



**AMERICAN MARKETING ASSOCIATION
December 10, 2009**

Operator: Ladies and gentlemen thank you for standing by and welcome to the American Marketing Association and TargetSpot Executive conference call.

During the presentation all participants will be in a listen only mode.

At the end we will conduct a question and answer session. At that time if you have a question please press the 1 followed by the 4 on your telephone.

If at any time during the conference you need to reach an Operator please press star 0.

As a reminder this conference is being recorded today Thursday, December 10, 2009.

And now it is my pleasure to turn the conference over to Ms. Anna Carbonara, the moderator for the American Marketing Association. Please go ahead ma'am.

Anna Carbonara: Thank you (Alex). Hello everyone and welcome.

Thank you for joining us today for the Executive Panel on Insight into Online Radio presented by the American Marketing Association and TargetSpot.



My name is Anna Carbonara with the American Marketing Association. And we've developed this program with TargetSpot as an exclusive forum for executives within the industry to collaborate, debate, address and capitalize on some of the tough issues we're facing in this ever changing industry.

I am particularly excited to kick this call off. As an exclusive leadership community it provides a peer-to-peer forum and invites your input and feedback on the most pressing topics and challenges in the industry.

In addition to collaborating with each other you'll also hear from thought leaders in the industry. We're privileged to have Kim Vasey, Senior Partner, Director at Radio - Director of Radio at GroupM, Mediaedge:CIA. We also have Dr. Michael Link, Chief Methodologist, VP from Methodological Research with the Nielsen Company, and Eric Ronning, President of Sales with TargetSpot joining the panel for our call.

The format for today's call will include a discussion between our panel members followed by an interactive question and answer session. We did receive some questions during the registration process and will begin by addressing those.

Today's topic is Insight into Online Radio and we have an impressive panel of participants ready to get started.

So at this time I'd like to introduce Eric Ronning.



Eric Ronning has played an integral role in the shape of the online audio industry as President of Sales for TargetSpot the leading online audio advertising network delivering targeted and measurable advertising across more than 75 broadcast groups and pure-play music players. Eric works closely with leading agencies and advertisers to bring traditional and digital budgets to online audio effectively.

With that I will now turn this over to Eric. Eric it's all yours.

Eric Ronning: Thank you Anna and welcome everyone to the call today. Before I begin I'd like to say thank you to Anna and the entire team of the AMA. It's a pleasure to work with and support a group that does so much for our industry.

The AMA continues to provide access to shared information and training which allows all of us to build the business and stay at the forefront of our chosen fields of expertise.

So thanks Anna.

All right, let's move to the content. As the media landscape continues to rapidly change with consumers, advertisers and their content provider partners, it is rare that we are able to step back, take a minute and look at information in a way that we might have always wished was available but simply was not.

In today's session we will have that opportunity. Audio content until recently referred to simply as radio has experienced a proliferation of distribution



platforms in the past several years moving from radio towers in empty fields to computer, cell phone, satellite and even HD radio.

A natural outcome of that growth was the siloing of each delivery system and the result created a somewhat disjointed ability to gain insight into user patterns.

We had to take various forms of independent research on each silo and make assumptions of what users were doing. There was however a real need to look holistically at the entire spectrum of audio content use by specific individuals throughout a day or a week or over time.

To be able to look at a single connected source and see what a listener actually does when they wake up, get in the car, work, get back in the car, and then pursue personal interest over the course of a day was really just a - that would be great to have concepts for those most likely to benefit from the data it would yield.

Today we're very fortunate to have both the person who is actually responsible for creating just such a dream report specific to audio content as well as the person who has been the greatest champion of employing the strength of audio content as a marketing tool for major brands.

It is my distinct pleasure to introduce them both to you now. Dr. Michael Link is Chief Methodologist, Vice President from Methodological Research for the Nielsen Company. Doctor I've got to say if there are any marketers on the call today who pay a cost per title, you're clearly going to be the winner.



Dr. Link has a broad base of experience in survey research having worked in academia not-for-profit research and in government prior to joining the Nielsen Company.

Dr. Link's research efforts focus on developing methodologies for confronting the most pressing issues facing measurement science including improving participation in data quality, use of multiple modes in data collection, obtaining participation from hard to survey populations, and developing electronic measurement methodologies to supplement or replace self reporting.

He is widely published in leading scientific journals and we're grateful for his time with us today. Welcome Dr. Link.

Michael Link: Thank you.

Eric Ronning: Also with us today is Kim Vasey. Kim is Senior Partner, Director of Radio at GroupM Mediaedge:CIA, and been in our industry for nearly 30 years working in both spot and network radio and works with clients, planners, buyers and account managers to develop and implement strategic efforts.

In the radio industry however she is recognized and revered for her tireless efforts to help clients and planners understand the value of radio as a median and how to use it more effectively. She's been named Mediaweek's Radio All-Star in 2004, widely published in the industry publication such as Mediaweek, Radio Business Report and Radio, Inc.

Kim, welcome, and thank you for joining us today.



Kim Vasey: Thank you, my pleasure.

Eric Ronning: So what we thought we would use today's time for was looking at the study created by Dr. Link titled How U.S. Adults Use Radio and Other Forms of Audio.

And using streaming audio as a subtext example consider what the data shows and how it might impact the concept of media allocation to audio content versus the previous concept of radio.

We've reserved time at the end for direct questions or thoughts from the audience so please join in the discussion at that time. We do want to hear from you.

Prior to that however I do think it's important to understand the context of this report and the whys and hows of its creation.

Dr. Link, can you tell us how this study came to be?

Michael Link: Certainly. The study itself is sponsored by the Council for Research Excellence.

And let me give you a little background on the CRE. This is a group of about 40 of the leading researchers across different various organizations related to media so advertising agencies, stations, content providers, a number of the leading individuals. This group was brought together starting in 2005 for the



very purpose of being able to conduct research from an end user's perspective that any single company could not do on their own.

Nielsen has been pleased to be able to provide funding for this particular group which has been in the neighborhood of about \$10 million now through 2011.

So this group goes out, conducts these types of studies for the benefit of the industry itself, not just for any single client.

And so from that perspective I think the group is very, very unique. This particular study was one of the first major studies that the group focused on.

And the whole idea was to be able to dimension the current consumption of media that's all types of media, not just radio or television but newspapers, online, anything that the folks essentially throughout their day become involved with from a media perspective in order to be able to really develop and guide future audience measurement efforts.

So it's a really deep drilldown into how folks use different types of media throughout the day so we can really then understand that and be able to better measure that and then through better measurement be able to know where we're going to put our ad dollars, those types of things.

Eric Ronning: That's fantastic. Now I've heard this report reference as an Anthropological Research Study. What is that? And why are they unique?



Michael Link: Yeah. This study uses something - you know ethnography is another way that this has been described.

And I think it's something we all probably intuitively know about when you think about the Anthropological Studies or ethnography, it's very old in terms of science where a researcher would go out and actually live with a set of individuals with the concept of better being able to understand those individuals, that only by sharing their day would you be able to really understand what it is that they're doing.

Well we've kind of taken that, updated it and give it a digital twist here to be able to look at media consumption.

And I think this study is very unique in two particular ways. One is that we're looking at a single set of individuals throughout an entire day.

And as you mentioned in your opening this is very different than what we've done in the past where typically we take a number of district surveys that have different questions and different types of respondents and we try to pull those together and get some meaning out of them.

Here again we're looking at the same set of individuals and tracking them from the minute they get up or close thereof until they go to sleep and able to actually watch and observe what it is that these individuals do.

And that's the second piece that's unique here is we use an observational method, not a traditional survey method. So we actually had trained observers



who came from Ball State University, a group that has very much refined it's methodology over the last several years.

And these observers were trained in terms of what to observe as individuals consume media and they were outfitted with customized handheld devices that allowed them to track at a ten second interval what types of media folks were interacting with and what types of activities they were doing when they were doing this. And this gives us a huge data set with which to live.

Eric Ronning: Yeah so we really appreciate the opportunity to get into the specifics to audio. Thank you.

A question for you, I did some research but from what I could see this truly is a first of its kind on audio consumption. Is that your understanding Dr. Link?

Michael Link: Yes. Definitely with audio consumption, you can even say just media in general. It was not an inconsequential project either. It was about \$3.5 million over the course of two years to be able to develop, test and then ultimately deploy this particular project.

And again I think we're going to get a lot of learning out of this. Certainly for audio, we've been able to do that. We're also looking at it in terms of online and the Council put out a report about a year ago, not quite a year ago, on the use of video in homes.

So there's a lot of learning that's coming out of this study.

Eric Ronning: That's great. Well we'll tap into that shortly.



One question for you that I just was interested in and the group may be as well. I noticed that there were five specific DMAs used in the study.

And those were Atlanta, Chicago, Dallas, Philadelphia and Seattle. Is there a specific reason those five were selected?

Michael Link: Yeah. And what we wanted to do with the project was be able to have a good representative sample.

And I want to make a big distinction here between being able to make sure that we're representing age, gender, race, tech-savviness those types of things that we look at in detail.

First is having a projectable sample that you would use for the currency measures for instance TV, online and audio, those currency measures used.

The idea here was to be able to take a set of individuals and we looked at 376 people and we went and visited them twice, once in the spring of 2008, once in the fall of 2008 so a total of 752 days.

And the idea again was to be able to get very detailed granular information on these individuals throughout a day. So the data set actually contains 12,000 hours of observations across these individuals.

And by choosing these markets and this set of individuals we think we have a good representation of all the various segments not necessarily, you know,



like I said the type of projection we would expect from a currency measure though so very different purposes for those types of studies.

Eric Ronning: I think that's an important point so thank you for bringing it up.

Kim is this the kind of report or insights that can help you with clients moving towards investing more in audio content?

Kim Vasey: Oh absolutely. Not only was it unique, I actually thought it was really quite fascinating and something that I had never, you know, seen any type of research along these lines as well where somebody goes in and actually is living with the consumer.

So I thought it was really a fascinating study. And I think overall it's really important insight that we have new and current updated information and insights to share with our clients about the way media consumption habits are changing and how they are changing in the face of radio and other audio content.

And the more information, the more research that we have to help us help our clients understand those media changing and those habits today and how we need to adjust our - then adjust to those needs.

And I think it's absolutely useful information for us to have on hand, absolutely.

Eric Ronning: All right. Well let me ask you another question Kim while you're - we're still going.



You personally and your group in particular have been thinking and acting in a holistic manner, looking at the total use of an individual from all distribution points specific to audio content. And you've been doing it for a while.

But did this data confirm some of what you might have been thinking about how people use audio content throughout a day?

Kim Vasey: Yeah, it confirmed and I think it dispelled sort of a little bit of a myth that's out there that radio is dying.

And so I think that was a very important point to bring out of the survey.

But also I think it points out again that consumers are moving to different listening devices and they are moving from one device to another perhaps listening, you know, whether it's terrestrial radio station that they're moving and listening once they get into the office, they are moving to different listening devices and different - they're looking for different avenues for entertainment.

And I think that overall it confirmed the fact that as I said media consumption habits are changing and we need to stay current with that.

And this study really helps us demonstrate that audio content both a terrestrial type and also the streaming content is an absolute, you know, portion of everybody's lives today.



And I think that will continue to grow as we have more and more, you know, digital capabilities and that area grows out.

Eric Ronning: Right, I think that's very true. Dr. Link let me ask you another question specific to the creation and this study.

The data collection for the study was completed in the fall of 2008. Some might say that many of the subsets of audio distribution such as streaming and particularly mobile streaming with companies have gained significant ground since then.

For example based on this year's data, Pandora, Slacker and CBS all claim very significant use of their content on mobile.

Is there a method to account for that growth without creating an entirely new study?

Michael Link: Certainly. I think one of the - a lot of the traditional methods that were used do a decent job at capturing trends over time.

I think one of the things the study really highlights is that you need to be very careful in what the numbers actually mean. So for instance if somebody has 1% penetration and they jump to 2%, they can say they had 100% growth over the year. Well it's still 2%.

It's in how a lot of those traditional data question techniques that the information is actually, you know, translated and projected. That I think is key.



Let me also say one thing. So we should have mentioned this at the outset that this particular report as well as any other reports out of this study are available free for anyone to access at the Council for Research Excellence web site and that is researchexcellence.com. Research Excellence all one word. So if you want this study and any of the others that have come out of this please go there.

Eric Ronning: Thank you for that. Kim so bouncing off that point from Dr. Link about, you know, connecting the dots between this study and other existing currency type media, do you guys have at your group, do you have a method by which you take the desperate kind of research mixing this into say the Arbitron-Edison, mixing that into your, you know, size and scope market, all the things that you would do? How do you guys go about that?

Kim Vasey: Well I guess there's really no standardized method that we use. But just one of the things that we do look at is we try to stay on top of any type of research that does come to the forefront such as a study like this. The Arbitron-Edison Study, looking at measurements across, you know, the measuring systems that are available and out there.

And to some degree you have to, you know, moving forward into the future you have to make some assumptions of what the growth may be. But, you know, combining all of the data together thinking about that particular campaign or effort that you're looking to build a platform out onto.

And then, you know, making best choices for that particular effort that we have, you know, currently up for development.



Eric Ronning: Right, I think that's actually important. So wouldn't you say at this point, I mean this market of kind of bifurcation of audio content from broadcast radio, streaming audio, mobile, etcetera, has been in development for, you know, quite sometime now.

And I think we seemed to have reached a kind of tipping point if you will to use that term yet again.

But as we go into 2010 doesn't it seem that we have enough data now to really sit down with our advertising partners and the clients and talk about A, first and foremost the absolute strength and obvious impact that audio content can make with a person.

And then the need to look at the points in a day that content is accessed by those users.

Kim Vasey: I don't think you can ever have enough data. I think that the current data, you know, that we have available will continue to change as we move into the future. If you look at some of the categories of where listening is gravitating to in some of the mobile platforms, you'll see very low penetration into those particular devices at the moment.

So as that continues to grow which we all know that that will happen, we need to continue to feed the pipeline of data and new studies and new research that will enable us to, you know, continue to look at that audience, that growth and all of the, you know, the digital components that we have today.



All of the broadcast groups in the industry, all of the major broadcast groups in the industry are, you're absolutely correct, they are all expanding into the digital space. They are all moving in that direction. They are all offering digital components including not only audio stream but video pre-roll stream, then the Rovians and the mobile and the text messaging platforms.

So we must continue to continue to monitor all of those areas and continue to, you know, develop new research and studies that will give us further insights of the growth of those areas because as these areas do grow as I said, you know, we're looking at helping our clients understand all of the extensions that are available in audio entertainment today. And then how do we plan accordingly for those changes.

So it's absolutely - it's essential to continue to have, you know, more data coming through the pipeline.

Eric Ronning: Right. I think that's fair and never - you can never have enough. But there has to be a point at which, you know, you stage in and people start jumping in.

And I think we're looking to 2010 as a potential for that for all of this.

Kim Vasey: Just to follow-up on your point, you know, I think many advertisers are already, you know, jumping in and most of terrestrial broadcasters are onboard. And absolutely, everybody recognizes the need for change, everybody recognizes that it is no longer, you know, just turning on your AM/FM radio.



It's radio and audio content where you want it, when you want it, how you want it and on what listening device that you want it.

And as Eric you've been involved in this space for quite sometime now. You yourself see, you know, that advertisers and agencies and clients are embracing this space. And feel comfortable even with the data that is available today with, you know, moving into that space.

Eric Ronning: I absolutely agree. And I think that, you know, there's been a lot of work towards that and I do believe that studies such as this give more and more comfort to even, you know, further reach for different advertisers to look at this and keep moving forward.

Kim Vasey: Absolutely.

Eric Ronning: So total agreement. Dr. Link, in your process what did you observe about shared use across the distribution spectrum of audio content? And how streamed audio is accounted for in that process?

Michael Link: Yes. We actually looked at kind of two major pieces. One was how does audio use throughout the day breakdown? And then how do some of the major forms of audio compare to some of the other ad-based media such as television and newspapers and magazines and web use?

And what we found is that about 90% of all adults are exposed to some form of audio and that predominant form is still traditional radio. About 77% of the individuals that we have observed listen to regular, you know, traditional



radio throughout the day. And about 1 in 10 listen to some form of streaming audio throughout the day.

When we look at where these compare with some of the other ad-based forms, obviously live TV still remains the - has the broadest reach with about 94% of individuals each day using live TV.

But radio was really second. And again with 77% reach. This was followed by the use of web and Internet excluding email which was about 64% and then followed pretty far behind by newspapers and magazines.

In terms of this report where we accounted for streaming audio, this was actually included in the web numbers if anyone's looking at the report. Again because this was a web Internet-based, that the platform itself was web Internet-based, the streaming audio was accounted for there.

I think one other thing that I'd like to just throw out again particularly with the audience that we have has to do with the findings for 18 to 34 year-olds. You know often times I think we're left with the impression that these folks have really left any ad-based type media and moved on particularly in the audio space to simply using MP3 Players and iPods.

And what we found was that while, you know, 1 in 5 did indeed use an MP3 Player throughout the day, 85% of those individuals also listened to traditional broadcast radio and they listened to it for 90 minutes or more.



So what I think is really going on here particularly with that (C) group is not so much that they're leaving radio but they're really finding other ways of filling this space.

And so MP3 Players become a supplement to and not necessarily a replacement for more traditional radio.

Eric Ronning: That is interesting. I want to go back to that but before we do I want to go back to the earlier part about the shared use.

And you had described that streaming audio was for that purpose included in the web Internet figures.

But I believe that was only for the purpose of the shared use across platforms, correct, not in the individual component parts that you went into greater detail further, right?

Michael Link: That is correct. When we really looked at simply digital audio streaming and who's using that, very interesting pattern that it is certainly a upper socioeconomic phenomena. You tend to have those with higher levels of education and income using the stream digital audio.

Also to some degree tends to be kind of a male and middle-aged phenomena slightly more male than females and higher use among 35 to 54 year-olds.

You find that about 7% of all audio listening throughout the day is attributable to streaming audio and this breaks out to about half the time you listen to it at home and have the time at work.



So I think a very interesting perspective on what's going on there with the streamed audio.

Eric Ronning: That is actually interesting. Let me ask you something as a researcher and an analyst. There are other forms of research available to the market about percent of audience using streaming audio over the course of time.

And I'd like your thoughts on how the measurement is impacted when you go from looking at use from a day to a week to a month.

Michael Link: It can be very different. And I would say that, you know, the timeframe is one thing. But what really makes a difference is the difference between an observed type of interaction and a self report. Traditional surveys are often done with self reports whether they're diary-based or they're, you know, telephone surveys or in-person surveys.

And here you're depending upon the respondent's recall of a particular activity particularly if you're often times looking at a week or a month. You're asking the individual themselves to try to recall that.

And you see various levels of accuracy depending on how a question is raised, what you're asking, those types of things.

And so it does because - become somewhat difficult as you're trying to collect that type of information over a longer and longer period whereas with the observational method here, we didn't rely on recall at all. It was the observers and the home shadowing the individuals that made all of the recordings.



Eric Ronning: All right. Let me ask both of you a question. I'd love to hear from you both.

Kim I'll ask you to answer first.

Do you believe that the use of the distribution platform for audio is based on location of listener? In other words in the car, broadcast and satellite radio are pretty easy to use. At work that computer on the desk has kind of become a clock radio, etcetera.

Do you think that is as impactful?

Kim Vasey: You think - just to clarify on the question. Do you think - you mean the messaging is impactful - just as impactful?

Eric Ronning: No, just the access, for the user to get easy access to the content, right. So if I'm in my car in large part today it's broadcast radio or satellite is, you know, I happen stream in my car. But I don't expect most people do, right.

But when you get to work a lot of people, you know, easily access the computer and they've learned to turn it into a radio very easily by putting speakers into it.

Do you think that impacts use of these distribution platforms as much as anything else?

Kim Vasey: Well I think in terms of some of the terrestrial sites it actually has the ability to increase usage and stay connected with the consumer because in many -



particularly in markets like New York where the high-rise buildings are so high, you know, very often you can't even get the signal into the building for your favorite radio station.

So it really enables the consumer very easily to access content that they want to listen to. I always, you know, explain to our clients that radio is a destination. Consumers are going to a destination. They go to their favorite radio stations or their favorite online streaming, you know, sites such as a Pandora or some of, you know, the properties that you represent. They are going there for a reason. They want to be there.

Access to it is very easily acquired if you have access to the Internet online. It's as easy as, you know, turning on the car radio in the car.

So it is again allowing the consumer to have a destination of choice for content that they want on the device that they want.

And we have the ability then to move with that consumer and to reach them as they do different things during the day.

And I think having access to, you know, the consumer that's listening online that's a very valuable audience and we want to speak to that audience.

Eric Ronning: I see. Dr. Link do you have an opinion on that?

Michael Link: I think Kim covered that adequately.



Eric Ronning: Perfect, okay. So let me ask you another question here. The data suggests some pretty clear cuts of time spent with each distribution point of audio content.

Dr. Link you had mentioned about 7% of every day in audio time or of media time was spent with streaming audio. Is that correct?

Michael Link: That's correct.

Eric Ronning: So is it realistic Kim to suggest that marketing dollars would generally end up following that same pattern? By way of example streaming audio is accounting for about 7% of the exposure in a day. It's still only touching less than 2% of the dollars placed in audio.

How do you match that up? How do we connect those dots?

Kim Vasey: I don't think it's ever going to be, you know, sort of quantified to that measure where okay, X percentage of the audience is in Internet radio listening to online audio content. Therefore the budget has to shift that way.

You know the way that I look at it when I am working with a client or I'm building out a media plan that includes the online element is really what is the campaign that I'm working on? Who is the target demographic?

More importantly what is the message?

And then how am I going to look across all of the assets that are available to me and today whether it be in network radio, spot radio, traditional, pure-play,



online radio or a combination of all of those assets as well. It's really more about how to build something that is really integrated and built from one to the other.

We did something just a short while back for one of our financial advertisers. And it was a traditional media buy and then on top of that we were able to engage the client and help educate them on some of these other components and the reasons why we should be looking at those components.

And we built out a media plan that included the traditional online - on air radio. We utilized on air personalities. Then we built in an overlay of the audio streaming message. Then on top of that we also did some pre-rolled videos as well and then kind of bought into all of the real estate on the web as well. So it was a very well integrated promotion.

And it worked very well because the online personality was also driving the consumer to the station's web site and then on top of that we had the on air personality then coming off the screen, literally right off the screen speaking to the consumer, getting them to take that call to action.

So we are also encouraging our clients to take a step back from just taking the traditional commercial copy that they're running on the terrestrial radio station and changing the copy to a more direct call to action because you have the consumer sitting there listening.

And yes, most times the player is minimized but you have the ability to really call someone to action and to get them to take action on the message.



So it's really about building something that is going to work rather than okay, I need to have 10% of the - you know, my GRPs in audio streaming.

And I don't think if you look at the radio ledgers today, how much money is spent in radio in comparison to all of the media types, you know that there's a huge discrepancy in terms of share there.

So I don't think it's ever going to become a situation where we would say okay, you know what the space is, you know, consumers about 7%. Let's move in that direction. It's more about building something that is going to work for each specific, you know, effort that we're going into market with.

Eric Ronning: I appreciate that and I think that that's a really good insight into the holistic way that you have been looking at and your clients have been looking at audio through every touch point of the day. And making, you know, the best marketing connection through that process.

Michael Link: Let me just add to that.

Eric Ronning: Yes, please.

Michael Link: That certainly comes through in the data that we found as well that we need to understand that audio and media in general is a much more complex picture. I think to some degree we give that lip service and some folks understand that more than others.



But I think we all need to really understand that what folks, not only do they have access to multiple platforms but they're using these multiple platforms in far more complex ways than often times we might think they are.

And we need to really get rid of some of the traditional notions of associating just particular demographics with particular platforms because quite honestly a lot of these platforms are being used across the spectrum. You know there's certainly, you know, an age factor, age cohort factor that's at play here to some degree in terms of platforms.

But really you look up and down the line and folks are using various forms of audio, various forms of media in general. And I think we really need to be able to better understand that complex mix.

And as Kim (aptly) pointed out, you know, use that then to our advantage.

Eric Ronning: I think that's...

Kim Vasey: Yeah.

Eric Ronning: ...extremely well said. It gives the opportunity to increase the value proposition or the knowledge of it's value for audio content to clients who otherwise may not totally be comfortable with yet.

But it does give some concrete evidence to why they should.



Kim Vasey: Absolutely. I think just to sort of give you a quick little analogy, one of the Media Directors in our San Francisco office many years ago wrote a book called Attention.

And the premise was, you know, how to get some of these consumers attention in this, you know, very complex media environment that we live in today.

And he recounts the story of Einstein when he's a professor. He's proctoring an exam. And he was handing out the exam and he went down the line and he was handing it out. And he gets to like a third or fourth student in the row. And the first student raises his hand, says, "Excuse me Professor Einstein, I think there's a problem."

And Einstein turns and looks at him and he says, "What's the problem?"

So the student says, "Well these are the same questions that were on the test last year."

And Einstein looks him straight in the face and he says, "Yes, but the answers are different this year."

And the first time I ever read that I thought that was so - I just cracked up. I said that's so true about our industry. It is a changing industry and the answers are not going to be the same. We have to look, you know, at all of these new digital assets, all of the new media consumption habits.



And I just thought it was such a great analogy. It's very different today. It will be different next year and the year after that.

((Crosstalk))

Eric Ronning: It is a perfect analogy for this conversation.

Kim let me ask you another question as we move towards the opening of the conversation to the audience.

In your world, clients seem to have largely split their thinking into traditional and digital themes. While that's starting to come back together into this holistic view, how does that impact the growth of investment in subsets of audio content like streaming or mobile streaming?

Kim Vasey: I think it does impact it still dramatically today because to some degree you're absolutely right. It is still very siloed.

I know at our agency those walls will definitely be, you know, coming down between the groups.

But I think the important thing that we still need to continue to do and for all of the groups, the broadcast groups and companies that are out there selling, you know, digital, audio platforms and their extensions it's all about education. And getting in and making sure that they are getting that message heard and across, you know, not just a buyer or a planner but certainly with clients, with Account Directors. It's very important to really make sure that you are reaching all - nothing happens in terms of the media plan in a vacuum



and many hands and many voices are heard on the final approval of that media plan.

And I think it's really important for the groups to be out there helping clients understand that even if you have only a digital budget or your thought process is thinking along the lines of digital that you can still think radio and audio content. There is a lot of available assets out there today and I think that we should get to the point.

You know I've worked with our Digital Department on one or two efforts where we have actually pulled our dollars together. I had media dollars and they had, you know, their digital dollars. And we said okay, well how do we, you know, look at what's out there. Take those dollars and make them work harder, smarter and better and stronger and better delivery.

But you're right, I think it's important to, you know, break down those silos, continue to educate.

And I don't see why at some point in the future and I know this is music to your ears Eric, that we can't be pulling, you know, companies like yours, can't be pulling dollars from both the digital space and the, you know, traditional media radio broadcast whether it's spot local dollars.

So I think there's opportunity as we move into the future but it will take a lot of education, a lot of, you know, getting in front of people and clients and getting - spreading that message out there.



Eric Ronning: Yeah, I think that's very true. But I will put a finer point on it that we really look at the dollars as the client's dollars. And they've been split into these digital and traditional piles.

And it seems to me that this kind of report or these kind of insights are so important at the client level for them to understand and incentivize the knitting together of those thinking groups and the stewardship so that they can make the most wise investments and how that money is spent in a coordinated effort.

You've proven it. We've seen other companies prove it, you know, that when you do those things you get way more bang for your buck and it's a better experience both for the client and for the user.

And it just these things are so important and we, you know, again very grateful that Dr. Link joined us today to share this data with us.

As we get closer I'm going to ask one more question. And then we'll open it up to Q&A for the group.

Dr. Link will we see any future studies from you and the Nielsen Company along these lines?

Michael Link: Well certainly media integration is the (last) the word at Nielsen.

And so we have had a concerted effort to look at all of the different platforms that we have to be able to combine and get a much better richer sense of what's going on in terms of media usage, audio usage, and the like.



I will say from the Council for Research Excellence perspective that they would like to repeat this study down the road sometime when there's sufficient time has past that they think that there will be some over time change to look at. They're looking at that and potentially doing something along the lines of maybe a workplace study. So the Council will decide on what to do there.

But definitely at Nielsen we're looking at how we can integrate across the various types of online audio, television platforms to get a much richer and detailed sense of what's going on with media consumption.

Eric Ronning: Got it, perfect. And is there any plan for Nielsen to start measuring the subsets of audio delivery in a unified way that could be used as currency?

Michael Link: Well again some of these actually are. And I will say that digital streaming is captured at a very fine level with some of our Online Currency Panels. And again we are looking at media integration and how we can take the best of some of the information we have and some of the - and combining some of the platforms that we have. I think you'll see us moving more and more in that direction. Certainly the technology and the consumers been moving in that direction.

Eric Ronning: That's great. Very exciting and very much needed.

Well thank you both for this conversation and your insights.



Operator I'd like to open it up to the audience now. We have approximately 15 minutes left. So let's see what we have.

Operator: Ladies and gentlemen if you would like to register for a question please press the 1 followed by the 4 on your telephone. If your question has been answered and you would like to withdraw your registration please press the 1 followed by the 3.

If you're using a speakerphone please lift your handset before entering your request.

One moment please, for the first question.

What categories are seeing the most success with online streaming audio?

Kim Vasey: Well what categories? Well I don't - I think that's a little difficult to sort of pinpoint that and Eric maybe you might have greater insights since you work across many of the other agencies.

We have spent radio dollars in the online digital space for several different clients and different categories of clients. Generally when we're looking across the entire media plan and, you know, it's very difficult to really just isolate exactly, you know, what part of the campaign. Was it the digital? Was it - was the driving success of the campaign?

So I think it's very difficult to really pinpoint that down to a specific category. We've had successes as I mentioned earlier. One effort that we did with one of our financial clients which was incredibly successful for them and in fact it



was so successful for them that they then turned around and put some additional funding into radio for three of the products in three consecutive months right after we finished that first effort because of the driving success of that campaign.

So in situations where you may have the ability to measure something because it was an isolated radio only effort, but overall we look at the total media plan and sometimes it's very just hard to isolate out one specific, you know, area.

But we've had great successes across several different categories, you know, retail categories, the financial sector, etcetera. It's really I think more important about again going back to not just having something that's a cookie cutter. Oh I'm going to put 10% of my, you know, gross impressions in online.

Eric Ronning: Right.

Kim Vasey: But really building something that's fully integrated, you know, that really works with the message that you have for that particular campaign and putting it in the right, you know, media environment, the streaming environments, etcetera.

Eric Ronning: Yeah, I think that's true. I would share from the personal view of day-to-day activity at TargetSpot that it hasn't really been category specific although we've seen a lot of action in entertainment, clearly finance, insurance, retail, QSRs. I mean, you know, the gamut of traditional radio advertisers if you will have embraced it.



But I would make a new category that I would call involved and concerned clients.

And when we're at that level and we're working in combination with their agency and planning and marketing teams, we seem to have much greater success at moving the needle because it's the aha moment, right. You're all in the same place and you're all looking at the same thing. And they see the value and they understand, you know, it's not a request to replace wholesale, everything they've ever thought of and done which is kind of a crazy concept.

But a - things are changing. Here's an opportunity. Here are the things radio can do in this form that you may not be aware of.

And when you're having those conversations it seems to move very quickly.

Any other questions?

Eric Ronning: I have another question that was received earlier. Should we be thinking about the audience for traditional radio stations online differently than those who are streaming Internet radio stations or pure-play only?

Kim I'm going to guess that's you again.

Kim Vasey: Repeat the question, I'm sorry, should we be looking at...?

Eric Ronning: Should we be thinking about the audience for traditional radio stations online differently than those who are streaming Internet radio stations?



I think what they're saying is, you know, (call letter) stations versus Pandora, Slacker, pure-play kind of experience.

Kim Vasey: Well I would venture a guess that the consumer or the listener that's listening to, you know, platforms such as a Pandora or a Slacker are also consumers that are very much listening to some of the traditional, you know, AM/FM streaming content as well.

One thing that I think that, you know, as I look at it like for a Pandora for example again, you know, you are reaching a consumer that is actively, you know, seeking out a destination for audio content. They're there. They have a heightened interest in being there. They're listening.

The same thing with the consumer that moves from, you know, listening to the car radio and going into the office and, you know, what they call - Arbitron calls the P1 Listener which is a core listener to, you know, a specific demographic targeted type radio station. And your ability to continue to, you know, reach that targeted consumer with a message, you know, even with Pandora to that specific consumer.

So I think it's important to look at the different devices that, you know, you're looking at integrating into your campaign and seeing what the differences are between that person that's just, you know, anecdotally listening or background listening as they move through their day or exposure to a station versus somebody who's actually sitting there listening to Pandora creating their own content.



So I think there is definitely differences that need to be looked at.

Eric Ronning: Yeah. And we see the same kind of pattern. It'll be interesting as the industry progresses and we're able to look more completely at those things. Right now it's, you know, we're absent a connected insight.

TargetSpot, you know, as an example does touch the total of it's user base. But if you look at outside of TargetSpot in the context of all online radio listening from a single source it's hard to get that sense of differentiation.

So I think you'll be seeing that next year.

Operator nothing else live?

Operator: I show no questions at this (time).

Eric Ronning: Okay. Well then I think what I'll do is basically say thank you. And I'd like to thank both Dr. Link and Kim Vasey for spending their valuable time with us today.

Kim Vasey: My pleasure.

Eric Ronning: I think we - yeah, I think we really touched on some real key areas of interest and the time was well spent for all involved so again thanks.

Dr. Link you had offered where they could get this research. You wan to state that again?



Michael Link: Yes indeed. The web site www.researchexcellence.com, and that is the Council for Research Excellence web site. I think it's pretty self explanatory. You'll find the audio report listed there as well as some of the other reports that have come out of this study.

Eric Ronning: That's fantastic. Thank you for making it available to those on the call today and everybody in the industry.

All right, we should also thank our host, Anna and the AMA for their interest and support of these topics. So thank you all again and we look forward to a great 2010 for all things audio.

Michael Link: Thank you.

Kim Vasey: Great, thank you.

Eric Ronning: Thanks Anna.

Anna Carbonara: Thank you. And have a great day.

Kim Vasey: Thank you, you too.

Operator: Ladies and gentlemen that does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your lines.

Have a great day everyone.



END