



RADIO

Radio Thrives in a Digital World!

Radio continues to thrive despite the growing challenges from the digital frontier. There have been a plethora of recent research studies which serve to prove that not only does Radio remain strong but that *Radio is still cool!*

Radio remains a part of everyday American Life:

Radio is still a major part of Americans' daily lives and its usage remains as automatic as turning on a light switch.

- 84 percent of Americans say that Radio is important in everyday life
- 75 percent automatically turn on the Radio when they get into the car

Radio listening has not been impacted by Digital Platforms: In fact, it is thriving!

- **84 percent expect to listen to the same or more Radio** in the next five years
- **Among 13-24 year olds, Radio usage is stable.** Deloitte recently surveyed America's youth, the most tech-savvy and digital of all age groups and, even among this "Millennial" generation, Radio usage is *stable* and their TV usage is actually up. Newspaper usage is the only one of the "old" media that has declined in usage among America's youth.
- **Americans have NOT reduced their AM/FM Radio listening.** A new Arbitron/Edison study confirms that *media usage isn't a zero sum game*. The new digital media like Internet Radio, MP3/iPods and Podcasts are being used to *supplement listeners' AM/FM Radio consumption, not to replace it*. The average American spends two hours 37 minutes per week with AM/FM Radio, while the heavy digital consumer (Internet, Podcasts, iPods) spends two hours 45 minutes per week with AM/FM Radio – *that's five percent more listening from the consumers that are assumed to spend less time with "old" media*.
- **AM/FM Radio stations' websites have doubled their audiences in the last year!** Listening to AM/FM Radio stations' streaming on the Internet is *growing at four times the rate of the purely Internet Radio stations*. (See this issue's "Everything Old is New Again" column for more details on this).
- **Early results from the new Arbitron PPM studies reveal that younger-targeted formats (Rock, CHR) are up significantly.** This helps confirm the theory that any perceived recent ratings decline on these formats was methodology-based, not reality-based (i.e., their target demographics won't fill out diaries).

How has Radio managed to thrive in this increasingly competitive environment?

For the past 100 years Radio has met challenges head on and survived by reinventing itself. From the Great Depression to the invention of TV and the Walkman, Radio has overcome its challenges to still deliver 94percent of American consumers each and every week! Today, challenges from the digital frontier are numerous and vary wildly ... but Radio is, once again, reinventing itself. *And it is doing so by exploring its competing platforms and using them as another venue for Radio*. Radio station websites are growing dramatically; Radio is exploring its options in cell phone audio (while the cellular companies remain stagnant with these options); interest in HD Radio is growing while interest in Satellite is waning. *There is considerable consumer fatigue in a multiplatform world and consumers are begging for simplicity and something familiar to help them sort things out. Radio will be there as a familiar friend as consumers multi-task their way through the daunting digital world.*

Sources: AMS Radio Index by Omnitel, Simultaneous Media Usage study, Arbitron/Edison, Deloitte & Touche "State of Media Democracy", BigResearch Simultaneous Media Study, RAB Fact Book.

TRADITIONAL MEDIA

Newspapers launch a new trade campaign

Hundreds of newspapers have joined forces to launch their industry's 2007 trade campaign using the tagline "Newspapers: The Multi-Medium," which will communicate to buyers and planners that the combination of their print and online content serve advertisers better than any other media. They plan to spend over \$75 million this year on their B-to-B campaign – all to tell buyers that, among other things, visitors to newspapers websites have increased by 15 percent in a year. Considering how fast many other aspects of the Internet are growing, this 15 percent seems rather paltry; for example, *visitors to Radio station websites have doubled in the last year.*

Source: Newspaper Association of America

EVERYTHING OLD IS NEW AGAIN

Listening to "terrestrial" Radio stations online has doubled in the last year

We covered this same subject in last month's *RadioWaves* but there is new and very compelling information, from two different sources, confirming that listening to terrestrial broadcast stations on the internet has virtually **DOUBLED** in the last year!

- J.P. Morgan tells us that the number of visitors to AM/FM Radio station websites to stream *grew by 110 percent* last year while Internet-only Radio operators grew only 25 percent.
- An AMS study tells us the percentage of the population who visited and streamed an AM/FM Radio station online *grew by 86 percent* since last year and now represents *two-thirds of the population!*

Source: JP Morgan, AMS-commissioned study by GfK NOP

DIGITAL MEDIA

One third of the population doesn't have or plan to get the Internet. Why?

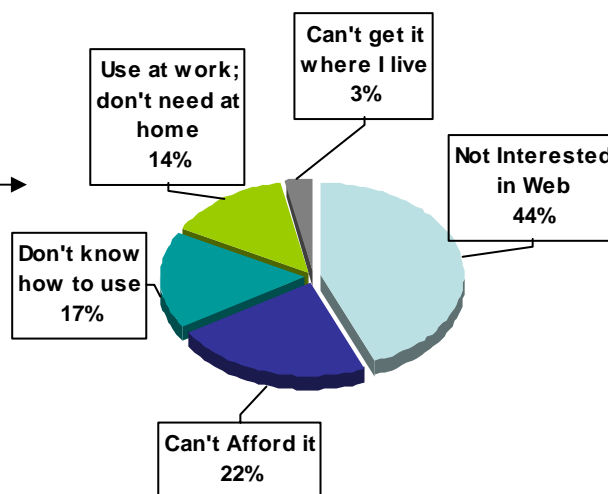
One-third of U.S. Households has no Internet access and does NOT plan to get it. Most of these people actually see little or no use for the web in their lives! Why?

This graph shows the various reasons.

So, while high speed Internet is growing among the portion of the population that has the Web, a stubborn one-third of the population doesn't want the Web *at all*. The majority of those refusing are middle demographic – 60 percent are 18-64.

This study begs the question: *Has the Internet reached its saturation point at two-thirds of the population?* (Remember that both TV and Radio deliver over 90 percent)

Source: Outsell, Inc., Piper Jaffray, Brandweek, MediaPost, AdAge



OUR TWO CENTS: AN EDITORIAL

Tired of hearing about IMUS? We are too ... but this isn't what you think. It's *not* an editorial on Imus' offensive remarks about the Rutgers' Women's Basketball Team or on his suspension from his morning Radio show and its cable TV simulcast. Since this was the number one news story on TV for all of 2007 to date, enough has been said about it except for the following – *this controversy demonstrates that RADIO WORKS, especially Talk Radio*. That hasn't been mentioned by the other media when reporting this story; they focused on Imus' Cable TV presence where he reached only 360,000 viewers; meanwhile he had 1.3 million RADIO listeners. The goal of Talk Radio is to be provocative and create discourse. Sometimes it crosses the line (actually, it often crosses the line). This time it most certainly did. But, we can think of no better proof that RADIO WORKS than this controversy over Imus' remarks. When was the last time you saw a news story of this epic scale about something that was written on a *blog*? In fact, if a blog had produced this amount of flap, the bloggers would be ecstatic because their remarks would have produced the desired impact. So, whether you were offended by Imus' remarks, or you defended his right to say them, you have to admit, this episode clearly demonstrates *the POWER of RADIO to impact the common consciousness of Americans*.

THIS MONTH'S DEFINITION

What is RDS?

RDS is sometimes confused with HD Radio because it does have some of HD Radio's digital capabilities. RDS stands for "Radio Data Systems" and is a way to digitally send information to compatible Radio receivers. Many new Radios, especially car Radios are RDS equipped. In fact, it is estimated that 75 percent of the new cars sold are equipped with RDS Radios.

The most common usage of RDS is as a station tuning aid, which includes format information, station ID, song and artist ID. When you change a station on an RDS-equipped Radio you usually see the station's slogan displayed instead of its frequency; this can change to a text display of the artist and song title. This technology also has the potential to delve into real time traffic and weather reports. Interestingly, iPod's Radio accessory also features RDS. (See *RadioWaves*' "From the Sublime to the Ridiculous" column this month for more on iPods).

Source: The Broadcaster's Guide to RDS; RadioWorld Newspaper

TRUTH OR HYPE?

Mobile Internet ("Smart" Cell Phones) usage is huge. This is HYPE!

There is so much conflicting information about mobile Internet that sorting through this data is an absolute ball of confusion. This is primarily because the data on new technology usage is NEVER given in terms of percentage of *population*. It's usually given as a share, not a rating ... and that share is usually a percentage of some obscure user universe that does some activity or owns a variation of the new technology. For example –

- A recent Arbitron/Telephia study said: only six percent of *cellular subscribers* have used a cell phone to access an audio feature (like cellular Internet Radio or music downloading) last month. But only 70 percent of the population owns a cell phone so *this 6 percent of cell phone users is actually only four percent of the population.*

BOTTOM LINE: Four percent of the population listens to cell phone audio

- Another study by Media-Screen told us about mobile Internet users as a *percentage of total Internet users who already have broadband access*. Huh? This study says 60 percent of Broadband users have an Internet-enabled cell phone and five percent use it to access the web and internet audio. If we go through this funny math, we can see that *only ONE PERCENT* of the population actually uses mobile Internet*. No wonder they obfuscate this by quoting their numbers as a percentage of an obscure user universe, not of the population!

* (How'd we come up with that tiny number? The number given is a share, and to translate this share into a rating – a percent of the population – we have to start with determining what the base of this share figure is: *Internet households are about 65 percent of the population and three-quarters of them are broadband (high speed) users. That results in 48 percent of the population having "broadband access" – this is the base number of this study. If 60 percent of these "broadband users" have an internet enabled cellular phones – they are only 29 percent of the population! This study says that five percent of that 29 percent actually use it to access the web -- which is only ONE PERCENT OF THE POPULATION.*)

Don't confuse Mobile Internet with text messaging which is a cellular, not an Internet application. Text messaging IS huge, growing and limitless in its appeal. Mobile Internet consists of people surfing the web on a slow connection, with minimal graphics, on a one-inch screen. Some significant technological improvements are needed for this to grow past the point where it's a blip on the technology radar.

Source: Arbitron/Telephia April 07; Media-Screen, March 07

The "FROM THE SUBLIME TO THE RIDICULOUS" Corner

The 100 millionth iPod was just sold (worldwide). However, underneath this impressive number is the fact that iPod sales have been lagging recently. For three of the four quarters last year, iPod sales steadily dropped, followed by a Christmas spike.

Since the iPod's release five years ago, analysts have said it would be the death of Radio. Far from it! In fact, Radio's total audience has grown from 226 million to 230 million listeners during this same five years and time-spent-listening is *not* shrinking, even among heavy digital consumers.

What's most compelling is that in a recent survey of iPod owners, one of the questions was "What accessories do you want for your iPod?" The number one choice was A RADIO! Nearly half of all respondents chose a RADIO from the zillions of cheaper accessories available for iPods. You see, the iPod is the only brand of MP3 player on the market that doesn't come with a Radio already installed ... *Apple sells a Radio as a \$50 accessory to the iPod*. That's nearly as much as some iPods cost! Making it so unavailable makes it look like Apple is afraid of a little Radio – *ridiculous!*

Source: Jacobs Media; RAB; MacWorld PR release.

FACTOIDS YOU CAN USE

Young with Money:

There are actually more 18-34 Adults with six-figure incomes than there are 55+ who earn that kind of money. Surprised? In fact, 27 percent of all \$100,000+ income householders are 18-34s while only 19 percent are 55+.

Who are these "young with money"?

- Over one in three are actually under 25 (36 percent)
- 61 percent are male/39 percent are female
- Over 80 percent own their own homes and ...
- Over 40 percent own homes worth \$300,000 or more, with Women owning more homes than Men
- Only 58 percent are white; 10 percent are Black; 15 percent are Hispanic; 13 percent are Asian.

Source: The Media Audit, March 2007