

January 6, 2002

SENT VIA MESSENGER AND FAX

Ms. Jenny Toomey
Executive Director
Future of Music Coalition
1615 L Street NW
Suite 520
Washington, DC 20036

Dear Ms. Toomey:

A cursory analysis of the Future of Music Coalition's (FMC) November 18th, 2002 study, *Radio Deregulation: Has It Served citizens and Musicians*, has uncovered several severe methodological errors. Among the most blatant:

The study misused BIA's data to incorrectly calculate industry revenue shares.

Apparently, the researchers did not fully understand BIA's database and therefore calculated an industry revenue total of approximately \$11 billion. However, BIA itself estimates the industry total as closer to \$16.2 billion. This error skewed the study's analysis of industry revenue share. As Radio Business Report's November 18th morning "e-paper" noted, BIA itself disputes FMC's computations. After interviewing BIA's own analyst, RBR concluded, "You could reproduce the FMC results, but to do so you'd have to commit an error at some point."

Many of the questions in the FMC's public opinion survey were structured in a way that would bias most responses. Several survey questions include slanted, paragraph-long lead-ins that could clearly influence respondents' answers.

- For example, on page 83, the surveyor describes Low Power FM (LPFM) as, "*non-commercial stations whose radio signals travel only a few miles and specialize in music and information of interest to people in the immediate area. They may offer special programming such as ethnic or eclectic music, business or farm news, talk shows on science, literature, religion, art, community matters and so on.*" Following this laudatory description, the survey attempts to gauge respondents' interest in LPFM programming and asks whether elected officials should support or oppose increasing the number of Low Power FM stations allowed.

- On page 81, the interviewer reads to respondents, *"For many years the federal government limited the number of radio stations one company could own in a region. In 1996, Congress relaxed the limits and, as a result, many locally owned stations were purchased by large corporations. Now, a handful of large corporations own many stations in a particular region and across the country. At the same time, the number of locally owned or independent stations is declining."* Such language panders to negative preconceptions respondents might hold regarding corporate ownership without even alluding to any potential benefits these organizations might bring to local radio.
- On page 76, the interviewer reads, *"Many commercial radio stations today have a short playlist which means they play a limited number of songs and repeat them often during the week. Other stations have a long playlist, which means they play a greater variety and have less repetition during the week."* After this leading statement, the survey essentially asks respondents to choose between "more songs" or "less songs" by asking, *"Which type of station do you prefer?"*

Any survey sample that is used to project survey results to an entire population should reflect the same characteristics of that population. Many of FMC's findings call into question the representative value of FMC's sample. As just one glaring example, the survey asserts that 16% of Americans over age 14 listen to Low Power FM stations (Appendix II-9). By FMC's own admission, in September 2002, there were 40 Low Power FM stations on-air nationwide. For FMC's survey sample to be representative of the entire population, these 40 LPFM stations, all with broadcast coverage areas of less than 10 miles (most of them in rural locales), would have 35 million regular listeners.

Clearly, the National Association of Broadcasters and the Future of Music Coalition have entirely different views on the state of radio, listener satisfaction with the medium, and the direction in which the industry is headed. While there may be room for divergence of opinion, neither side should muddy the debate with inaccurate and misleading research. We are confident that in the interest of good faith and basic fairness, the Future of Music Coalition will publicly disavow this study and its highly questionable conclusions upon learning of these fundamental flaws.

Sincerely,

