

STATEMENT

**Mr. George Ivie, Executive Director and CEO
Media Rating Council, Inc.**

**Hearing – Overcoming Barriers to Communications Financing
Federal Communications Commission
July 29, 2008**

Chairman Martin and distinguished Commissioners, my name is George Ivie and for the last eight years I have served as Executive Director and CEO of the Media Rating Council (MRC). I would like to thank the Commission for the opportunity to participate in this afternoon's hearing on Communications Financing.

Before joining the MRC, I worked at Ernst and Young as the lead partner on all MRC audits. Including my eight years as Executive Director, I have 25 years of experience in auditing audience measurement service methodologies and have presided over and conducted hundreds of audits of such services.

Forty-five years ago, Congress addressed the issue of the accuracy and reliability of audience research in a lengthy set of hearings commonly referred to as the Harris Committee Hearings. At that time, after extensive testimony and careful consideration, Congress reached three basic conclusions: *First*, that there was a need for professional, independent review of audience measurement services. *Second*, that industry self-regulation – rather than the heavy hand of direct government regulation – was the best means of assuring the quality and accuracy of audience rating data; and, *third*, through the federal laws regulating anti-competitive conduct and deceptive practices, the federal government retained the means to deal with the most serious potential abuses.

The MRC is the product of those deliberations. For the past forty-five years, our mission has been defined by the goals that Congress set. Our membership is open to any marketer or media organization that relies on, or uses media research – including general media buyers and sellers as well as African-American and Hispanic oriented broadcasters.

Our membership totals 116 organizations today, an all-time record for size and diversity.

Just as Congress envisioned, our only business is to review and accredit audience measurement services through rigorous audits. An MRC audit includes an independent, detailed, and objective examination of each aspect of the operations of a measurement service. One of the hallmarks of our auditing procedures is that any research organization that voluntarily requests an audit of its service by the MRC must be totally transparent to us. **Accordingly and as discussed with the Commission Staff prior to this hearing, we must adhere to certain confidentiality guidelines.**

We are entirely independent of the audience measurement services we review. We are a not-for-profit organization, and the only funds we accept from the services are the amounts necessary to defray the costs of the audits, which are performed by nationally recognized, independent CPA firms.

The MRC employs stringent safeguards to assure that accreditation decisions are based only on merit, including voting policies, staff-executed process controls and ultimately conflict resolution and formal appeal procedures, if necessary.

We appreciate the Commission's interest in the merits of Arbitron's PPM services and, of particular importance, its concern that Arbitron's PPM services – or any company's service – may fail to accurately register the radio listening exposure of racial and ethnic minorities. From the standpoint of MRC's role and mission and what we are qualified to observe, I see two distinct issues:

- First, whether the PPM technology itself is an improvement in terms of measurement accuracy, and
- Second, how this technology is being implemented in the markets of interest to assure a representative sample of users that comply with the PPM methodology to capture the preponderance of their radio exposure.

Related to the first issue...a broad industry consensus exists that electronic measurement such as that enabled by Arbitron's PPM technology is a significant step forward in terms of capturing listener exposure. Not to say that electronic measurement is perfect, but it is broadly considered better than the current hand-written, recall-based diary technique when implemented properly.

I want to emphasize that these two techniques (diary versus PPM) do measure very differently, and therefore audience changes do occur purely as a result of measurement mode.

In the second area, however...the implementation details...the MRC has important ongoing concerns. As you are aware, Arbitron is actively trying to address these concerns and has publicly acknowledged that fact, and the MRC will continue to seek the necessary methodological and performance improvements.

Monthly Average Quarter Hour estimates from Arbitron's Houston PPM Service have been accredited by MRC. Subsequently introduced PPM Services (which have several significant methodological differences from Houston), including Philadelphia and New York where audits have been completed, have not yet achieved accreditation. Several other PPM Services that are nearing introduction by Arbitron are being audited at this time. Also, there are other data-types which are used by the marketplace in all of these markets that have not been submitted to the accreditation process, such as weekly data and minute-level data.

In closing, the MRC has strived over four decades to be faithful to the mission that Congress has defined for us. As recently reaffirmed by the FTC and the U.S. Department of Justice, we believe we conduct our mission well and we believe we focus appropriately on the areas of adequate representation and fairness in the audience measurement services we audit.

Our goals for our ongoing interaction with Arbitron are to maintain their un-diverted attention on the audit and methodological issues we raise, encourage them to complete audits and obtain timely accreditation of each PPM market, particularly for Philadelphia where radio industry ad negotiations are based solely on PPM data, and seek to ensure the audit and accreditation of all significant data-types. We believe this serves our mission of securing valid, reliable and effective audience research for our industry.

I would be happy to answer any questions you may have.