



**Telecom Regulatory Authority of India**



## **Recommendations**

**on**

# **Issues related to Radio Audience Measurement and Ratings in India**

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## **Introduction**

1. Radio broadcasting, because of its versatility, is considered an effective medium to provide entertainment, information and education. Terrestrial radio coverage in India is available in Frequency Modulation (FM) mode and Amplitude Modulation (AM) mode (Short Wave and Medium Wave).
2. Radio broadcasting services are provided by the public broadcaster All India Radio (AIR) as well as by private sector radio operators. AIR transmits programs both in AM and FM mode and has 415 radio stations (AM & FM) that cover almost 92% of the country by area and more than 99.19% of the country's population<sup>1</sup>. Private sector radio operators transmit programs in FM mode only.
3. In Phase-I of FM Radio, the Government auctioned 108 FM radio channels in 40 cities. Out of these, only 21 FM radio channels became operational and subsequently migrated to Phase-II in 2005. Phase-II of FM Radio commenced in 2005 when a total of 337 channels were put on bid across 91 cities having population equal to or more than 3 lakhs. Of 337 channels, 222 channels became operational. At the end of Phase-II, 243 FM Radio channels were operational in 86 cities.
4. In Phase-III expansion of FM radio, 966 FM radio channels are to be made available in 333 cities. Out of these 831 channels are in 264 new cities where no private FM Radio is operational at present. Remaining 135 FM Radio channels are in 69 cities, where at least one FM radio channel is already operational. These 135 channels were auctioned in 2015 in the first batch of Private FM Radio Phase-III channels. Out of these, 91 FM

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<sup>1</sup> <http://allindiaradio.gov.in/Default.aspx>

Radio channels in 54 cities have been successfully auctioned<sup>2</sup>. The MIB, in June 2016, has initiated the process for e-auction of second batch of Private FM Radio Phase-III channels which consists of 266 channels in 92 cities<sup>3</sup>. Out of these, 227 channels are in 69 new cities and 39 channels are in 23 existing cities.

5. Radio broadcasting being free-to-air service, the broadcasters are permitted to air commercials during their program. The business model of radio broadcasting service is based on advertisement revenue and the rates of the advertisements are generally linked with the listenership of a particular channel.
6. The number of people listening to radio is expected to grow further after completion of Phase-III of the FM radio expansion activity. This will further enhance the reach of advertisers to even larger segments of population. As a result, the advertisement potential of radio is likely to increase. This will not only boost the growth of radio industry but will also enhance the importance of data on measurement of listenership as substantial expenditure on advertisements will depend on it.
7. Total advertising revenues of the radio broadcasting sector depend on the advertisement duration and the rates per unit time. The duration as well as the advertisements rates depends upon numbers and demographic profile of the radio listeners. Accordingly, there is a need for radio audience measurement data which can be used to assess the popularity of a channel or a program for the advertisers and advertising agencies. This will assist them in selecting the right channel or program at the right time to reach the target listeners. Further, it will also help the radio channels in

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<sup>2</sup> [http://www.mib.nic.in/WriteReadData/documents/1st\\_Batch\\_FM\\_Phase-III\\_Auction\\_results.pdf](http://www.mib.nic.in/WriteReadData/documents/1st_Batch_FM_Phase-III_Auction_results.pdf)

<sup>3</sup> [http://mib.nic.in/WriteReadData/documents/NIA-E-Auction\\_of\\_Second\\_Batch\\_of\\_Private\\_FM\\_Radio\\_Phase-III\\_Channels.pdf](http://mib.nic.in/WriteReadData/documents/NIA-E-Auction_of_Second_Batch_of_Private_FM_Radio_Phase-III_Channels.pdf)

improving their programs (both quality and content variety) for attracting more listeners.

8. The task of allocating resources for advertisements by advertisers and advertising agencies has become increasingly challenging with the growth in the number of FM Radio channels and vastly increased variety of programs available therein. Advertising expenditures are typically guided by audience measurement in addition to other factors such as cost of reaching various audience segments, advertisement placements and program schedules. Radio Audience Measurement (RAM), which is an indicator of the number of listeners of a radio channel, has become essential.
9. At present, radio audience measurement in India is conducted by AIR and TAM Media Research. AIR carries out periodical large scale radio audience surveys on various AIR channels only. TAM Media Research conducts radio audience measurement on private FM Radio channels only through an independent division, which is a joint service between IMRB International and Nielsen Media Research. It uses the paper diary method to measure Radio listenership with a panel size of 600 individuals each in Bengaluru, Delhi, Mumbai and Kolkata. Listenership data is provided on a weekly basis. There is no integrated listenership data available either for AIR or private FM radio channels. Thus the advertisers do not have any realistic data for making decisions relating to placement of advertisements in various channels.
10. A few stakeholders especially the FM Radio operators have also voiced concerns about the inadequate coverage and panel size of the radio audience measurement conducted by TAM Media Research. They have

expressed reservations about the paper diary methodology used for such measurement.

11. An efficient radio rating system is liable to hamper the growth of radio industry as financial decisions, production of content and its scheduling are largely influenced by radio ratings. It is important that a credible, transparent and representative radio audience measurement system is put in place.
12. Better radio audience measurement and ratings would end up promoting a given radio channel while poor radio ratings will make it relatively less popular amongst advertisers. Incorrect radio ratings may lead to encouraging production of content which may not be really popular while good content and programs may be adversely impacted on account of misplaced ratings. False and misplaced radio ratings, thus not only end up affecting broadcasters and advertisers but also the listeners by adversely impacting the quality of the programs being produced and aired to the public. Therefore, in order to protect the interest of the customers, there is a need to create a regulatory framework which enables accurate measurements that correctly represent the appropriate ratings for radio channels.
13. In order to address the concerns of the stakeholders the Telecom Regulatory Authority of India (TRAI) has *suo-motu* issued a consultation paper on “Issues related to Radio Audience Measurement and ratings in India” on 15<sup>th</sup> March 2016. Written comments and counter comments on the consultation paper were invited from the stakeholders by 11<sup>th</sup> April, 2016 and 25<sup>th</sup> April, 2016. All the comments received were posted on TRAI’s website. Subsequently, an Open House Discussion was also held in Delhi on 18<sup>th</sup> May 2016.

14. The Authority after carefully examining various issues emanating from the written submissions of the stakeholders, Open House Discussions, and International practice has arrived at the recommendations. Chapter-I deals with the present status of Radio Audience measurement ratings. The issues and recommendations have been discussed in detail in chapter-II. Summary of the recommendations is available in Chapter-III.

## **Chapter I**

### **Radio rating services in India**

- 1.1 AIR undertook the first Radio Audience Measurement (RAM) in the country in 1946 through its 'Listeners Research Wing'. Subsequently, Listeners Research Wing was renamed as 'Audience Research Unit' with 38 branches across the country. However, AIR usually conducts listenership survey for its own radio channels and for its own consumption.
- 1.2 Radio rating services on a commercial basis were provided by TAM Media Research for the first time in 2007 through its own independent division, which is a joint service of IMRB international and Nielsen Media Research. At present TAM conducts audience measurement in the cities of Bengaluru, Delhi, Mumbai and Kolkata only.
- 1.3 As a first step towards audience measurement, TAM conducts an establishment survey in all the four cities. It identifies 3000 individuals each aged more than 12 years and owning an FM radio device through this survey. Such individuals are selected in each of the four cities using random sampling. Face-to-face interviews are conducted using structured questionnaire to select 600 individuals out of the 3000 through systematic random sampling using the Kisch grid in each city. These selected 480 individuals form the panel for the purpose of radio audience measurement. TAM uses the diary method to measure listenership for providing listenership data on a weekly basis. In diary method, the selected individuals are supposed to write the details of channels and duration for which they listen to FM Radio channels on weekly basis.



- 1.4 TAM also conducted listenership surveys in 9 additional cities comprising of Ahmadabad, Chennai, Hyderabad, Indore, Jaipur, Kanpur, Lucknow, Nagpur and Pune during May-August 2011 and Feb-March 2012. Surveys in these 9 cities were, however, not continued.
- 1.5 The stakeholders have raised issues regarding the credibility of the radio rating system in India. As highlighted in the TRAI's consultation paper, the present radio rating system in India has a number of deficiencies. Some of these shortcomings are highlighted below:
- a) Current rating system does not explicitly detail the methodology adopted in arriving at the ratings. In any rating system the methodology adopted in arriving at the rating is very important. Also it is equally important that the details of the methodology adopted should be known in public domain.
  - b) Adequate sample size, representing – complete demographic profile of the country, full geographical coverage (both urban and rural markets), is required for statistical accuracy of the ratings. Present radio rating system is limited to only four metro cities and uses a sample size of 480 only which is inadequate and does not represent entire demographic profile of the country.
  - c) The rating process should be transparent and creditable. It is essential that the methodology and the processes should be audited through an independent auditor for making the entire process transparent and credible and the results of such audits published.
  - d) Lack of effective mechanism to handle complaints from the stakeholders which may include users of the ratings, consumer organizations and the general public at large.

- e) The disclosures by the rating agencies and well laid out practices related to sale and use of ratings, helps to improve the credibility of the rating system. These again are not so apparent in the present system.
- f) The radio ratings at present are done by a single agency but it does include radio channels of AIR. Such partial ratings fail to project a correct picture in holistic manner.
- g) Clash of commercial interest due to dominant crossholding between the radio rating agencies and radio broadcasters, advertisers and the advertising agencies may raise issues relating to reliability of such rating data. Such dominant cross holding may adversely impact neutrality of such agency that may lead to biased radio ratings.

1.6 These issues could be effectively addressed by putting in place a proper light touch regulatory framework for the radio rating agencies. Adherence to minimum guidelines will enable the rating system to become more robust and acceptable across different stakeholders irrespective of the nature of agency which undertakes the job of working out and publishing the radio ratings.

## **Chapter II**

### **Issues related to Radio Audience Measurement and Rating**

- 2.1 The importance and need for a credible, transparent and representative radio audience measurement system is recognized the world over. The present system of radio ratings in India appears to have a number of deficiencies that have been highlighted by stakeholders at various forums. Continuance with an inadequate radio rating system is likely to hamper the growth of radio industry as financial decisions are largely influenced by radio ratings. False and misplaced radio ratings can thus not only end up affecting broadcasters and advertisers but also adversely impacting the quality of the programs being produced and aired to the public. Accordingly, in the consultation paper stakeholders were asked to suggest whether there is a need to regulate the radio audience measurement and rating services.
- 2.2 In response all the stakeholders, barring one individual, agreed that there is a need to regulate radio audience measurement and rating system. They emphasized the need for transparent and acceptable audience measurement system to both media and advertising industries. Some stakeholders suggested that the credibility of the radio listenership measurement system would be possible within a regulatory framework that ensures a truly representative sample, deep coverage, secure, future proof methodology and transparency. Another stakeholder is of the view that a well-regulated radio industry will allow itself to be compared with other well regulated media such as TV and Print and ensure the growth.
- 2.3 Radio broadcasting sector is expected to grow at a steady pace. At the end of Phase-II, 243 FM Radio channels were operational in 86 cities. In Phase-III expansion of FM radio, 966 FM radio channels are put up for

auction in 333 cities. Of these, 320 cities belong to category 'B', 'C', 'D' and 'Others'. These figures indicate a growing popularity of FM radio in smaller cities and it is obvious that a significant market does seem to exist. The task of allocating resources for placement of advertisements by advertisers and advertising agencies would become increasingly challenging with the growth in the number of FM Radio channels and vastly increased variety of available programs.

2.4 In the absence of a regulatory framework, the existing agency may continue to operate without addressing the deficiencies pointed out by the stakeholders. Therefore, there is a need to create a regulatory framework which enables accurate measurements that correctly represent the appropriate ratings for radio channels. It is pertinent to mention that transparency, trust, credibility and acceptability of the radio audience measurement are key factors for its success. **Therefore, the Authority is of the view that there is a need to prescribe a soft touch, conducive, forward looking, growth oriented framework for Radio Audience Measurement in India, which protects the interests of stakeholders.**

**A. Framework for regulating radio audience measurement and rating system**

2.5 In the consultation paper various models for regulation of rating services were discussed. These models mainly fall in two categories – Self regulation by the industry and Regulation by the Government/Regulator. In case of self regulation the industry on its own prescribes requirements/standards for eligibility of rating agencies and for the radio rating process. In the other case the Government lays down broad guidelines to govern the rating agencies and also monitors the compliance of the prescribed standards by the rating agencies for continuance or otherwise. Variants of these models were discussed in the

consultation paper and stakeholders were asked to provide their comments.

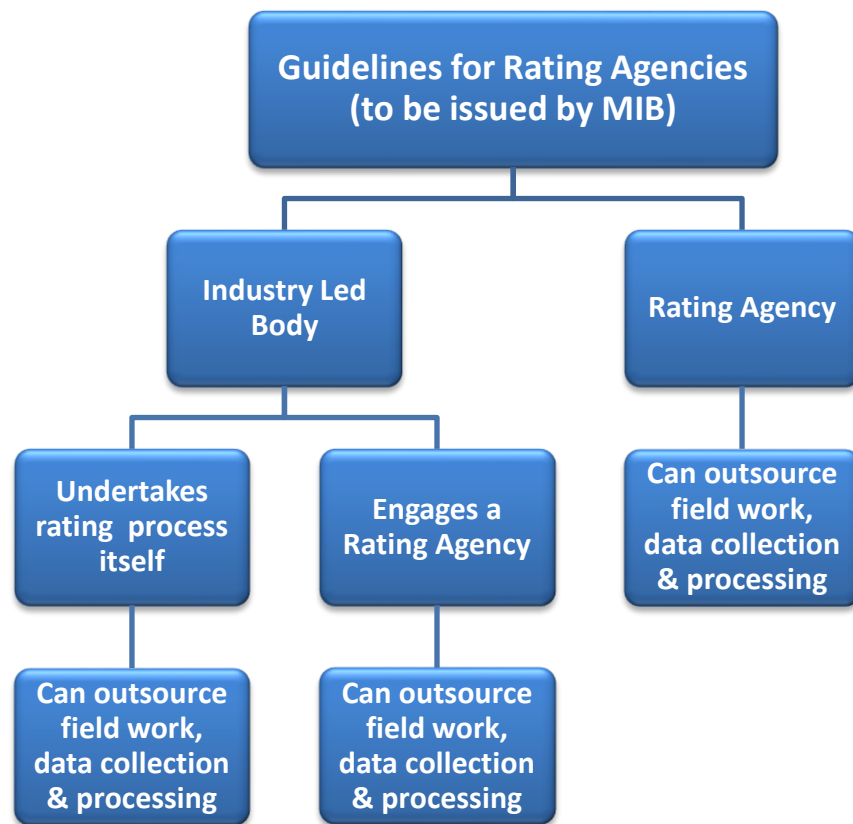
- 2.6 In response most of the stakeholders have favored a soft touch regulated model where designated agency/ industry led body does the rating under guidelines framed by the Government. They also suggested that in this model monitoring and compliance to the guidelines should also be undertaken by designated agency/ industry led body. Some stakeholders have mentioned that such a model is validated by the successful experience of similar model adopted by television sector, under guidelines issued by Ministry of Information & Broadcasting.
- 2.7 One stakeholder has favored a regulated model where designated agency/ industry led body does the rating under guidelines framed by the Government where monitoring and compliance to the guidelines will be undertaken by the Government. It is mentioned that a regulated model, which follows the laid down standards/guidelines by Government/Regulator, can provide audience measurement and ratings which are transparent, truly representative and free from external influences.
- 2.8 Some stakeholders have favored self regulated model wherein an industry led body does the rating. They have mentioned that the FM radio industry already has an industry led body in the name of Association of Radio Operators for India (AROI), which has all private FM radio broadcasters as its members. They suggested that AROI could be used to set up a radio rating system over a finite time frame. They further suggested that in case AROI is not able to commence the measurement within the stipulated time frame, the Government should designate an agency/industry led body under its guidelines, which should do the rating itself.

- 2.9 The Authority is aware that regulation by way of self regulation would be an ideal solution only in mature markets and may not be suitable for India at present where radio audience measurement is still in nascent stages. The self regulated model may lack transparency & genuineness of the rating process in absence of any mandated guidelines and the responsibility of credibility and accuracy of ratings vests on the concerned agency. In the self regulated model it may be possible that few stakeholders may influence the result of radio ratings. On the other hand, regulated model appears better placed to ensure transparency and genuineness of the rating process, as the ratings agencies have to follow broad contours of guidelines that are issued by the government.
- 2.10 The Authority, considering all available options, recommends a light touch regulatory approach and supports self regulatory model under broad contour of mandated guidelines wherein responsibility of credibility and accuracy of ratings vests on a rating agency or an industry led body having adequate representation from all concerned stakeholders (broadcasters, advertisers and advertising agencies), as this may facilitate in ensuring that no individual section of the industry has total control on decisions as these would be collective and would address the concerns of all sections of the industry.
- 2.11 Currently there are no restrictions on the number of firms entering into rating services in India. However, radio audience measurement is being done by only one rating agency i.e. TAM Media Research. The market size, expenditure to undertake radio audience measurement and rating etc does not support multiple rating agencies at present. However, the Authority is of the view that the number of rating agencies who wish to operate in Indian market may be left to market forces. Taking clue from success of BARC in TV rating space, the Authority is of the view that

industry led body may be encouraged to meet requirement for providing rating services.

- 2.12 The shortcomings in the present rating system have been discussed in the previous chapter. These shortcomings will have to be rectified irrespective of who provides rating services. Therefore it is necessary to prescribe broad contours of regulatory framework in the form of mandatory guidelines to ensure nondiscriminatory and transparent radio rating process.
- 2.13 In view of above, the Authority recommends a well defined framework in the form of guidelines for monitoring and functioning of the radio rating agencies. The guidelines for rating agencies will be notified by the MIB based on the recommendations of TRAI. The guidelines shall mandatorily cover registration, eligibility norms, cross-holdings, methodology for conducting radio rating, complaint redressal, sale & use of ratings, audit, disclosure, reporting requirements and penal provisions for rating agencies. This will be very similar to the existing policy guidelines for television rating agencies issued by MIB, wherein all rating agencies require registration from the MIB in accordance with the terms and conditions prescribed under these guidelines. Accordingly, the industry body, Broadcasting Audience Research Council (BARC) is registered with MIB under the guidelines and has undertaken the process of television audience measurement itself.
- 2.14 Once guidelines are issued and implemented by MIB, these will be made applicable to all the rating agencies including industry led body. In case the industry led body decides to provide rating services itself then it too will have to comply with the guidelines applicable to all rating agencies. In case, the industry led body engages a rating agency for carrying out the rating process and publishing the ratings, the agency will have to

register itself with MIB and meet the guidelines. In case the industry led body undertakes the rating process itself or engages a rating agency, the field work, data collection and processing etc can be outsourced to third party(ies). Similarly, an independent rating agency, carrying out the rating process, can also outsource the field work, data collection and processing to third party(ies). The guidelines will not be applicable to the entities which have been contracted to carry out the field work, data collection and processing.



**Figure 1: Regulatory framework for rating agencies**



**Note: In case, the industry led body or the rating agency outsources the field work, data collection and processing to an agency, they will ensure that there is no conflict of interests and the data should be protected from any misuse and discrimination.**

2.15 At present, commercial radio rating services cover only private FM radio stations only. Though AIR radio conducts listenership survey for its own radio channels and for its own consumption, this data is not available to all stakeholders. At present AIR have 413 FM radio transmitters located in 383 cities, in addition to 145 MW and 48 SW radio transmitters. AIR covers almost 92% of the country by area and more than 99.19% of the country's population<sup>4</sup>. In such a scenario listenership data of AIR becomes important for advertisers and advertising agencies. Therefore, the Authority is of the view that radio rating service should also include radio stations of AIR for the purpose of radio ratings based on the geographical area progressively covered.

2.16 **The Authority recommends:**

- a. Radio rating agencies shall be subjected to light touch regulation wherein broad contours of regulation will be specified in the form of guidelines based on TRAI's recommendations.**
- b. Guidelines for rating agencies shall be notified by MIB. These guidelines will be applicable to every rating agency providing radio rating services in India including the industry led body undertaking this work.**
- c. Guidelines shall mandatorily cover registration, eligibility norms, cross-holding, methodology of rating, complaint redressal, sale & use of ratings, audit, disclosure, reporting requirements and penal provisions.**
- d. No cap on number of radio rating agencies operating in India is being proposed. Let it be decided by the market forces.**

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<sup>4</sup> <http://allindiaradio.gov.in/Default.aspx>

**e. Radio rating service should progressively include all radio stations including that of All India Radio based on the geographical area covered.**

**B. Guidelines for Industry led body**

2.17 The Authority encourages radio rating services through industry led body. At present there is no industry led body in radio broadcasting sector having significant representation of radio broadcasters, advertisers and advertising agencies. The consultation paper deliberated upon broad contours relating to industry led body. The feedback of the industry and broad framework for industry led body to undertake radio audience measurements and ratings are discussed in following paras.

**Formation of industry led body**

2.18 The consultation paper has suggested that in order to have neutral industry led body; it should have adequate representation from all the stakeholders including Radio broadcasters, advertisers and advertising agencies among others.

2.19 In response, all the stakeholders agreed with formation of neutral industry led body. One stakeholder suggested that industry led body should be composed of Media Owners, Advertisers and Media Agencies. Another stakeholder suggested that the Association of Radio Operators for India (AROI), which is the industry body representing all the private FM operators, could lead this project. One stakeholder is of the view that if a certain stakeholder group is not interested in joining the research because of cost or other reasons, then the other stakeholders should be allowed to continue their efforts to set up a research framework on their own. One stakeholder suggested that in case a joint industry body is entrusted with the rating business, it is essential that AIR being the largest broadcaster having presence across the country and broadcasting

in all modes of radio broadcasting, is compulsorily made a part of the technical and advisory council deciding the design and implementation of the measurement and rating system.

2.20 Regarding suggestions of some stakeholders for treating the AROI as industry led body for setting up a radio rating system, it can be seen that AROI has only private FM radio operators as its members. Even public broadcaster Prasar Bharti, who is the largest radio broadcaster, is not the member of AROI. Moreover as advertisers and advertising agencies are not a part of it, AROI cannot be treated as truly industry led body with its current composition.

2.21 The Authority is of the view that the responsibility of credibility and accuracy of ratings should vest on the concerned stakeholders i.e. the advertisers, advertising agencies and broadcasters, whose business decisions are mainly affected by the radio ratings. However, looking at the large number of advertisers, advertising agencies and broadcasters, it will be not feasible for each of them to join the industry led body. Further, it will be difficult to manage a body with such a large number of members. Presently, Association of Radio Operators for India (AROI) represents private FM radio broadcasters, Indian Society of Advertisers (ISA) represents advertisers and Advertising Agencies Association of India (AAAI) represents advertising agencies. The industry led body should have equal representation from these associations. It is expected that the industry led body, driven by the three major stakeholders will be more objective and succeed in reducing any 'business motive biases' in its operations.

2.22 The Authority has noted that though radio stations of AIR have a large coverage in terms of geographical area and population, but it is not represented in AROI. Hence, in order to do justice with AIR, the

representation of AIR should be ensured in the technical committee formed within industry led body for guiding and supervising various radio rating processes.

2.23 **The Authority recommends:**

**(a) The industry led body shall have equal representation with equal voting rights from the three Associations namely; Association of Radio Operators for India (AROI), Indian Society of Advertisers (ISA) and Advertising Agencies Association of India (AAAI). It is expected that these Associations will be truly representative of their segments and that membership rules will be applied in a completely transparent manner by the respective Associations.**

**(b) Since All India Radio has a large geographical and population coverage and is not a member of AROI, representation of AIR should be ensured in the technical committee formed within industry led body for guiding and supervising various radio rating processes.**

**Crossholding restrictions for industry led body**

2.24 Cross holding by broadcasters, advertisers, and advertising agencies in the rating agency may influence the behavior of rating agency. All the stakeholders agree that there should be no cross holdings between the broadcasters, advertisers, and advertising agencies and rating agencies. The Authority is of the view that cross holdings in the rating agencies are not desirable and adequate restrictions needs to be imposed to ensure that the agencies provide independent ratings without any conflict of interest. Since industry led body can undertake the process of radio rating itself and in formulation of industry led body adequate care has already been taken to ensure neutral and transparent radio rating, **the**

**cross holding requirements mandated for rating agencies will not be applicable for industry led body. However, if industry led body engages a rating agency for carrying out the rating process, then such agency will have to meet the cross holding requirements prescribed for rating agency.**

**Adherence to guidelines for rating agencies by Industry led body**

2.25 The industry led body will adhere to all the guidelines prescribed for rating agencies unless explicitly excluded.

**C. Guidelines for rating agencies**

2.26 Rating agencies are the functional units for radio audience measurement. All critical functions such as implementation of various methodologies for collection of data from the ground, data analysis, maintaining confidentiality, checking data credibility etc are done by it. Such agencies must adhere to certain minimum guidelines for generating credible, transparent and representative radio ratings. In this regard some of the parameters/guidelines that were discussed in the consultation paper are discussed in paras to follow:-

- a. Registration
- b. Eligibility norms,
- c. Methodology for Audience Measurement
- d. Crossholding
- e. Complaint redressal
- f. Sale & use of ratings
- g. Audit.
- h. Disclosure
- i. Reporting requirement
- j. Penal provisions

While detailed discussions relating to various parameters/guidelines for rating agencies have been done in the following paragraphs, it is necessary that rating agencies while engaging any agency for field work

like data collection or data processing or any other work do not manipulate data and it does not have influence of any agency which may be detrimental to generating neutral radio ratings.:

### **Registration**

2.27 In order to monitor the rating agencies publishing radio ratings, it will be necessary that such agencies register with MIB. The procedure for application and grant of registration shall be published by MIB. The guidelines will have to be complied by the rating agency as long as it is in the business of publishing radio rating.

2.28 **The Authority recommends:**

- a. **All rating agencies, including the existing rating agency (TAM Media Research), shall obtain a registration from MIB. For this purpose, MIB shall publish detailed procedure for registration of rating agencies.**
- b. **In case industry led body does the radio rating itself, it has to register itself as rating agency with MIB. In case industry led body engages a rating agency for carrying out the rating work; such agency shall be registered with MIB.**
- c. **Rating agencies shall be granted registration subject to their meeting the eligibility norms.**
- d. **Continuance of the registration shall be subject to compliance with the guidelines. For this purpose, rating agency shall submit a certificate annually to MIB confirming compliance to guidelines issued by MIB in this regard.**

### **Eligibility norms**

2.29 The ratings process requires a high degree of professional skills and integrity. It is necessary that the ratings should be carried out by

qualified agencies only and in order to discourage non-serious and inexperienced players, it is essential that certain minimum eligibility criteria are specified.

2.30 In the consultation paper it was discussed that the essential eligibility conditions for the rating agencies, amongst others, may include the following: -

- a. The rating agency should have been set up and registered as a company under the Companies Act, 2013.
- b. The rating agency should have, in its Memorandum of Association, specified the rating activity as one of its main objects.
- c. The rating agency should have a minimum net worth (say rupees five crore).
- d. The rating agency should have adequate professional competence, financial soundness and general reputation of fairness and integrity in business transactions, to the satisfaction of the Government;
- e. Rating agency should meet the prescribed cross-holding requirements.

2.31 Further, consultation paper mentioned that where the industry led body does the rating itself, the condition of minimum networth and cross holding mentioned in preceding para may not be applicable.

2.32 While most stakeholders agreed with the eligibility criteria deliberated in consultation paper, some have suggested certain modifications. These suggestions are discussed in the following paragraphs.

2.33 Some of the stakeholders have opined that the condition that the rating agency should have specified, in its Memorandum of Association (MoA), rating activity as one of its main objects is not necessary; instead market research can be incorporated in the conditions. The Authority agree with

this view as radio rating services are basically a kind of market research activity and by specifying the market research in MoA more firms would be eligible to carry out rating activity.

2.34 Some stakeholders have suggested that the eligibility conditions for radio ratings agencies would be made more effective by further stipulating that the entity under consideration must have proven experience in measuring broadcast audiences. While rating agencies are required to have professional competence, financial capabilities, integrity etc. the Authority is of the view that no detailed conditions on these parameters need to be specified at this stage.

2.35 The minimum net worth criteria will ensure participation of serious players so that the agency may be in a position to meet the capital requirements of the rating business. A very high amount of networth requirement may rule out smaller market research companies while very low networth may not be desirable in view of capital investment requirement. SEBI has prescribed a networth of Rs. 5 crore for credit rating agencies. The Authority feels that a minimum net worth of Rs. 5 Crore may be stipulated for radio rating agencies also. However, in case the industry led body does the rating itself, the condition of minimum networth may not be applicable.

2.36 **The Authority recommends:**

**Eligibility conditions for the rating agencies**

- a. **The Rating Agency should be registered as a company under the Companies Act, 2013.**
- b. **The Rating Agency should have, in its Memorandum of Association (MoA), specified rating services or market research or similar activity, as one of its main objects.**



- c. Rating Agency should not have, in its MoA any activity leading to conflict of interest, like consultancy or any such advisory role, with its main objective of rating.**
- d. The rating agency should have professional competence, financial soundness and general reputation of fairness and integrity in business transactions.**
- e. Any member of the Board of Directors of radio rating company should not be in the business of advertising, media buying and radio broadcasting.**
- f. The rating agency should have a minimum net worth of Rs. 5 crore.**
- g. Rating agency should meet the prescribed cross holding requirements. (see para 2.54)**

**The conditions mentioned at e, f & g in preceding para will not be applicable in case the industry led body does the rating itself. However, if industry led body engages a rating agency for carrying out the rating process, then such agency shall meet the cross holding requirements.**

### **Methodology for Audience Measurement**

2.37 Methodology plays an important role in ensuring that the ratings generated by the radio rating agencies are reliable. In this regard, the key issues that were discussed in the consultation paper deal with measurement techniques, selection of the individuals, adequate geographical and demographic representation, panel size, secrecy & privacy of individuals. Some possible guidelines to arrive at a robust methodology for a radio rating system were mentioned in the consultation paper and comments were sought from stakeholders on the guidelines for methodology for radio ratings.

- 2.38 In response, most of the stakeholders have mentioned that methodology of audience measurement including measurement techniques, establishment survey for selection of the individuals, panel size, adequate geographical and demographic representation and rollout framework etc. should be evolved by the rating agency or by the industry led body as the case may be. They further suggested that in case industry led body conduct the rating itself, it should form a technical committee of qualified research practitioners, academia and users from different stakeholders. They also suggested that this technical committee should decide and approve the methodology. According to them any attempt to specify guidelines by the government will amount to infringement in the role of technical committee and will put unnecessary pre-conditions. Some stakeholders further mentioned that the methodology has a direct bearing on the cost of radio ratings and industry led body comprising of different stakeholders would be the best forum for this decision depending upon the estimated revenue size across markets over time.
- 2.39 A robust methodology of measurement would ensure that the ratings provided by the rating agencies are considered credible and reliable whereas a poorly planned methodology would distort the measurement results thereby affecting the credibility and lead to an adverse affect on the sector.
- 2.40 In Phase-II, 243 private FM radio channel became operational in 86 cities. Of which only four cities are covered by the existing radio rating agency. In Phase-III expansion of FM radio, 966 FM radio channels are put for auction in 333 cities. Presently radio ratings are limited to only 4 cities indicating that a large number of cities will need to be covered for providing radio ratings after Phase-III expansion. A significant investment will be required in setting up a robust and credible rating system for such a large number of cities.

- 2.41 The Authority, adopting the light touch regulatory approach, does not wish to mandate or specify any methodology at present for radio audience measurement and ratings process. However, it is expected that the rating agency will put in place a methodology for radio audience measurement and rating process that conforms to the conditions / standards / norms prescribed for the ratings process and reflects consistent and internationally accepted rating standards. The methodology should transparently provide details of all the processes of radio ratings including measurement techniques, establishment survey for selection of the individuals, panel size, geographical and demographic representation and rollout framework etc.
- 2.42 India is a large and diverse country stratified into several socio-economic categories and regions. Therefore, sample chosen for ratings process should ensure adequate geographic representation in proportion to the radio listening population and demographic distribution covering all segments like age group, socio-economic class, gender, working status, multiple delivery platforms, all states and urban & rural markets. Further looking at the expansion of FM radio after Phase-III, the rating agency should work out a framework including timelines for roll out of radio ratings across all the cities depending upon the categories of cities as notified in the FM Phase-III policy guidelines. The framework should be provided on the website of the rating agency.
- 2.43 In order to ensure transparency and credibility of rating process any shortcomings, deficiencies, limitations in the rating system needs to be clearly disclosed in the rating reports and also brought to the notice of users of the rating system. It is also expected that the rating agency will work towards continuous improvement in quality and rating methodology so as to provide accurate, up to date and relevant findings.

2.44 The Authority will keep a watch on the developments for deployment of radio rating system by the rating agency(ies) and in case any shortcomings are observed or brought to its notice, the Authority may intervene in future.

### **Secrecy**

2.45 The secrecy of the individuals included in the ratings process is required to be maintained in order to ensure that results are not manipulated by undue influence through inducements to doctor the opinion of the panel homes.

2.46 In this regard some stakeholders have suggested that for ensuring secrecy proper technology should be deployed which is not penetrable and traceable. They also suggested that sufficient encryptions should be put in place so that no individual or system will have the access to all data at any point of time. Some stakeholders are of the view that big samples and frequently rotated samples are more difficult to be biased by third parties intervention. They further suggested that a correct sampling selection – which depends less on the recruiter’s judgment and more on automatic mechanisms – can help in ensuring secrecy.

2.47 One stakeholder has mentioned that separate agencies may be involved for different stages of the rating process to ensure secrecy. Another stakeholder is of the view that there is no way to really eliminate this risk, even though several controls can be put in place to ensure that the damage is limited.

2.48 The ratings agencies must ensure that secrecy of the panel homes is maintained and there is no violation in this regard. The Authority is of the view that for ensuring secrecy, rating agency should issue voluntary code of conduct and processes to be followed including penal provisions.

The cases of secrecy breach should be reported and placed on the website of the rating agency.

### **Privacy**

- 2.49 It is also important that the privacy of individuals should be maintained. Privacy is to be maintained at two levels. Personal data like names, addresses or phone numbers of individuals included in the ratings process should not be revealed to any third party for promotion of their business. Secondly, the results of the measurement should not be disclosed on individual basis. The rating agency should release the measurement results only on aggregate basis, for example the results could be released on demographic basis. In most countries, individual are kept anonymous in the rating data and only demographic profile data is released. The rating agency should ensure that the privacy of the individual listeners, included in the rating process, is maintained. The voluntary code of conduct should also include the privacy aspects.
- 2.50 **The Authority recommends the following broad guidelines to arrive at a methodology for a radio rating system:**
- a. Rating agency shall put in place a methodology for radio audience measurement and rating process that conforms to the standards / norms prescribed for the ratings process and reflects consistent and internationally accepted rating standards.**
  - b. Rating agency should submit detailed methodology to the Government (MIB) and also publish the same on its website.**
  - c. The methodology should transparently provide details of rating process including measurement techniques, establishment survey for selection of the individuals, panel size, geographical and demographic representation and rollout framework.**

- d. The rating agency should work out a framework including timelines for roll out of radio ratings in the country depending upon the categories of cities as notified in the FM Radio Phase-III policy guidelines. The framework should be provided on the website of the rating agency.**
- e. Ratings process should ensure adequate geographic representation in proportion to the radio listening population and demographic distribution covering all segments like age group, socio-economic class, gender, working status, multiple delivery platforms, all states and urban & rural markets.**
- f. The weightages or data adjustment procedures utilized by a rating agency in the process of converting basic raw data to rating reports need to be based on systematic and logical procedures, consistently applied by the rating agency and defensible by empirical analysis.**
- g. In the event that a rating agency identifies an attempt to bias measurement results by a respondent's submission of fabricated information, it should eliminate such cases from analysis. In the event that such cases have been included in published data, the agency may be required to assess the effect on results and notify the users about the same along with indication of its practical significance.**
- h. Any shortcomings, deficiencies, limitations in the rating system needs to be clearly disclosed in the rating reports and also brought to the notice of users of the rating system.**
- i. Secrecy and Privacy of the individuals should be maintained. In this regard the rating agency will issue voluntary code of conduct and processes to be followed, including penal provisions, to be followed by the stakeholders concerned with the ratings.**

- j. Rating agency should not include any employee or any other member of radio broadcasters, advertisers and advertising agencies in audience measurement sample/panel.**

**Crossholding restrictions for rating agency**

- 2.51 Ratings should provide fair, correct, balanced, representative, transparent and neutral information to the radio broadcasters, advertiser and advertising agencies. Cross holding between rating agencies and their users may result in biased ratings and open up possibility of distortions in the ratings. In the consultation paper it was suggested that there should be restrictions on cross-holdings between the rating agencies and radio broadcasters, advertisers and advertising agencies so as to ensure the quality and reliability of radio ratings.
- 2.52 In response, all the stakeholders agree that there should be no cross holdings between the rating agencies and radio broadcasters, advertisers and advertising agencies. Some stakeholders while agreeing that there should be no cross holdings in the rating agencies has mentioned that advertisers or advertising agencies have no vested interest in influencing ratings of one station or another. Therefore, crossholdings by advertisers and advertising agencies may be permitted, since they have no commercial motive to report higher or lower ratings for a specific station
- 2.53 The Authority is of the view that cross holdings in the rating agencies are not desirable and adequate restrictions needs to be imposed to ensure that the agencies provide independent ratings without any conflict of interest. Any conflict of interest may lead to biased ratings. Therefore the Authority is of the view that the radio broadcasters/advertisers/advertising agencies/media agencies should not be allowed to have substantial stake in the rating agencies or vice

versa. The Authority is of the view that a stake of 10% or more is considered as substantial stake.

2.54 **The Authority recommends:**

- a. **No single company/legal entity, either directly or through its associates or inter-connected undertakings, shall have substantial equity holding both in rating agencies and broadcasters/advertisers/ advertising agencies.**
- b. **No single company/legal entity, either directly or through its associates or inter-connected undertakings, shall have substantial equity holding in more than one rating agency operating in the same area.**
- c. **Substantial equity shall mean equity of 10% or more of paid-up equity. Having a substantial equity holding in companies shall constitute a cross-holding.**
- d. **The cross-holding restriction will also be applicable in respect of individual promoters besides being applicable to legal entities.**
- e. **A promoter company/member of the board of directors of the rating agency cannot have stakes in any broadcaster/ advertiser/advertising agency either directly or through its associates or inter-connected undertakings.**

**Complaint Redressal**

- 2.55 There could be situation where users of ratings, consumer organizations or any member of the general public, is not satisfied with some aspect of the ratings process. In the consultation paper, it was suggested that a complaint redressal mechanism should be put in place by the radio rating agencies and details of complaints and their resolution may be placed on the website of rating agency in order to facilitate transparency.



- 2.56 In response, all the stakeholders have agreed that a proper and effective complaint redressal mechanism should be introduced. One stakeholder though agreed with establishment of complaint redressal mechanism but strongly objected to the involvement of the general public in this process. He is of the opinion that the ratings are meant for advertisers/media agencies & broadcasters to allocate resources and opening up the complaints to the general public will mean that the system will be clogged with frivolous complaints that do not directly impact the listener and hold up the genuine complaints from direct stakeholders.
- 2.57 Some stakeholders have suggested that there should be a tiered system for handling the complaints. They further suggested that the initial registration of complaints should be done by the rating agency, which should identify different types of complaints and set a time limit for redressal of these complaints. They are of the view that complaints unresolved within the specified time limit should be forwarded to the technical committee of the industry led body for resolution. In case the technical committee too is not able to resolve the complaints, a panel of Ombudsmen/ Appellate authority should be put in place which should meet at a pre-specified frequency to hear all the complaints not resolved by the rating agency and technical committee. One stakeholder suggested that status of a complaint's redressal as well as the complaint redressal statistics should also be disclosed on the website of the rating agency.
- 2.58 The Authority is of the view that for handling complaints, shortcomings and deficiencies in the rating system brought into notice by stakeholders, the rating agency should establish a robust complaint redressal system. The complaint redressal system should allow a complainant to file his complaint with the rating agency through any media- online, email, SMS, telephone call or post. The complaints need to be resolved in a time

bound manner and the time frame for disposal of complaints should be declared by the rating agency on its website. The details of the complaint and its disposal should also be placed on the agency's website to ensure transparency. In view of its light touch approach, the Authority is not emphasizing establishment of appellate authority at present and leave it to the market forces to decide on this matter.

2.59 **The Authority recommends the following:**

- a. **The rating agency shall have an effective complaint redressal system in place to redress that complaints made by the users of radio ratings.**
- b. **The rating agency shall provide the options for registration of complaints online, by email, by post etc. and provide details pertaining to the same on its website. The rating agency shall ensure that complaints are addressed in a time-bound manner. Time frame for disposal of complaints shall be declared by the rating agency on its website.**
- c. **The rating agency shall maintain records of all the complaints received along with their disposal. Details of the complaints generic in nature and their disposal shall be displayed on the website of the rating agency.**

**Sale & Use of ratings**

2.60 In the consultation paper the stakeholders were asked as to whether the rate card for sale and use of ratings should be published in the public domain by the rating agencies.

2.61 In response most of the stakeholders have agreed that the rating agency should provide the rate card for use of rating data/report in the public domain. Some stakeholders have suggested that a transparent pricing of different levels of rating service subscriptions should be decided by the

Industry led body after consulting all stakeholders. Some stakeholders suggested that apart from rates for base products provided in the rate cards, rating agency should also provide any special or a-la-carte pricing on the basis of specific queries/requests. One stakeholder has not agreed to the suggestion that the rate card for the ratings should be put in the public domain as the rates are agreed within the industry led body or other formal organisation. He is of the opinion that some elements could be made public if the industry agrees.

2.62 The rating agency will be selling the rating data to different users, in the ecosystem. Depending upon their requirements different users will need the data to different extents. The Authority is of the view that the rating data should be made available to all interested stakeholders in a transparent, non-discriminatory and equitable manner. It is also desirable that the rates are non discriminatory and transparent and a rate card for different reports is available on the website of the rating agency to ensure transparency and non-discrimination. However, the Authority agrees that the use of such data will be governed by the terms & conditions specified by the agency providing rating data. The rating agency should publish the categories of data/reports which can be accessed by the users along with terms & conditions on its website.

2.63 **The Authority recommends:**

- a. The rates for the rating services should be non discriminatory and transparent and the rate card for rating services shall be published in the public domain by the rating agency.**
- b. The data generated by the rating agency shall be made available to all interested stakeholders in a transparent and equitable manner.**

- c. Use of such data will be governed by the terms & conditions specified by the agency providing rating data.**
- d. The rating agency shall publish the categories of data/reports available for use along with terms & conditions on its website.**

#### **Disclosure by rating agency**

2.64 In order to ensure credible ratings, it is important that the rating system is transparent. One of the most effective tools to achieve transparency in the system is to establish a well defined system of mandatory disclosures by the rating agencies wherein the agency discloses all the relevant details that may affect the ratings.

2.65 In the consultation paper it was proposed that the following parameters may be mandated to be disclosed by the rating agency on its website for ensuring transparency & compliance and comments were sought on the same from the stakeholders:

- a. Detailed Rating methodology in clear terms.
- b. Details about the coverage in terms of geographical and other socio-economic representation.
- c. Disclose, wherever necessary, possible sources of conflict of interests, which could impair its ability to make fair, objective and unbiased ratings.
- d. Comments/viewpoints of the users of the rating data.
- e. Quality control procedures with respect to all external and internal operations which may reasonably be assumed to exert significant effects on the final results.
- f. Rate card for the various reports and discounts offered thereon.
- g. Ownership pattern of the ratings agency, including foreign investment / Joint Venture / Associates in the Agency.

2.66 In response, all the stakeholders are in agreement with the above disclosure requirements. Some stakeholders have pointed out about the possible misuse by certain users if their views regarding rating services are to be made public. The Authority feels that it will be helpful to users

and public at large if views of the users and their comments about the rating service are made public. However, the rating agency may provide its comments or observations in case it feels the view points of the user are not rational.

- 2.67 In many countries the rating agencies disclose on its website certain parameters which facilitate in achieving greater transparency and credibility in the system. In USA, Media Rating Council (MRC) mandates the rating agency to disclose methodology and performance measures. Some of these parameters includes details about source of sample frame, selection method, respondents by demographic group versus population, response rates, existence of special survey treatments for difficult to recruit respondent groups such as young or ethnic persons, editing procedures, minimum reporting requirements for media, ascription and data adjustment procedures employed, errors noted in published reports, data reissue standards and reissue instances etc.
- 2.68 In India, SEBI has also mandated certain disclosure requirements on the credit rating agencies. As per SEBI's regulation for credit rating agencies, a credit rating agency shall, wherever necessary, disclose to the clients, possible sources of conflict of duties and interests, which could impair its ability to make fair, objective and unbiased ratings. A credit rating agency shall disclose its rating methodology to clients, users and the public. Every credit rating agency shall make available to the general public, information relating to the rationale of the ratings, which shall cover an analysis of the various factors justifying a favourable assessment, as well as factors constituting a risk.
- 2.69 The Authority is of the view that mandatory disclosures by the rating agencies wherein these agencies disclose all the relevant details that may affect the ratings, not only ensures transparency in the system but also

facilitate in ensuring that rating agencies are complying with all the terms and conditions stipulated in the guidelines. Disclosure by the rating agency on its website will allow the concerned stakeholders at large to have opportunity to review and satisfy themselves about the rating agency. Overall disclosure by the rating agency will enable detecting deviations faster and taking corrective actions accordingly.

2.70 **The Authority recommends that the following parameters may be mandated to be disclosed by the rating agency on its website for achieving transparency & compliance:**

- a. **Detailed Rating methodology in clear terms including possible sources of errors, etc.**
- b. **Details about the coverage in terms of geographical and other socio-economic representation.**
- c. **Disclose, wherever necessary, possible sources of conflict of interests, which could impair its ability to make fair, objective and unbiased ratings.**
- d. **Quality control procedures with respect to all external and internal operations which may reasonably be assumed to exert significant effects on the final results.**
- e. **Rate card for the various reports and discounts offered thereon.**
- f. **Ownership pattern of the ratings agency, including foreign investment / Joint Venture / Associates in the Agency.**
- g. **Quarterly audit reports and**
- h. **Complaint redressal statistics.**

### **Reporting requirement**

2.71 A well defined system of periodic mandatory reporting will ensure that the rating agencies continue to comply with all the terms and conditions stipulated in the accreditation guidelines. In the consultation paper it

was discussed that the following parameters may facilitate monitoring and enforcing compliance of guidelines for rating agencies and the rating agency may be mandated to report to the Government on periodical basis (say annually): -

- a. The rating agency's equity structure, shareholding pattern including foreign investment / Joint Venture / Associates in the Agency. Any changes during the reporting period, if any, should be reported immediately.
- b. Details of key executives and Board of Directors.
- c. Interests of rating agency in other rating agencies/ broadcasters/ media agencies/ advertisers / advertising agencies.
- d. Coverage details.
- e. Subscription and Revenue details.
- f. Any other information and reports as may be asked for by MIB or the regulator from time to time.

2.72 In response stakeholders agreed to reporting requirements proposed in the consultation paper. Some stakeholders are of the opinion that such measures would enhance transparency and ensure adherence to relevant guidelines. One stakeholder while agreeing to the reporting parameters suggested that these should not be reported to MIB or the regulator as they have no role in radio research. He further suggested that the industry led body should decide the specifics of this matter. Some stakeholders are of the view that suggested parameters should be reported to the regulator either once every year or once every two years. Some other stakeholders are of the view that the reporting should be on specific instances and queries and the requirement may not be fixed on a calendar basis.

2.73 The Authority is of the view that a regulatory framework of periodic reporting should be in place as a mechanism for monitoring and enforcing compliance of guidelines issued by MIB for rating agencies. Even though the rating agencies will have disclosure requirements, it

may not be desirable/ feasible for the rating agencies to disclose some of the information in the public domain. Such information, however, may be important to the government from the perspective of ensuring that the rating agency is fulfilling all the desired requirements. Hence reporting by rating agencies to the government is necessary.

2.74 In India, SEBI has also mandated certain reporting requirements on the credit rating agencies. For example as per SEBI's regulation for credit rating agencies, every credit rating agency shall, at the close of each accounting period, furnish to SEBI copies of its balance sheet and profit and loss account. Every credit rating agency is also mandated to file a copy of the rating process with SEBI for record and also file with the SEBI any modifications or additions made therein from time to time. Every credit rating agency shall inform the Board about new rating instruments or symbols introduced by it. Further the credit rating agencies are mandated to furnish any information called for by SEBI within a period specified by SEBI.

2.75 **The Authority is of the view that the following parameters may facilitate monitoring and enforcing compliance of guidelines for rating agencies and recommends that the rating agency should annually report to the Government the following:**

- a. The rating agency's equity structure, shareholding pattern including foreign investment / Joint Venture / Associates in the Agency. Any changes during the reporting period, if any, should be reported immediately.**
- b. Details of key executives and Board of Directors.**
- c. Interests of rating agency in other rating agencies/ broadcasters/ media agencies/ advertisers / advertising agencies.**
- d. Coverage details.**



- e. Any other information and reports as may be asked for by MIB or the regulator from time to time.**

### **Audit**

2.76 Audits facilitate in ensuring that a credible and transparent rating process is followed by the rating agency. In the consultation paper following requirements were proposed for rating agencies and comments were sought from all the stakeholders on these requirements and also on the issue of who should be eligible to audit the rating process/system:

- a. The operations to be performed using computer system. The process shall be documented in sufficient detail right from receipt of data from paper diary /surveys till generation of the final rating output.
- b. The rating related data shall be protected using adequate security features.
- c. Any process change related to radio rating system should be well documented and intimated to the concerned users.
- d. The rating agency should get their rating process/system audited by qualified independent auditor(s). The auditors of rating agency should state in their report that proper mechanisms and procedures exist for a credible rating system.
- e. The rating agency should also offer its systems/procedures/mechanisms for auditing by an Auditor appointed by the accrediting agency or any of its authorized agencies.
- f. Cost of audit is to be borne by the concerned radio rating agency.

2.77 All the stakeholders broadly agree with the audit requirement suggested in the consultation paper to enhance the credibility of the rating services. They are of the opinion that as per practice in the area of TV ratings, it should be mandatory for radio rating agencies to get independent audit

done through a third party and the auditors of rating agency should certify that proper mechanisms and procedures, as disclosed publicly by the rating agency, exist for various processes involved in the audience measurement and ratings.

- 2.78 Some stakeholders suggested that cost of audit should not be borne by the concerned radio rating agency as rating agency could influence the auditor and this could jeopardize the auditing activity if not managed carefully. They are of the opinion that the auditor should be appointed and, therefore, paid by the Industry led body and not the rating agency. They are of the opinion that in case Industry body does the rating itself, the auditor should be appointed by the technical committee or by an independent Ombudsman.
- 2.79 On the issue of the eligibility of the firms for conducting the audit, the stakeholders are of the opinion that the audit should be conducted by an independent, experienced and credible auditing firm of global repute who necessarily possess skilled personnel with specialization and experience in the area. Some stakeholders has opined that any certified auditing firm led by persons of exceptional fairness, research skills and industry reputation for intellectual competence and integrity should be eligible to audit the rating process. One stakeholder suggested that the audit firm should neither have any broadcasters as stakeholders nor have any stake holding in the rating agency or vice-versa.
- 2.80 At present there is no system of independent audit to conduct any kind of verification for various processes followed for rating system. Regular audits would bring in transparency in the entire process and assurance for compliance of set rules, procedures and guidelines that have been put in place. In order to check and verify whether the processes/guidelines

are being followed, it is necessary that a mandatory audit is carried out independently through a third party.

2.81 The Authority is of the view that audits are required to make the process more transparent and credible. Audit will not only verify that proper processes and procedure are being followed, but also facilitate in improving the efficiency of the system by revisiting certain processes, if required. Overall the audit, both internal and external, will lead to improvement in the system and make rating system more accountable and credible. The Authority is of the view that rating agency shall take proper care in documenting the processes and will have its own internal audit mechanism. In addition, there will be a need of an external audit. The Authority feels that the rating agency should have the flexibility in appointing auditors. However, the government or the regulator can appoint any other auditor for auditing the rating system depending on the need.

2.82 Internationally also the rating agencies are subjected to independent audit in many countries. For example in USA, Media Rating Council (MRC) carries out auditing of the activity of the rating agency through independent Certified Public Accounting (CPA) firms. These audits become the basis for quality improvements in the service, either by voluntary action or mandated by MRC and provide a beneficial psychological effect on rating service performance. Audit reports include detailed testing and findings for sample design, sample composition by demographic group, data collection and fieldwork, metering, diary or interviewing accuracy, editing and tabulation procedures, data processing, ratings calculations & assessment of rating service disclosures of methodology and survey performance.

2.83 **The Authority recommends:**

- a. **The rating agency will set up an internal mechanism for ensuring that its internal processes and guidelines issued by the government (MIB) are being followed. This will be conducted quarterly and the report placed on its website.**
- b. **The rating agency shall also get their rating process/system audited annually by a qualified independent auditor. The auditors of rating agency shall state in their report whether proper mechanisms and procedures exists for credible rating system. The report of the independent auditor shall be placed on the website of rating agency.**
- c. **Cost of audit shall be borne by the concerned rating agency.**
- d. **The rating agency shall offer its systems/procedures/ mechanisms for auditing by an Auditor appointed by the government or any of its authorized agency or TRAI, should such a need arise.**

**Penal provisions**

2.84 To make the rating process more credible and reliable, it is necessary that the guidelines are complied with by the rating agencies. Therefore, it is necessary that the guidelines are enforced. Disclosures, reporting requirements and audit will demonstrate, to a great extent, whether the rating agencies are complying with the guidelines or not. Any breach of the guidelines should attract penal provisions. The guidelines cover a whole range of issues. Some of the issues such as cross-holding, methodology, secrecy, privacy, audit, public disclosure and reporting to Government/Regulator have a direct bearing on the integrity of the rating system ; they are, therefore utterly important. Non-compliance of any of these guidelines should attract a strict penalty. As regards the guidelines on remaining issues, such as complaint redressal, sale & use of ratings

etc., an approach of graded penal provisions should be followed for non-compliance.

2.85 MIB may decide a suitable penalty based on the number of instances of non-compliances to the guidelines. Before imposition of any penalty, sufficient opportunity should be given to the rating agency (or to any other party on whom it is proposed to levy a penalty) to offer their views/ comments.

2.86 **The Authority recommends that any breach of prescribed guidelines shall attract penal provisions. MIB may decide a suitable penalty based on the number of instances of non-compliances to the guidelines. Suitable opportunity to be given to the party before invoking penal provisions.**

#### **Time frame for compliance to guidelines by the existing rating agency**

2.87 In the consultation paper stakeholders were also asked to indicate how much time should be given for complying with new guidelines, if notified, to existing entities in the rating services sector. In response, stakeholders have specified time ranging from 6 months to 24 months to comply with the guidelines.

2.88 The Authority is of the view that once guidelines for the rating agencies come into force a reasonable amount of time will have to be provided for the existing agency if it continues to provide rating services. The time essentially will be required to adjust the procedures as per the guidelines and also meeting the cross holding requirements. The Authority feels that a time period of twelve months may be sufficient to meet the prescribed guidelines. This is in more than the time given for implementation of TV audience measurements guidelines when government prescribed the same. More time is being given considering nascent stage of radio

audience measurement and financial implications such restructuring may require.

- 2.89 **The Authority recommends that a time of twelve months, from the date of MIB guidelines coming into force, shall be provided to the existing rating agency to meet the guidelines prescribed by the government.**

## Chapter III

### Summary of Recommendations

#### 3.1 Framework for regulating radio rating system

- a. Radio rating agencies shall be subjected to light touch regulation wherein broad contours of regulation will be specified in the form of guidelines based on TRAI's recommendations.
- b. Guidelines for rating agencies shall be notified by MIB. These guidelines will be applicable to every rating agency providing radio rating services in India including the industry led body undertaking this work.
- c. Guidelines shall mandatorily cover registration, eligibility norms, cross-holding, methodology of rating, complaint redressal, sale & use of ratings, audit, disclosure, reporting requirements and penal provisions.
- d. No cap on number of radio rating agencies operating in India is being proposed. Let it be decided by the market forces.
- e. Radio rating service should progressively include all radio stations including that of All India Radio based on the geographical area covered.

#### 3.2 Guidelines for Industry led body

- a. The industry led body shall have equal representation with equal voting rights from the three Associations namely; Association of Radio Operators for India (AROI), Indian Society of Advertisers (ISA) and Advertising Agencies Association of India (AAAI). It is expected that these Associations will be truly representative of their segments and that membership rules will be applied in a completely transparent manner by the respective Associations.
- b. Since All India Radio has a large geographical and population coverage and is not a member of AROI, representation of AIR should be ensured in the technical committee formed within

**industry led body for guiding and supervising various radio rating processes.**

### **3.3 Guidelines for radio rating agency**

#### **I. Registration**

- a. All rating agencies, including the existing rating agency (TAM Media Research), shall obtain a registration from MIB. For this purpose, MIB shall publish detailed procedure for registration of rating agencies.**
- b. In case industry led body does the radio rating itself, it has to register itself as rating agency with MIB. In case industry led body engages a rating agency for carrying out the rating work; such agency shall be registered with MIB.**
- c. Rating agencies shall be granted registration subject to their meeting the eligibility norms.**
- d. Continuance of the registration shall be subject to compliance with the guidelines. For this purpose, rating agency shall submit a certificate annually to MIB confirming compliance to guidelines issued by MIB in this regard.**

#### **II. Eligibility norms**

- a. The Rating Agency should be registered as a company under the Companies Act, 2013.**
- b. The Rating Agency should have, in its Memorandum of Association (MoA), specified rating services or market research or similar activity, as one of its main objects.**
- c. Rating Agency should not have, in its MoA any activity leading to conflict of interest, like consultancy or any such advisory role, with its main objective of rating.**



- d. The rating agency should have professional competence, financial soundness and general reputation of fairness and integrity in business transactions.**
- e. Any member of the Board of Directors of radio rating company should not be in the business of advertising, media buying and radio broadcasting.**
- f. The rating agency should have a minimum net worth of Rs. 5 crore.**
- g. Rating agency should meet the prescribed cross holding requirements. (refer para 2.54)**

**The conditions mentioned at e, f & g in preceding para will not be applicable in case the industry led body does the rating itself. However, if industry led body engages a rating agency for carrying out the rating process, then such agency shall meet the cross holding requirements.**

### **III. Methodology for Audience Measurement**

**The Authority recommends the following broad guidelines to arrive at a methodology for a radio rating system:**

- a. Rating agency shall put in place a methodology for radio audience measurement and rating process that conforms to the standards / norms prescribed for the ratings process and reflects consistent and internationally accepted rating standards.**
- b. Rating agency should submit detailed methodology to the Government (MIB) and also publish the same on its website.**
- c. The methodology should transparently provide details of rating process including measurement techniques, establishment survey for selection of the individuals, panel size, geographical and demographic representation and rollout framework.**

- d. The rating agency should work out a framework including timelines for roll out of radio ratings in the country depending upon the categories of cities as notified in the FM Radio Phase-III policy guidelines. The framework should be provided on the website of the rating agency.**
- e. Ratings process should ensure adequate geographic representation in proportion to the radio listening population and demographic distribution covering all segments like age group, socio-economic class, gender, working status, multiple delivery platforms, all states and urban & rural markets.**
- f. The weightages or data adjustment procedures utilized by a rating agency in the process of converting basic raw data to rating reports need to be based on systematic, logical procedures, consistently applied by the rating agency and defensible by empirical analysis.**
- g. In the event that a rating agency identifies an attempt to bias measurement results by a respondent's submission of fabricated information, it should eliminate such cases from analysis. In the event that such cases have been included in published data, the agency may be required to assess the effect on results and notify the users about the same along with indication of its practical significance.**
- h. Any shortcomings, deficiencies, limitations in the rating system needs to be clearly disclosed in the rating reports and also brought to the notice of users of the rating system.**
- i. Secrecy and Privacy of the individuals should be maintained. In this regard the rating agency will issue voluntary code of conduct and processes to be followed, including penal provisions, to be followed by the stakeholders concerned with the ratings.**

- j. Rating agency should not include any employee or any other member of radio broadcasters, advertisers and advertising agencies in audience measurement sample/panel.**

**IV. Crossholding restrictions for rating agency**

- a. No single company/legal entity, either directly or through its associates or inter-connected undertakings, shall have substantial equity holding both in rating agencies and broadcasters/advertisers/ advertising agencies.**
- b. No single company/legal entity, either directly or through its associates or inter-connected undertakings, shall have substantial equity holding in more than one rating agency operating in the same area.**
- c. Substantial equity shall mean equity of 10% or more of paid-up equity. Having a substantial equity holding in companies shall constitute a cross-holding.**
- d. The cross-holding restriction will also be applicable in respect of individual promoters besides being applicable to legal entities.**
- e. A promoter company/member of the board of directors of the rating agency cannot have stakes in any broadcaster/ advertiser/advertising agency either directly or through its associates or inter-connected undertakings.**

**V. Complaint Redressal**

- a. The rating agency shall have an effective complaint redressal system in place to redress that complaints made by the users of radio ratings.**
- b. The rating agency shall provide the options for registration of complaints online, by email, by post etc. and provide details pertaining to the same on its website. The rating agency shall**

ensure that complaints are addressed in a time-bound manner. Time frame for disposal of complaints shall be declared by the rating agency on its website.

- c. The rating agency shall maintain records of all the complaints received along with their disposal. Details of the complaints generic in nature and their disposal shall be displayed on the website of the rating agency.

#### **VI. Sale & Use of ratings**

- a. The rates for the rating services should be non discriminatory and transparent and the rate card for rating services shall be published in the public domain by the rating agency.
- b. The data generated by the rating agency shall be made available to all interested stakeholders in a transparent and equitable manner.
- c. Use of such data will be governed by the terms & conditions specified by the agency providing rating data.
- d. The rating agency shall publish the categories of data/reports available for use along with terms & conditions on its website.

#### **VII. Disclosure**

Following parameters may be mandated to be disclosed by the rating agency on its website for achieving transparency & compliance:

- a. Detailed Rating methodology in clear terms including possible sources of errors, etc.
- b. Details about the coverage in terms of geographical and other socio-economic representation.
- c. Disclose, wherever necessary, possible sources of conflict of interests, which could impair its ability to make fair, objective and unbiased ratings.

- d. Quality control procedures with respect to all external and internal operations which may reasonably be assumed to exert significant effects on the final results.**
- e. Rate card for the various reports and discounts offered thereon.**
- f. Ownership pattern of the ratings agency, including foreign investment / Joint Venture / Associates in the Agency.**
- g. Quarterly audit reports and**
- h. Complaint redressal statistics**

**VIII. Reporting requirement**

**The rating agency shall annually report following parameters to the Government:**

- a. The rating agency's equity structure, shareholding pattern including foreign investment / Joint Venture / Associates in the Agency. Any changes during the reporting period, if any, should be reported immediately.**
- b. Details of key executives and Board of Directors.**
- c. Interests of rating agency in other rating agencies/ broadcasters/ media agencies/ advertisers / advertising agencies.**
- d. Coverage details.**
- e. Any other information and reports as may be asked for by MIB or the regulator from time to time.**

**IX. Audit**

- a. The rating agency will set up an internal mechanism for ensuring that its internal processes and guidelines issued by the government (MIB) are being followed. This will be conducted quarterly and the report placed on its website.**

- b. The rating agency shall also get their rating process/system audited annually by a qualified independent auditor. The auditors of rating agency shall state in their report whether proper mechanisms and procedures exists for credible rating system. The report of the independent auditor shall be placed on the website of rating agency.
- c. Cost of audit shall be borne by the concerned rating agency.
- d. The rating agency shall offer its systems/procedures/mechanisms for auditing by an Auditor appointed by the government or any of its authorized agency or TRAI, should such a need arise.

**X. Penal provisions**

- a. Any breach of prescribed guidelines shall attract penal provisions. MIB may decide a suitable penalty based on the number of instances of non-compliances to the guidelines. Suitable opportunity to be given to the party before invoking penal provisions.

**XI. Time frame for compliance to guidelines by the existing rating agency**

- a. A time of twelve months, from the date of MIB guidelines coming into force, shall be provided to the existing rating agency to meet the guidelines prescribed by the government.

## Glossary

<b>Abbreviation</b>	<b>Description</b>
AAAI	Advertising Agencies Association of India
AIR	All India Radio
AM	Amplitude Modulation
AROI	Association of Radio Operators for India
CATI	Computer Aided Telephone Interviewing
CPA	Certified Public Accounting
FM	Frequency Modulation
ISA	Indian Society of Advertisers
MIB	Ministry of Information and Broadcasting
MoA	Memorandum of Association
MRC	Media Rating Council
M & E	Media and Entertainment
MW	Medium Wave
PPM	Portable People Meter
RAM	Radio Audience Measurement
RDD	Random Digit Dialing
SEBI	Securities and Exchange Board of India
SW	Short Wave
TRAI	Telecom Regulatory Authority of India
TV	Television

## **International Experience in Radio Audience Measurement**

### **1. Australia<sup>5</sup>**

- In Australia, Radio Audience Measurement is carried out under the aegis of Commercial Radio Australia Ltd, which is the national industry body representing Australia's commercial radio broadcasters.
- Commercial Radio Australia Ltd has agreement with GfK to conduct Radio Audience Measurement across the five metropolitan markets; Sydney, Melbourne, Brisbane, Adelaide and Perth and three major regional markets Newcastle, Canberra and Gold Coast.
- Over 60,000 people are surveyed each year for the purpose of RAM.
- For 80% of the respondents, the sticker paper-diary method is used to collect the ratings information and for rest 20%, E-diary method is used.
- For selecting the radio sample for metropolitan markets Single Person Placement method is utilized, wherein one person aged 10 years and above is selected from each sample household using the Last Birthday Method (i.e the person identified in the home that has had the most recent birthday). Paper Diary placement is made face-to-face by specially selected and trained interviewers who are managed by field supervisors. Recruitment of respondents to complete the e-diary is undertaken using online research.
- Diary placement in major regional markets is made both via face-to-face (50% of sample) by specially selected and trained interviewers who are managed by field supervisors and via Computer Aided Telephone Interviewing (CATI) (30% of sample). The remaining 20% of the sample is recruited online for the e-diary. Household Flooding methodology is used in these markets, wherein diaries are provided to all people living in the household aged 10 years and over.
- Radio diary participants are geographically selected in proportion to the distribution of the population. Each market is split into geographic regions and sub-regions dubbed statistical areas (SA1). Each SA1 is split further into interviewing areas (IA's).
- Homes are then statistically selected and approached within these IAs. A single source lifestyle questionnaire is enclosed in the diary. The

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<sup>5</sup> <http://www.commercialradio.com.au/>, <http://www.radioitsalovething.com.au/Surveys.aspx>, [www.gfk.com/au](http://www.gfk.com/au)



diary contains relevant lifestyle and purchasing habits/intentions relating to the household. Each person selected is required to record their radio listening in the diary for one seven-day period from Sunday through to Saturday. The completed diaries are processed to produce data relating to an average week of the survey period.

## **2. Canada<sup>6</sup>**

- Radio audience measurement in Canada is conducted by Numeris, which is a not-for-profit, member-owned tripartite industry organization which includes representatives from radio and TV broadcasters, advertising agencies and advertisers. Numeris itself conducts the radio audience measurement.
- The geographic markets used for measuring and reporting radio audiences are defined using data from Statistics Canada and Canada Post.
- A Numeris defined geographical area, usually centred around one urban centre, is called the Central Market Area which generally corresponds to Statistics Canada Census Metropolitan Areas, Census Agglomeration, Cities, Counties, Census Divisions or Regional Districts,
- Estimated Population of a Central Market Area is considered as Universe for that Central Market Area.
- Paper diary and Personal People Meter (PPM) are used for RAM.

### **Diary Surveys**

- Survey Design staff determines the number of respondents, diary mail-outs and telephone listings needed to conduct each survey in each market.
- A process called RDD (Random Digit Dialing) is used in each market as the basis for the weekly survey recruitment.
- Enumeration departments in Montreal, Toronto and Moncton recruit households to participate in each upcoming survey and Diary packages are delivered to all participants in each household.
- Diary information is captured by an electronic scanning system. Data is validated and processed.

### **Electronic Meter Surveys**

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<sup>6</sup> <http://en.numeris.ca/>

- A large-scale, monthly telephone survey called an Establishment Survey is conducted to determine the status of households within each of the meter markets.
- Each month, approximately 50,000 randomly selected homes with a landline or mobile telephone are called to take part in the Electronic Meter Panel.
- Once a household is recruited, it receives a package containing a Personal People Meter (PPM), a portable charger and a headphone adapter for each household member.
- Each household is assigned a Panel Administration Team member who remains in contact throughout participation, answering questions, updating household information, and providing coaching to encourage each member of the home to meet the minimum carrying times each day.
- The PPM is carried by each member of the home who is two years of age or older. It automatically records and time-stamps inaudible codes that are embedded in the audio of TV and radio signals.
- Each respondent's data is checked for compliance and validated against metrics at the household level.
- Once final data checks are complete, radio and TV database files are produced and supplied to third party processors for distribution to members via electronic software.
- Television databases are released daily and radio databases are released monthly.

### **3. France<sup>7</sup>**

- Measurement of radio audiences in France is conducted by an independent industry body, Médiamétrie consisting of representatives of radio, television, advertisers, advertising agencies and media brokers without any of them having a majority holding to take a decision alone.
- Computer-assisted Telephone Interviews (CATI) are used for RAM.
- 126000 interviews are carried out with a population aged 13 years and over. It provides "Last 24 hours" permanent audience measurement, as well as a description of listeners according to socio-demographic, spending and living standards criteria. The interviews are spread over 10 months from September to June, including Sundays and public holidays.

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<sup>7</sup> <http://www.mediametrie.com/radio/>

- Interviewees are questioned between 5.30 pm and 9.30 pm on their fixed or mobile phones. The level of socio-demographic representation and the geographical stratification of the sample are checked daily. The interviews are divided equally over the survey days of the same period.
- The individuals who agree to take part in the Radio Panel, receive a listening record per week and a listening habits questionnaire, as well as the equipment they need to fill in and send the forms. As soon as they receive this, each panellist is called to explain how to fill in and send the forms.

#### **4. Malaysia**

- There is no government or industry body which oversees the radio audience measurement in Malaysia. RAM in Malaysia is conducted by two companies Nielsen and GfK independently.
- The RAM survey by Nielsen is conducted twice a year in collaboration with participating radio broadcasters. Nielsen RAM provides listening preferences as well as listener profile and their product consumption. The survey is conducted using paper diaries completed by a representative sample of 3,000 individuals in Peninsular Malaysia<sup>8</sup>.
- GfK's radio audience measurement study is conducted annually in two waves among 6,000 individuals aged 10 years and above who record their radio listening habits on paper or electronic diaries for approximately a week. Approximately 80 percent respondents are recruited offline who use paper diary and 20 percent respondents are recruited online for keeping e-diary<sup>9</sup>.

#### **5. South Africa<sup>10</sup>**

- South African Advertising Research Foundation's (SAARF) has the responsibility to measure the audiences of all traditional media such as newspapers, magazines, radio, television and cinema. SAARF's Board of Directors represents the marketing, media and advertising industries through their respective industry bodies.
- Major research surveys conducted by SAARF are All Media and Products Survey (AMPS), Radio Audience Measurement Survey (RAMS) and Television Audience Measurement Survey (TAMS).

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<sup>8</sup> <http://www.nielsen.com/my/en/press-room/2015/malaysians-radio-listenership-remain-high.html>

<sup>9</sup> <https://www.gfk.com/sg/news-and-events/press-room/press-releases/pages/nine-in-ten-in-malaysia-tune-in-to-radio-for-17-hours-in-a-week.aspx>

<sup>10</sup> <http://www.saarf.co.za/RAMS/rams-methology.asp>

- Paper diaries are provided to respondents to complete in their homes over a 7-day period. Respondents are also instructed on how to complete the diary.
- The survey covers adults aged 15 years and older, who are living in the nine provinces of South Africa.
- For designing the sample a probability sample stratified by area is drawn. The sample is equally apportioned between males and females with the exception of mines, hostels and domestics. At each sampling point a cluster of two addresses is drawn.
- In each household, the main respondent is selected by means of a Random Grid. In addition to placing a diary with the main respondent,, household “flooding” is also implemented, wherein supplementary diaries are placed and completed by all other members of the household aged 15 years and over.
- In the survey conducted during October 2014 - March 2015, a total 32 499 diaries were collected.

## 6. **UK<sup>11</sup>**

- In UK, RAJAR Ltd (Radio Joint Audience Research) conducts the radio audience measurement for the UK radio industry. The company is jointly owned by the British Broadcasting Corporation (BBC) and by the RadioCentre, which is the trade body representing the vast majority of Commercial Radio stations in the UK.
- RAJAR is set up as a JIC (Joint Industry Committee) that represents in addition to the BBC and the commercial sector, the interests of the wider advertising community. A representative of the IPA and a representative of ISBA (the Incorporated Society of British Advertisers) attend Board meetings and their input is sought on all major issues.
- Paper diaries are used to capture data for RAM.

### **Sample**

- The universe comprises all individuals aged 10 and over, living in private households in the UK.
- Although children from the age of 10 are included in the survey, published figures are for Adults 15+, unless stated otherwise. Data on respondents under 15 can only be accessed by RAJAR subscribers.

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<sup>11</sup> [www.rajar.co.uk](http://www.rajar.co.uk)

- The overall adult sample is about 110,000 per year, with each respondent only participating for one week, so that small stations can be surveyed.
- The sampling is devised so that each station's sample is representative of the area it covers. The smallest sample for a station on RAJAR is 500 adults over 12 months, for stations with a TSA (Total Survey Area) under 300,000. The National stations report on a quarterly sample of approximately 26,000 adults.

### **Sampling procedure**

- Radio Stations have to define the area where they want to be surveyed by selecting a list of postcode districts.
- All station maps are overlaid, the resulting 550 non overlapping areas are called segments and constitute the sampling framework.
- Each segment is attributed a recruitment target for each quarter and sampling points are allocated accordingly.
- A sampling point is a list of addresses from which interviewers have to recruit. This list is drawn at random using the Postal Address File. Self selection of respondents (i.e. people who approach RAJAR and ask to participate in the survey) is not permitted.

### **Process of survey**

- Participants in the survey are asked to complete a listening diary for one week. They are not asked to complete the task retrospectively (i.e. for the week before placement) – instead they are asked to start recording their listening as it happens for the week ahead.
- Diary placement is continuous throughout 50 weeks of the year, excluding the Christmas and New Year holiday period.
- Only 1 respondent is recruited per household.
- Quotas are set to ensure the best possible demographic representation of the area.
- Once an individual has agreed to take part, the interviewer asks a series of questions related to the respondent's demographic details, household tenure, number of radio sets, access to digital platforms (TV, internet, DAB) etc...
- The respondent is then asked to keep a listening diary for one week, detailing for each quarter hour, which station they listened to, where, and on which platform. Only live listening is measured.
- The listening diary is recorded in online and paper form.

- The interviewer conducts a procedure in which each respondent is asked to sort through a set of cards with the names of radio stations available in the area. This is then used to personalise the respondent's diary.
- The diary also comprises a self completion questionnaire which covers media consumption including television viewing, newspaper readership, listening to podcasts and via mobile phone etc.
- At the end of the diary week, the interviewer comes back to the respondent's home to pick up the diary.

## 7. USA<sup>12</sup>

- In US, agencies conducting audience rating services are accredited by industry funded organization Media Rating Council (MRC). Currently MRC has approximately 145 Board members representing TV and Radio Broadcasting, Cable, Print, Internet and Advertising Agency organizations as well as Advertisers and Trade Associations. Organizations such as Nielsen or Arbitron that provide media ratings are not allowed to be members.
- The activities of the MRC include:
  - (i) The establishment and administration of Minimum Standards for rating operations;
  - (ii) The accreditation of rating services on the basis of information submitted by such services; and
  - (iii) Auditing, through independent Certified Public Accounting (CPA) firms, of the activities of the rating services.
- According to MRC, adherence to the following minimum standards is necessary to meet the basic objectives of valid, reliable and effective media audience measurement research:
  - a. Ethical and Operational Standards**  
These standards govern the quality and integrity of the entire process by which ratings are produced.
  - b. Disclosure Standards**  
These standards specify the detailed information about a rating service, which must be made available to users, MRC and its audit agent, as well as the form in which the information should be made available.

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<sup>12</sup> [mediaratingcouncil.org](http://mediaratingcouncil.org)

**c. Electronic Delivery and Third Party Processor Supplementary Standards**

These standards reflect additional requirements for rating services that deliver audience data electronically and for third party processors that apply for accreditation.

- Acceptance of MRC’s minimum standards by a rating service is one of the conditions of accreditation by the MRC. These are intended to be minimum standards and neither they, nor anything in MRC procedures, shall prevent any rating service from following higher standards in its operations.

**Reporting requirements**

- Measurement Services that apply for MRC Accreditation must agree to:
  - Supply complete information to the MRC
  - Comply with MRC minimum standards
  - Conduct the service as represented to the client
  - Submit to annual audits
  - Pay for the audit costs (internal & external)

**Disclosure**

- MRC mandates rating services to disclose many methodology and performance measures, which would be otherwise unknown, for example:
  - Source of sample frame
  - Selection method
  - Respondents by demographic group versus population
  - Response rates
  - Existence of special survey treatments for difficult to recruit respondent groups such as young or ethnic persons
  - Editing procedures
  - Minimum reporting requirements for media
  - Ascription and data adjustment procedures employed
  - Errors noted in published reports
  - Data reissue standards and reissue instances

## **Quality and Audit**

- The central element in the monitoring activity of the MRC is its system of annual external audits of rating service operations performed by a specialized team of independent CPA auditors.
  
- Resulting audit reports are very detailed containing many methodological and proprietary details of the rating service and illumination of the primary strengths and weaknesses of its operations. The reports are confidential among the MRC members, independent CPA firm, and the rating service. Audit reports include detailed testing and findings for:
  - Sample design, selection, and recruitment
  - Sample composition by demographic group
  - Data collection and fieldwork
  - Metering, diary or interviewing accuracy
  - Editing and tabulation procedures
  - Data processing
  - Ratings calculations
  - Assessment of rating service disclosures of methodology and survey performance