

**Alfred C. Liggins, III
President and Chief Executive Officer
Radio One, Inc.
Testimony before the
Committee on Oversight and Government Reform
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Thank you Chairman Towns, Ranking Member Issa and members of the Committee for providing me with this opportunity to discuss the importance of the Portable People Meter (PPM) and its impact on urban radio.

For those of you I have not met, let me introduce myself. I am Alfred Liggins, Chief Executive Officer of Radio One, Inc. Radio One is currently the largest media company in the United States that primarily serves African Americans. Our media platform includes radio, Internet, satellite and our nationally distributed cable channel, TV One.

As owner of 52 radio stations located in 16 urban markets, including Atlanta, Baltimore, Charlotte, Columbus, DC, Detroit, Houston, Indianapolis, Philadelphia, St. Louis, and Richmond, I want to express both my support and confidence in the future of urban radio in a PPM world.

My understanding is that during this hearing you are asking two questions: First, does PPM affect the diversity of radio? And, two, is it contributing to minority radio's decline? To both, I

can categorically say that I believe in both the short and long run, PPM is neither affecting the diversity of our airwaves nor contributing to a decline in minority radio.

Rather, what PPM has done is expose some poor choices made during the good times before this recession hit. Some broadcasters became overleveraged and perhaps expanded when they should not have and some broadcasters launched urban formatted stations in markets where there were already several established urban stations. And, while I support the request by some minority broadcasters to seek assistance from institutions that received TARP funds, I do not believe that the commercialization of PPM is to blame for the problems currently facing some minority broadcasters. Based on our own experience, PPM does not discriminate against minority-owned broadcasters or urban-formatted stations.

There are always short-term dislocations and a learning curve when a new technology is adopted. But PPM is the new reality and I would much rather get reality on the road now and keep it moving forward than to delay.

The heated dispute and controversy surrounding the commercialization of Arbitron's PPM result primarily from the fact that the PPM device, as compared to the paper diary, can have a downward impact on the average quarter hour rating or AQH which is a result of dramatically increased cume, meaning many more individuals are listening to the radio at any given time, combined with lower amounts of time spent listening. The AQH rating numbers with PPM are generally lower for most stations across the board in all markets, regardless of station format. Radio One has seen dramatic declines in its AQH ratings after PPM's commercialization in a

market. However, by designing our programming for a PPM world, including fine tuning our music, promotions and commercial breaks, and by using PPM to identify new opportunities to attract and hold listeners, Radio One has regained most, if not all of its pre-PPM rank positions without changing formats.

The reduction in reported AQH listening from diary to PPM is not, in my opinion, caused by racial bias but rather is due to the fact that the diary is a subjective tool that asks participants to recall from memory what stations they listened to on the radio and is prone to “rounding up” the amount of time spent listening to a given station as most listeners do not recall and write down all of the stations they actually listened to. The diary also provides an opportunity for listeners to “vote” for one’s favorite station or radio program regardless of whether the survey participant actually listened to the station during the diary survey period. In my experience, the diary service has a bias in favor of “legacy stations” or programs with a strong brand name or identity. PPM is a more objective measurement tool that plays no favorites and allows all stations to compete for listeners in the ratings estimates on a level playing field.

One area of the Committee’s focus is the advantage of PPM versus the diary system. The advantage, in one word is: Time. And as the old saying goes, “time is money.” The PPM is without question a major improvement over the diary service. Unlike the diary method PPM is a passive, electronic-based service. It gives broadcasters a type of granular and timely data that the diary system simply cannot provide. For the first time we can evaluate on a minute-by-minute basis the listening habits of our audience – when they tune in, how long they listen, and when they switch to another radio station. This level of specificity allows us to modify station

programming in a manner that reflects the reality of how radio is consumed. That makes a huge difference in our ability to respond to listeners' tastes – and show advertisers that we can attract listeners/consumers to our programming. That, in turn, translates into revenue for broadcasters, which is an obvious positive.

Let me give you an example of how the timeliness of PPM has worked in our favor. In one case we heavily invested in talent for a new morning drive show on one of our Philadelphia stations. Within a few weeks after the show premiered, we received PPM audience estimates that showed the station's morning ratings had dropped dramatically. The declining ratings contributed to our decision to cancel the show and return to music programming, which allowed the station to recover its competitive position. If the diary had still been currency in Philadelphia, rather than PPM, we would not have been able to adjust our programming and cut our losses as quickly because the diary is issued only on a quarterly basis. It could have easily taken eight to ten months before we felt confident enough to cancel the program.

Radio's future depends on electronic measurement. As a result of the Internet, advertisers expect timely information to respond to ever-changing customer preferences. No matter the media, advertisers expect to see how many eyes and ears are paying attention. And, to compete, radio needs to provide this data to its customers. PPM is doing that for radio by providing clear, actionable intelligence on radio's audience.

If PPM is not universally adopted the radio industry is in danger of losing advertising dollars to other mass-media entertainment/information platforms that have passive measurement systems.

PPM facilitates an efficient buy-sell process for radio advertising by enhancing advertisers' perception of the strength and value of brand conscious and brand loyal African American consumers who have almost a trillion dollars to spend annually. In short, electronic measurement provides compelling evidence about the power of urban radio.

Through PPM, Radio One has been able to deliver reliable and credible measurement of our audiences to our advertisers, something we take very seriously as the nation's leading urban broadcaster. Some have said that PPM should "take a breather" especially until it is fully accredited by the Media Ratings Council. My response is an emphatic no as that would confuse advertisers who now rely on PPM and cause them to question the reliability of radio as an advertising medium. It would hurt the radio industry, not just Arbitron.

Now I will acknowledge that, like many other broadcasters, we went through something of a bumpy start. Like other broadcasters, we also had to cope with the new metrics, and a new position in the marketplace. We have since learned to look beyond the initial apprehension and to focus on the new information provided by Arbitron to build our audiences and better serve the advertisers who count on us to reach the African American consumer.

Arbitron understands this apprehension and has been responsive by cooperating and engaging radio broadcasters to determine which improvements to the PPM service are priorities. Arbitron's commitment to continuously improving the PPM service is demonstrated by the modifications that have already been made to the service, and we are confident that Arbitron will continue to work with radio broadcasters and other interested parties to continue those

improvements. We, in turn, will continue to monitor Arbitron's progress and offer our suggestions and concerns.

At Radio One, we have created a successful track record that demonstrates urban radio can prosper with PPM. This service helps us remain competitive in an increasingly challenging media marketplace.

While we acknowledge that Arbitron has not created a perfect service, in my opinion, we need to move forward with PPM, adapt to it, work with Arbitron to make it better and look forward to better times for all in the radio industry.

Thank you for the opportunity to testify. I will be happy to answer your questions.