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All dates

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**THIS WEEK'S BILLBOARD**

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June 26, 2004

[Billboard.com](#)

**Internet Radio Wired For Ads**  
Alliance Aims To Build Spot Sales  
BY BRIAN GARRITY

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NEW YORK - Internet radio is quietly emerging as a mass-market phenomenon that attracts tens of millions of consumers on a weekly basis. Mainstream radio advertisers and trackers of terrestrial radio airplay are starting to take note.

[Newsletters](#)

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The four biggest providers of online radio services in the United States—AOL, Microsoft's MSN, Yahoo and Live365—recently formed an ad hoc alliance to have Internet advertising firm Ronning/Lipset Radio sell time across all four services to media buyers that traditionally purchase spots on nationally syndicated network radio.

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Thirty- and 60-second ads from a range of travel, entertainment, consumer electronics and automotive companies are expected to begin running in between music programming this fall.

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Meanwhile, Launch, the music destination on Yahoo, has announced that Nielsen Broadcast Data Systems will begin tracking its audio and video streams starting in July. The deal makes Launch the first Internet media property to be monitored by Nielsen BDS, which Billboard parent VNU owns.

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The moves signal the growing reach and influence of Internet radio, executives from the leading online radio services say.

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"It absolutely signifies the beginning of this as a real business," AOL Music VP/GM Evan Harrison says.

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Arbitron estimates that more than 38 million Americans now listen to Internet radio in aggregate every month; more than 19 million listen to radio online every week.

[Airplay Monitor](#)

In the grand scheme of radio consumption in the United States, such figures may be a drop in the bucket. Some of the largest local market radio stations in the United States claim a weekly listener base north of 2 million, and the biggest nationally syndicated radio programmers individually claim weekly listenership of more than 50 million, Arbitron says.

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But the Internet radio market is getting big enough that it is finally becoming interesting for players once exclusive to the terrestrial radio world.

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Rob Sisco, president of Nielsen Music and COO of Nielsen Entertainment's East Coast operations, says streaming media outlets are having an increasing impact in exposing music to consumers, and BDS' tracking of traffic on Launch is a recognition of that impact.

**WHAT'S INSIDE**

- ▣ [Cover Stories](#)
- ▣ [Special Sections](#)  
**REGIONAL MEXICAN, RED DISTRIBUTION**
- ▣ [Upfront](#)
- ▣ [Opinion](#)  
Editorials, Commentary, Letters
- ▣ [Music](#)  
The Beat, Classical Score, Jazz Notes, In The Spirit, Higher Ground, Legal Matters, Sound Tracks
- ▣ [Touring](#)
- ▣ [R&B/Hip-Hop](#)
- ▣ [Latin](#)
- ▣ [Country](#)
- ▣ [Dance/Electronic](#)
- ▣ [Album Picks](#)
- ▣ [Singles Picks](#)
- ▣ [Retail](#)  
Retail Track, The Indies, Home Video
- ▣ [Songwriters & Publishers](#)
- ▣ [Pro Audio](#)
- ▣ [Global](#)
- ▣ [Programming](#)
- ▣ [Charts](#)  
Over The Counter, Singles Minded, Chart Beat, Market Watch
- ▣ [The Billboard BackBeat](#)
- ▣ [The Last Word](#)
- ▣ [Departments](#)  
Executive Turntable, Mileposts, Calendar



Likewise, Ronning/Lipset co-founder Eric Ronning says the collective audience size of AOL, MSN, Yahoo and Live365 makes the prospect of online radio much more attractive to traditional radio advertisers than ever before.

"What's been missing up to this point has been a critical mass of audience," he says. "But add those four together, and you have a compelling national group."

Ronning/Lipset—a specialist in selling ad space on streaming radio—is now positioning the four Internet services to terrestrial radio advertisers as a single network of more than 33 million monthly listeners.

Until now, Internet radio has been lumped in with the Internet advertising category as a whole. As a result, the bulk of the ad dollars Webcasters have attracted have been for the "banners and buttons" business that is common to most Web marketing—banner ads and pop-up ads. Audio advertising, on the other hand, has been minimal. It has been viewed as a specialty outside the realm of Web marketing.

"The interactive arms of ad agencies generally don't view audio as part of their bailiwick," Live365 COO Rags Gupta says.

Ronning and partner Andy Lipset estimate that the in-stream audio advertising market could be as much as a \$120 million opportunity for the Internet radio services during the next few years as terrestrial advertisers targeting national radio networks begin expanding online. Ads are expected to start hitting in September with higher volume starting in 2005.

For now, Ronning/Lipset is looking to run three to five ads per hour—far below the 14 to 20 ads that they estimate can run on terrestrial radio per hour.

"The great majority of people are willing to deal with three to five ads per hour. Past that they would rather pay for commercial-free music," Ronning says.

To date, most companies offering Internet radio have viewed it as a key acquisition/retention tool rather than a profit center. Executives at Internet companies running radio services, needing to better monetize their networks now that they are finally paying the long-negotiated content licensing fees to the recording industry, are heartened by the growing revenue opportunities.

"It is another indication of the maturation of Internet radio. The audience is there now," Yahoo VP/GM of music David Goldberg says. "In the past there was a lot of excitement about it, but the audience wasn't at a level that mattered to radio buyers."

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