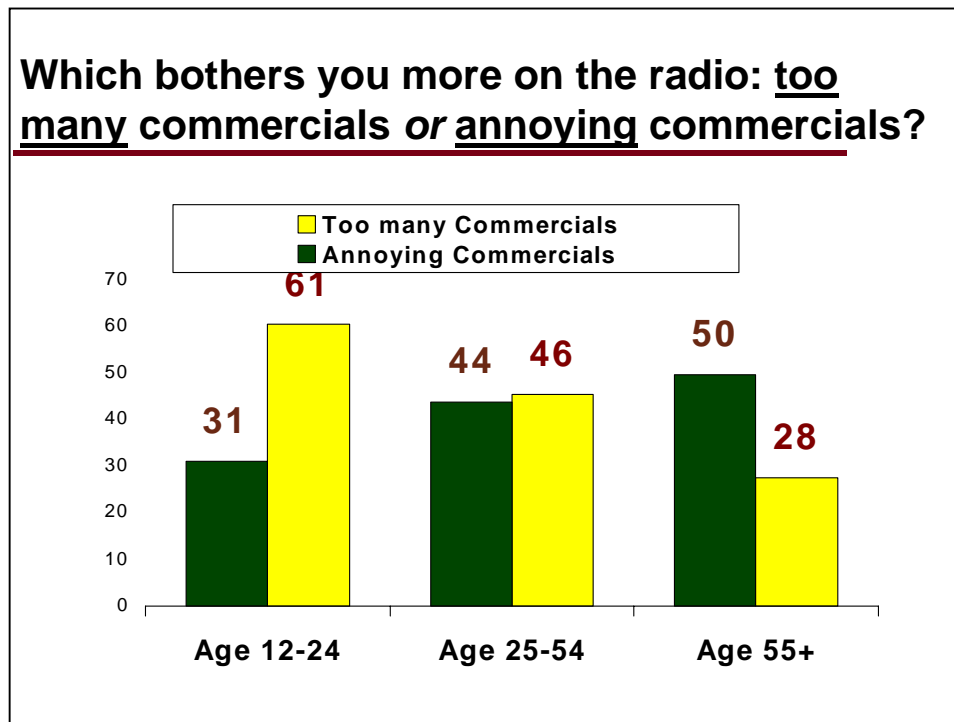
- 11. Radio's top images as an advertising medium are for "personalities that appear at special events at an advertiser's location" (41%) and having "more local advertisements" (40%).** Television's top advertising images are for having "funny and entertaining advertising" (71%), "personalities that endorse products" (70%) and for having "ads that you hear people talking about" (69%). Newspapers' top advertising images are for having the "best information on sales" (48%), "ads for things you are thinking of buying" (41%) and "more local ads" (37%). The Internet's top advertising images are for having "the best information about sales" (8%), being geared to "younger people" (6%) and for having the "most obnoxious advertising" (6%).
- 12. Overwhelmingly, Americans say television has more commercials (72%) than radio (19%).** Despite the perceptions that radio has increased the number of commercials it airs, television overwhelmingly is seen as the medium with the most commercials. One reason for television being saddled with the "most commercials" image is that they have never marketed length of programming content. Radio, on the other hand, has long sold the value of a certain number of "songs in a row". Another explanation for TV's huge image for the most commercials may have to do with unit count per hour. While the actual number of minutes of ads on TV and Radio might not be all that different, due to the proliferation of 10 and 15 second television spots, the number of commercial units per hour on TV is far higher than on radio. When asked which of the two media has advertising that is more intrusive, television once again wins hands down 71% to 23% over radio.

As we have seen throughout this research, the younger the listener, the more he complains about commercials on the radio. In this case, 27% of 12-24 years olds say radio plays more commercials than TV, as compared to persons 25-54 (19%) and those over the age of 55 (11%).



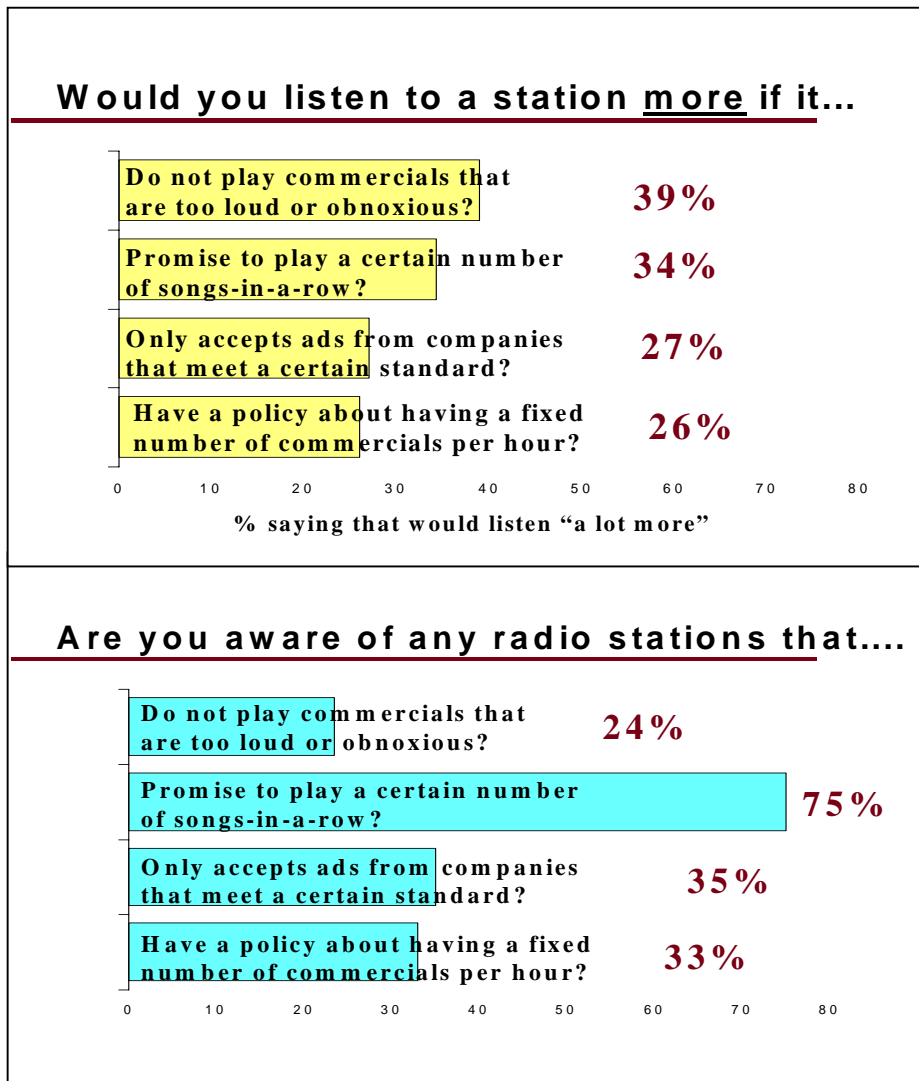
- 13. Americans are equally bothered by stations that play annoying commercials and stations that play too many commercials. Younger listeners are more irritated by numbers of commercials, while older listeners are bothered more by annoying ads.** Forty-five percent of Americans say they are bothered more by stations that play too many commercials; forty-two percent say they are bothered more by stations that play annoying commercials. Most advertising and media executives tend to focus exclusively on the number of commercials as a key issue. Listeners indicate that the quality of the commercial is as significant a consideration.

Younger listeners (12-24) are bothered more by commercial quantity versus annoying commercials by a 61% to 31% margin. The 25-54 year olds are equally bothered by quantity and quality of commercials. Older listeners are bothered more by annoying commercials (50% to 28%). Formats geared to a more mature audience such as News/Talk, Oldies and Country have listeners that are most bothered by annoying commercials. Format partisans of younger skewing formats such as Alternative Rock, Album Oriented Rock, Urban Contemporary and Contemporary Hit Radio are more bothered by too many commercials.



- 14. Thirty percent of Americans always or sometimes turn off the radio because commercials are intrusive or annoying.** Teens are the most sensitive with 42% reporting turning a radio off "all of the time" or "some of the time" due to intrusive and annoying radio advertising.

15. **Thirty-nine percent of Americans indicate they would listen "a lot more" to radio stations claiming not to play commercials that are "too loud or obnoxious", followed by stations "that promise to play a certain number of songs in a row" (34%).** There is less interest in stations that would only accept ads "from companies that meet a certain standard" (20%) and stations that would have "a policy about a fixed number of commercials per hour" (26%). It is clear that better commercials, not fewer commercials, may be the answer to enhancing time spent listening and providing better results for advertisers.



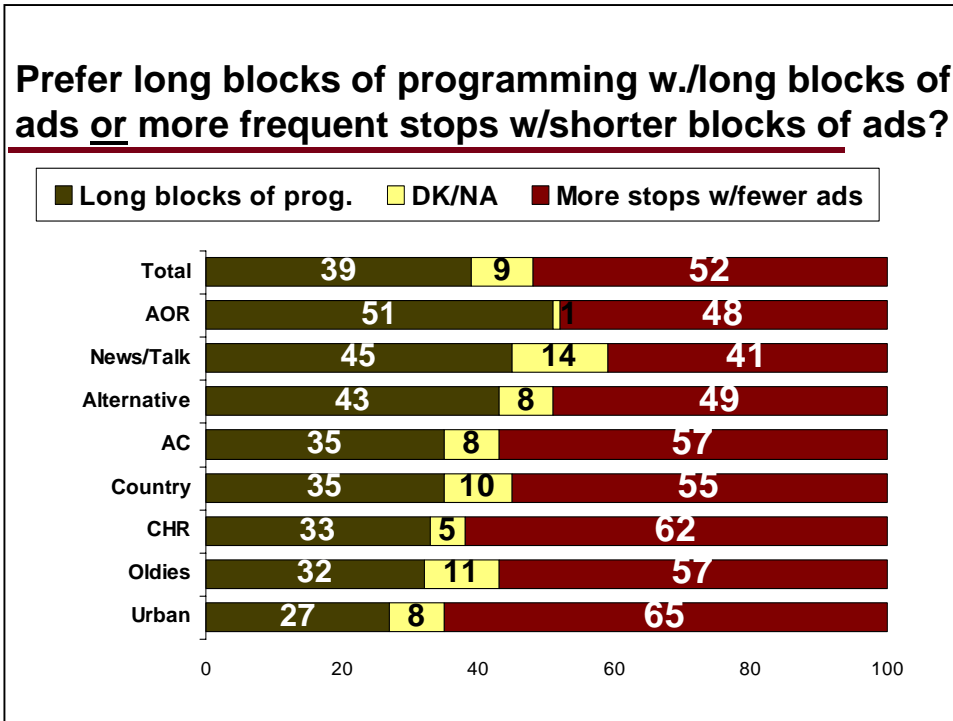
16. **Radio's image is strongest for promising to play a certain number of songs in a row.** Seventy-five percent of Americans are aware of radio stations that have a songs-in-a-row guarantee. Far fewer radio listeners are aware of stations that only accept ads from companies that meet a certain standard (35%) and those that have a policy about a fixed number of commercials per hour (33%). Very few listeners are aware of stations that guarantee not to play commercials that are too loud or obnoxious (23%).

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- 17. The very concept that listeners find to be most compelling (not playing commercials that are too loud or obnoxious), is a premise that few stations have embraced.** Four out of ten Americans say they will listen a lot more to a station with a "no loud or obnoxious commercials" policy, but only 23% think any stations are doing it. A third say they would listen a lot more to a station with a certain number of songs in a row, and 75% have heard a radio station make that claim. Radio has certainly been aggressive with the "songs in a row" marketing premise. There appears to be an opportunity for radio to capitalize on the potential of a "no loud/obnoxious commercials" premise.
- 18. Only 4 out of 10 Americans are aware that commercial-free radio stations even exist.** Among 12-24 year olds -- the demographic that shows the greatest aversion to commercials and the greatest interest in commercial-free programming -- only 29% are aware of commercial-free radio. It is clear that Public Radio has not been aggressive in positioning itself as being commercial free. In addition, Public Radio has not aggressively targeted younger demographics.

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19. **Listeners would like radio stations to stop more frequently with shorter blocks of commercials.** Fifty-two percent of Americans would prefer that stations stop more frequently with shorter blocks of commercials while 39% prefer longer blocks of programming with longer blocks of commercials. Women are more partial to frequent stops (54%) compared to longer programming blocks/longer commercial segments (37%). Among men, the interest in more frequent stops (49%) is only slightly more popular than longer commercial segments (41%).



However, there is a tremendous diversity of opinion over the two programming philosophies among format partisans. More frequent stops with shorter blocks of commercials is favored by format fans of Urban Contemporary (65%), Contemporary Hit Radio (62%), Adult Contemporary (57%) and Country (55%). Longer blocks of programming with longer blocks of commercials are favored by fans of AOR (51%) and News/Talk (45%).

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- 20. When given specific scenarios of programming and commercials, listeners generally opt for more frequent and shorter breaks.** Given an example of a programming hour with 12 commercials, most favor dividing those commercials over two breaks rather than all the commercials in one break (66% to 24%). When given the choice of three breaks versus two, 57% vote for three breaks while 37% vote for two breaks. Listeners are equally split between three or four breaks per hour.
- 21. Station involvement with an advertiser increases listener interest in the advertisers' product or service.** Twenty-one percent of listeners say they are more interested in a product or service when they hear it on a radio station they typically listen to. Twenty-four percent say they are more interested when a radio station is involved with an advertiser's promotion. Twenty-seven percent are more interested in a product or service when a personality on a station endorses that product or service.

Younger, more active formats tend to show greater product and service interest with increased station involvement. Thus, when stations programming Alternative Rock, Adult Contemporary, Urban Contemporary, Contemporary Hit Radio conduct promotions and appear at an advertisers' location, the interest in that product or service grows: Alternative Rock (36%), Adult Contemporary (31%), Urban Contemporary (29%) and Contemporary Hit Radio (25%).

## 12 Recommendations

Based upon the findings of this research, we offer the following recommendations.

- 1. The Radio Industry needs to utilize tools such as yield management software to better manage increased demand on advertising inventory.** The use of radio advertising and the demand on radio inventories are at historic highs. Radio's response to this surge in demand has been the addition of inventory with modest price increases. This research indicates some cautions for continuing to add commercials. Seventeen percent of listeners say they are listening less to radio due to an increased number of commercials. Listeners indicate they are extremely unlikely to continue their allegiance to their favorite station if five additional commercials were added. While it is far easier to deal with increased demand by adding more commercial units, its impact on the usage of the radio medium must be considered. The airline industry credits the use of yield management systems with more effective response to customer demand while maximizing revenues. Radio should find ways to do the same.
- 2. Better commercials, not just fewer commercials, is an answer to protecting time spent listening and generating better results for advertisers.** Eighty-two percent of Americans say hearing commercials is a fair trade for free radio programming. Thirty-nine percent of listeners say they would listen more to a station that didn't play loud and obnoxious commercials. Fewer (26%) would listen more to a station that played a fixed number of commercials. Quality rather than quantity of commercials is the issue for many listeners. More creativity in commercials will benefit advertisers and improve the overall value of radio programming for listeners.
- 3. Radio stations should hire more creative directors and include them in the analysis of perceptual research to better understand what listeners want and expect from commercials.** Television dominates the image for advertising that is "funny and entertaining" and for commercials "you hear people talking about". This study emphasizes the fact that the radio station creative director is a crucial position not just from a sales perspective but also from a programming perspective. Stations tend to spend lavish resources on promoting their programming with compelling and entertaining voices and production elements. Applying the same focus and creative energy to advertiser messages will make a station more fun to listen to and create better results for advertisers. Programmers should seek to insure that all sixty minutes in an hour are compelling and entertaining, not just the non-commercial elements.
- 4. Stations and agencies should make better use of qualitative data in the creative process to better target consumers and to reduce the complaints over "annoying" commercials.** Commercials that are more relevant to the consumer and less obnoxious or annoying are very important to listeners. Qualitative research such as Scarborough provides tremendous insights into the lifestyle profile of a target audience. These data can enhance the creative process and provide relevant copy points.

- 5. Different versions of commercials should be utilized to target different formats.** This research reveals that there are marked differences in the tastes and attitudes of format partisans. Over the last decade, the radio industry has sharpened its targeting, creating many new, unique and highly focused formats. Qualitative data reveal dramatic format differences in lifestyles, what people buy and where they shop. For example, McDonald's frequently has multiple versions of a spot done for the same campaign running on different formats.
- 6. Radio stations should reconsider their spot clustering paradigms.** The common practice of two breaks per hour began in an era when stations played eight to ten ads per hour. In light of the new spot levels brought on by higher advertiser demand, stations should conduct listener research to align commercial elements with listener desires. While the majority of listeners in our survey tended to favor more frequent and shorter breaks, there are significant differences among format core listeners. If a station adopts a shorter commercial break format, they would naturally want to market the concept to listeners, *"We never play more than three commercials in a row"*.
- 6. Spot clustering could be reassessed based upon listeners' location of listening.** The research reveals that listeners at work and at home rarely switch a station due to commercials. In car listeners are more likely to punch around. Stations who have a high in-car audience might structure their commercial breaks differently compared to stations that have a higher at home or at work audience. A station with a high in car audience composition might want to structure breaks to take into consideration the fact that listeners switch around more in their cars. Stations with higher at work or at home audiences could schedule more frequent breaks since the at work and at home audiences are less likely to switch during commercials.
- 8. The radio industry should conduct research among its listeners to determine how listeners define "annoying commercials."** In the 60's and 70's, radio programmers debated when listeners were "tired of" a song. Research came to the rescue. Auditorium music testing and call out research testing quantified the concept of burned songs (songs that listeners were tired of). It is now routine for radio programmers to eliminate songs based upon fatigue. The same concept can be applied to commercials. Using the same auditorium music testing and call out music testing principles, radio stations could monitor commercials that are seen as most irritating and annoying to their listeners, and share these results with advertisers.
- 9. Stations targeted to younger listeners need to consider ideas to make commercials more compelling and interesting.** As commercials are such hot buttons with 12-24 year olds, especially teens, there is a tremendous creative challenge to properly target, inform and entertain this demographic. One possible example is to make commercials "cool" by tying them to the Internet. Since younger demos are such avid Internet users, stations should create more synergy between ads on the radio and their station's Website. In addition, there are a number of companies who are developing methods to inject radio contesting tied-in with advertisers' Website marketing.



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- 10. Stations targeting older listeners should consider marketing the concept of "no loud and obnoxious commercials".** The older the listeners, the more they complain about annoying advertising. Just as radio has done an excellent job of marketing the "songs in a row" concept, it can be successful in positioning a "no annoying commercials" premise. Just as the television networks have well-defined advertising policies defined by their "Network Program Practices" department (spots are not aired until they are approved), radio stations could begin to develop guidelines for acceptable advertising.
- 11. Further study and thought should be given to how radio can retain younger listeners.** Programming focus tends to go where the money is. Since the majority of radio advertising money is targeted to persons 25-54, that's where a lot of the formats are aimed. However, time spent listening trends from the last six years indicate decreases are highest among 18-24 year olds (14%), teens (11%) and 25-34 year olds (10%). While reduced time spent is due to a myriad of factors, today's 12-24 year olds are tomorrow's Adults 25-54s. As radio begins to stream its content onto the Internet and develop new Web-based entertainment paradigms, it might be able stem younger end losses.
- 12. Radio needs to keep aggressively marketing music quantity and think about positioning against television.** This survey demonstrates that marketing works. For years radio stations have been telling listeners that they play "more music" and limit the amount of commercials they play. This aggressive positioning has helped inoculate the medium as it has added commercials, and has also helped paint television as the medium that has "sold out." Having added commercial units should not dissuade stations from continuing their music quantity claims. At the same time, radio stations might consider reminding their audiences that on radio one gets lots of programming, while on television the interruptions and intrusions are endless.