

RADIO IN THE '90s

Audience, Promotion
and Marketing
Strategies

Robert E. Balon

National Association of
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8698
.B27 Radio in the '90s
1990

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Radio in the '90s: Audience, Promotion and Marketing Strategies

Robert E. Balon
The Benchmark Company



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ISBN 0-89324-085-0

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8698
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Preface

Radio is an endlessly fascinating and frustrating endeavor. The rules are constantly changing and the pace of the play these days can leave the most battle-hardened combatant gasping for breath.

What I have tried to do in *Radio in the '90s* is to take the seemingly limitless barrage of information that has come across all our desks and make some practical sense of the radio industry. So what you have is a look into the future, which must necessarily be accompanied by an examination of the past.

I want to thank *Radio & Records* for allowing me to reprise some of my ratings and research columns which became integral parts of several chapters of this book.

Kudos to Scott Gilmore of the Benchmark Company for his insightful criticism and to Paige Blount for editing and proofreading. But the lion's share of the credit goes to Millie Wehmeyer who somehow managed to decipher audio cassettes with airplane ambiance and yellow pages of chicken-scratch into final manuscript. She did a wonderful job.

I dedicate this book to my daughters, Jennifer 11 and Lauren 5, for they are the future. Radio warfare aside, how we conduct ourselves in the '90s as a species will go a long way toward determining how their lives, and the lives of all of our children, and ultimately, the rest of us, will unfold.

Rob Balon
The Benchmark Company
Austin, Texas
September 1990

Foreword

It's impossible to offer any predictions for the 1990s without a quick look back at the attitudes and events that shaped the eighties. Author Tom Wolfe characterized the last decade as the decade of "money fever." Wolfe offered that the worship of the dollar was more *normal* in the eighties than it was in the sixties or seventies. Not only did wealth and the unbridled pursuit of it drive the eighties, it also became fashionable to flaunt it ostentatiously.

Many '90s sooth sayers have speculated that this preoccupation with avarice can only lead to one path in the next decade: a return to the moral, the true, the good and the just. Pictures have been painted of Americans virtually leap-frogging over one another on their way to do altruistic deeds, queuing up in front of the trendiest church, and waving signs and placards about saving the environment.

From this corner, I think the '90s will be a bit of both. As Wolfe so aptly observes, we haven't had a depression or any new set of ideas to "suddenly make us have one of Savonarola's orgies of asceticism."¹ In Wolfe's view, the fever has not died. I tend to agree with him. I think the '90s will see a blending of personal philosophies along side unfettered ambition. Greed is "good," as Gordon Gekko stated in *Wall Street*; but, in the '90s, that greed will transcend many battle fronts: finances, the environment, personal lifestyles, the family. However, Americans will want some place they can call home.

The '90s and the decade of the new century will probably be the last the baby boomers know as the human generations. Technological advances will be so profound that by the middle of the next century, in all likelihood, cash will be obsolete. Electronic immigrants, "people" who telecommute via computers to work in another country will be the new global workers. We'll see gardens with artificial plants that can be programmed to change colors, an increase in two-generation geriatric families -- adult children in their sixties and seventies for parents in their nineties. The greenhouse effect may cause Canada's population to surpass that of the United States as U.S. citizens

emigrate to warmed-up areas of Canada, attracted by favorable living and working conditions. Restraints such as prisons will be unnecessary in the future with the availability and wide-spread use of electrical and chemical implants that will allow 24 hour-a-day control of human behavior. We'll even have smart furniture that will be able to communicate with householders and move about the home. With all of the outrageous technological events most assuredly heading down the pike within the next 50 to 60 years, it will be most interesting to observe baby boomers living out the next two decades; arguably, the last in which "high touch" will have as much impact as high "tech."

The role that radio stations must play in the '90s will differ greatly from anything Radio has seen before. Perhaps more than ever before, Radio will be rewarded relative to its perceived ability to relieve stress. If Radio has only one niche for the '90s, it is that as an industry, it is uniquely geared toward the overall benefit of making people feel better. With psychological and technological difficulties and complexities that face each American citizen in the '90s, Radio, cast in the role of, "Hey take a breather for a second and listen to the radio." could be uniquely positioned. Another advantage that Radio can deliver in the '90s is helping listeners keep up with the frantic pace of transition. Most psychologists will agree that one fallout from transition is acute stress. As Peter Francese, President of *American Demographics* points out, "The pace of societal change has left most people breathless. Many are trying to reconcile the various roles they play and all face tremendous time pressure; hence, people are willing to pay a high price for products or services which relieve stress."²

While Radio has never been perceived as something you purchase to relieve stress, what better role to cast it in for the '90s. It was the portable friend in the seventies and eighties, why not let it be the portable stress reducing aid in the '90s? After all, Radio delivers just what is needed to reduce stress: fun, information, an assessment that you as the listener are okay and the assurance that the world, as we know it, will be with us for at least one more day. Perhaps that's a true metaphor for Radio in the '90s. As the demands and by-products of high tech get increasingly more intense, the high touch services that Radio provides will definitely be more in demand.

This book will look at the emerging trends of the '90s as they relate to Radio. Chapter I offers a detailed description of the demography of the next decade from the awesome impact of the baby boomers to the surprising strength of the "new old," the '90s will be a numbers decade. The second chapter deals with audience measurement in the '90s. Changes will occur both in Arbitron and Birch methodologies and products. The delivery of rating books will change significantly as physical books will no longer need to be printed and everything will be available as a computer down-load. The nature of electronic measurement is discussed as is the profound implications of single-source research for radio, television and advertising businesses. The third chapter deals with contests and promotions and how to target your listeners in the new decade.

Chapter IV, arguably the most important chapter in this book, deals with marketing in the '90s. The entire concept of "niche" marketing is discussed as are the changes in marketing that will be the hallmarks for the decade. Radio will make the transition from a totally product-driven business in the sixties to an almost totally marketing-driven business in the '90s. The changes will be profound. Chapter V deals with the kinds of research questions that have to be asked in the '90s if stations are to get information that will be actionable. It also looks at the future of non-traditional research. Chapter VI considers the prevailing formats of the '90s. It examines why Radio will continue to narrowcast and what competitive market profiles will look like. We'll try to predict what people will be listening to and why and how successful broadcasters will respond.

The style of this book, like my earlier book for the NAB, *The Rules of the Radio Ratings Game*, is designed to be informal and conversational. My apologies in advance if it is deemed occasionally irreverent, but while it's fine to be serious business people, we must maintain the ability to poke fun at ourselves and above all else not take this blessed thing called Radio too seriously.

R. B.

I. The Numbers Game

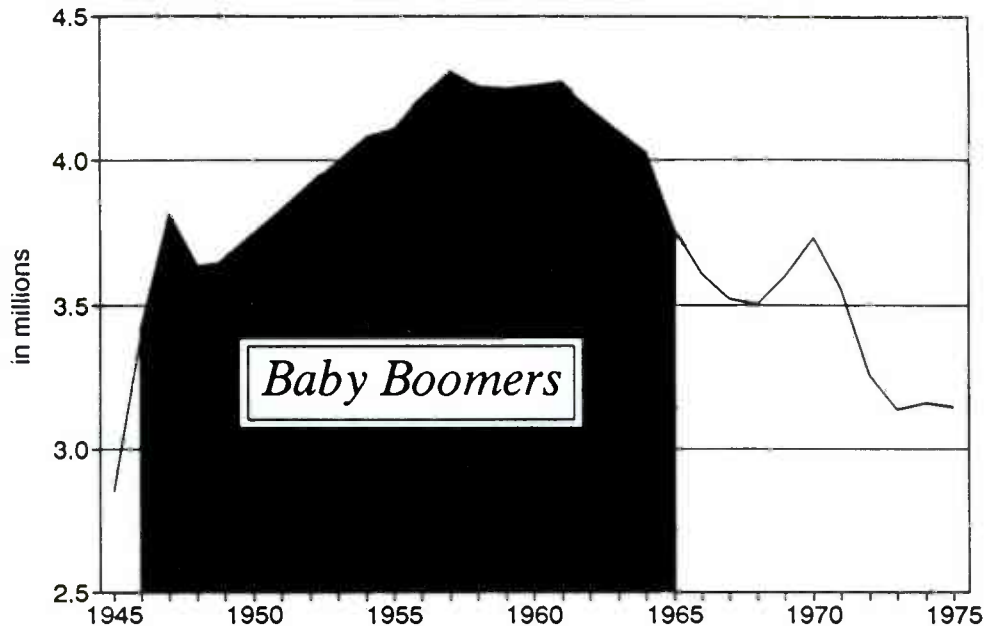
May you live in interesting times
--ancient Chinese curse

The eighteen-year period from 1946 to 1964 saw an unprecedented number of births in the United States. Peaking with an all-time high of 4,583,000 in 1961, the entire period produced a staggering 77,311,000 babies. As virtually everyone now knows, that distinct bump in the American population curve has become known as the "Baby Boom." And as the baby boomers have gone, so have gone American tastes and social trends in the last twenty-year period. According to the *Boomer Report*, the older baby boomers (known as the **early boomers** -- people born between 1946 and 1952) were the drivers and shapers of America's most talked-about decade: the sixties. The **later boomers** (born between 1952 and 1960) came of age in the seventies and were the prime movers and shakers of the "I-me-mine" movement. The **final boomers** (1960-1964) have graduated from college and were taking their place in society in the late eighties.¹

The total population estimate for 1989 was 248,241,000. That's for the entire United States. That means that baby boomers make up roughly 31% of the total population of America. There is also no doubt that they are the largest, most visible generation in American history. As the boomers age, the trends they created will age with them. Fitness, spiritualism, the acquisition of information, all will remain etched in the boomer psyche, and new trends and new psychographic profiles will be articulated as we move toward the point in the year 2011 when the first of the boomers will actually reach what has traditionally been retirement age. However, many 40 year-old boomers don't see themselves retiring at age 65. Many cite plans to work well into their seventies or as long as they feel "viable."

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Figure 1
United States Live Births 1945-1975

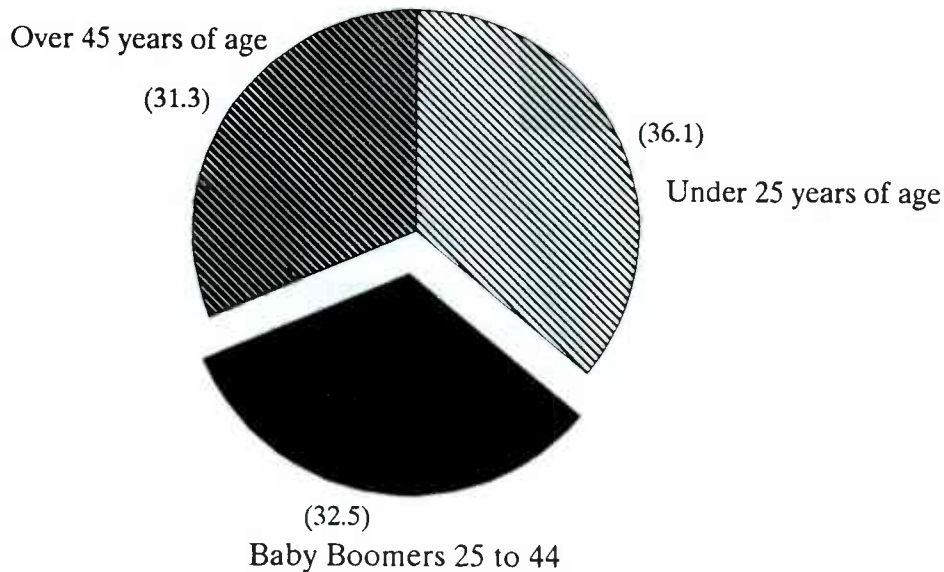


Source: United States Bureau of the Census

From a research standpoint, the baby boomers have proved to be a difficult generation to chronicle and that trend certainly doesn't appear to be going away. Indeed, Paul C. Licht, author of a recent book on boomers, wrote: "Baby boomers have not quite decided whether they are members of a distinct generation, bound together by history and demography, or merely a collection of small groups and individuals who just happen to share the same birthday."² Licht goes on to point out, and justifiably so, that the boomer generation has perhaps the greatest history of shared social experiences, i.e., the revolution in social values, great expectations about their future, witnessing history through the unifying image of television, and the fears brought on by the nuclear age.

The fact that the youngest baby boomers turned 25 in 1989 and the oldest reached the ripe old age of 43 should not be lost on broadcasting executives, either. For it is not coincidental that the two most desired demos in today's broadcast buying world, 25-34 and 35-44, fall directly in the target clusters populated by the 77 million-strong boomer population.

Figure 2
United States Population Distribution
(1/1/90 estimate)



Source: United States Bureau of the Census

Implications for Radio

In 1989 only about 14 million of the 77 million boomers were over the age of 40. However, by 1999 some 59 million of the boomers will have turned 40. The largest population blip in the history of the United States will place an incredible glut of consumers and radio listeners in the 40-54 age category! Projecting further, by the year 2005 the majority of all baby boomers will be over the age of 50.

Perhaps the best way to document attitudinal and music trends among boomers is to list what we call "Cultural Reference Points" for various sub-generations within the entire baby boom infrastructure. For example, older boomers who were born between 1946 and 1952, along with their older

brothers and sisters, were the ones who really experienced the sixties. Their younger brothers and sisters, born between 1953 and 1958, had some vicarious participation in the sixties with their older siblings as role models. And of course the so-called "laggards" of the baby boom generation, those born between 1959 and 1964, had very little participation either vicarious or otherwise. They were simply too young. On the other hand, the tail end of the baby boom curve children turned 17 and 18 in 1981 and were prime movers in the change of CHR that occurred in that year (Men at Work, Duran Duran, Culture Club, etc.) That's a cultural reference point for that group which would not be shared by the older boomers who lived with the Vietnam War on network television each night. The older boomers' first exposure to family role models might have been Robert Young on *Father Knows Best*, or Ward Cleaver on *Leave it to Beaver*. The middle boomers might have had *The Partridge Family* or *The Brady Bunch* as their first family role models. For the later boomers, it might have been *The Waltons* or *Eight is Enough*. This underscores the difficulty in reaching the baby boomers as one massive unit. While they may share numbers in common, there are many subsets that exist within the eighteen-year bubble. Indeed, the entire concept of niche marketing (explored in Chapter IV) has been brought forward with the boomers in mind.

Radio stations would do well to consider this. The advertising agency buying projections are simply not consistent with the real cultural reference points that exist within the 25-44 demographic. In short, there are very few stations that really deliver a 25-34 year-old audience, or a 35-44 year-old audience. What you have, perhaps, is a station that delivers a 23-28 year-old audience or a station that targets a 29-34 year-old audience, or a 37-44 year-old audience. The logic behind this reasoning is simple: if you want to win 25-34, 35-44 you must maximize your exposure within the key cultural reference cells that make up that group.

Consider average American social trends. Most Americans, according to a Harris poll,³ indicate that they have social relationships or see friends on an average of two to three times a week. These social contacts, interestingly enough, are lowest among adults 18-49, and highest among retired citizens and preteens. But among the key baby boom generation, how many 25 year-

olds have active social relationships with 34 year-olds? There are very few common reference points that the two groups have. How many 34 year-olds are actively social with 42 and 43 year-olds? While some of these groupings may occur, you will find that peoples' social groups tend to fall within five years of their own age.

The radio program director who says that his target audience is 25-44 really is talking about an audience perhaps of 25-29 that he must dominate to win 25-34 or an audience of 37-42 that he must dominate, if he is to win 35-44.

Psychographic Trends Among Boomers

One of the truly fascinating things about the baby boomer generation is its insistency upon dredging up things past. Unlike other generations who found the "good old days" to be eminently worth forgetting, the boomers take great joy and pride in resurrecting the bygone days. They literally cloak themselves in it.

The resurgency of oldies on the radio is a definitive indicator of that. Virtually every radio market today boasts not one, but two, three, or four oldies or classics stations; all geared to reaching some level of the 26-43 year old group which advertisers have come to worship.

Benchmark Company research has revealed that baby boomers are interested in more than just the music of the past. In virtually every lifestyle element they harken back to other eras. First has been the emergence of the "new traditionalist" woman. This woman may have burned her bra in the sixties and gotten on a successful career path in the seventies, but in the eighties she has shed all the trappings of the "I, me, mine" era and has become a homemaker whose goals are centered on husband, home, and children. If that doesn't smell of 1955, what does?

Then, too, is the emergence of the so-called "return to the nest" syndrome, which is particularly shared by the upwardly mobile and older boomers. The

embodiment of this is the "Honey, let's stay home tonight" phenomenon that emphasized the home as the last great security blanket these people have. The baby boomers even have their own television show now. It's called *thirtysomething* and the cloying, clutching cast of characters do little more than lament the passage of time each week, glorifying the college era when they didn't have anything to do and bemoaning the present when there is far too much to do.

The icons of the present age also suggest a return to a more comfortable culture. The mid-eighties has given us Vanna White who is busty and mute -- a definite throwback to female images of the late forties and fifties. Pee Wee Herman, an anachronistic throwback at best, has become a hero not so much among children as among baby boomers. The demographics on Pee Wee's show are absolutely astonishing when compared with similar viewing patterns for other alleged "kiddy fare."

Even the entertainment business has gotten into it. "Oldies" nightclubs abound around the country. For a \$5.00 cover charge you can be whisked away to 1965 or 1957 and spend your night dancing to Motown and James Brown. The furniture business has gotten into the act too. A new chain of stores around the country called "Domain" caters to the baby boomers by helping them recreate their past. Domain can instantly create for you an heirloom that was never handed down to you by your mother. Its stores, wildly popular, create a sort of *deja vu* boutique and eclectic fashion coterie with a deliberate sixties message.

This has not been lost on Madison Avenue. Every so-called lifestyle ad campaign is set to a sixties motif. And it all centers around Motown. What *The Big Chill* unleashed shows no signs of slowing down. The raisins dance to Marvin Gaye's *Heard It Through the Grapevine*, the car ads extol the virtues of getting away with the Supremes in the background.

And, as the baby boomers go, so goes the nation. What is going to be very fascinating is what occurs when the oldest boomers turn 50 and then 60. Will record companies, when Radio has finally burned out its last oldie, start creating new music that sounds old?

There's a lesson to be learned here for Radio. That is, how can we take advantage of the lifestyles of the baby boomers?

What about the nesting effect? Would it be inconceivable for stations to design shows aimed at couples? Shows that reach out, evening shows in particular, for dinks (Dual Income No Kids). These people are not big television watchers and could become a dynamic part of a resurgence in evening radio.

And the new traditionalist? Radio can cater to her with helpful lifestyle tips. New 90-second pop psychology bits like "The Word" are perfect for reaching this most desirable consumer. And remember, she's at home! Some of us will remember the rise and fall of "housewife time." Well guess what, we're beginning to deal with it again!

The point is, the lifestyles of the older baby boomers are tailor-made for innovative radio programming beyond just "oldies." Radio can specifically target and cater to older boomers by understanding the various psychographic profiles that make up the audience and aiming innovative, service-oriented programming at these subgroups.

Not surprisingly, the boomers have been well-researched as they have begun to make their impact on the American scene. They've been called "The new power group" in a study released by N. W. Ayer, Inc.⁴ Ayer pointed out that the baby boomers represent almost half of the country's adults, 44% of households, and 47% of all income (compared to their overall 31% of the total population)! Ayer found that boomers can be grouped into four distinct segments.

The Satisfied Selves

They're optimistic, educated, achievement oriented and feel good about their lives and their careers. They're open-minded, affluent, and think of themselves as risk takers and innovators. They are also the largest group.

The Contented Traditionalists

The Contented Traditionalists are secure and reasonably self-actualized. They are more family and home oriented, tend to be more closed-minded and more conservative and also more resistant to change (think "glasnost" is a commie trick).

The Worried Traditionalists

They don't like the world much. It's too complicated and much too scary. Their self-image could use improvement and they are definitely insecure and afraid, very fearful of death, rape, robbery, and divorce. They're also very quick to emulate changes in fashion or lifestyle.

The Sixties in the Eighties

They are open-minded leftover hippies who, when asked for a residence address, might say "1968." They have flower child values and unfortunately flower child budgets as well. They are the smallest group.

Now this is, at the very best, a crude analysis of the numerous psychographic profiles that exist within the baby boom generation. But it is at least a place to start.

Acronyms within the Boomer Sub-Categories

Much has been made of terms like "yuppie" (Young Urban Professional) and "dink" (Dual Income No Kids), but the fact of the matter is that most baby boomers are neither yuppies nor dinks. However, American business' fascination with the yuppie appears to be ending; companies such as Anheuser Busch are rethinking the acronym. "Ads will soon shy away from using the classic yuppie characters," this from Judith Langer, President of Langer Associates in New York. "The man in the suit with blonde hair and round glasses and the woman with the coiffed hair and the Gucci bag will become rarer and rarer. We will see an increase in minorities and special interest groups in ads." This from Jeff Donets, Vice President and Associate Media Director for New York's Lintas Advertising: "Every time I hear the word yuppie I cringe. Not all people who fit the definition work late and go to bars to network and interface and then drive home in their BMWs to their expensive condos. Some of us like to go home at 5 to the suburbs and barbecue."

If there is one group that has whole-heartedly embraced the concept, however limited, of the yuppie, it has been the average radio station sales department. We have visited stations around the country where devotion to the concept of the ideal yuppie is legion. Broadcast radio types delude themselves into believing that their average listeners are all yuppies, and then are shocked to see in focus group research how plain, pathetic, mundane, and singularly uninteresting their real listeners actually are. Radio types are not alone in this line of thought; many businesses were blinded by the light of the entire yuppie syndrome.

The tendency to lump all the older boomers into a yuppie category can be very limiting from a standpoint of creative and aggressive marketing. As Judith Langer further observed, we're finding that many yuppies who do live out some of the stereotypes seem to have a soft side to their nature that is not so materialistic and inwardly focused. They might go to health clubs, drink Perrier and drive BMW's but at the same time belong to an environmentalist

group. One would hope that ads would start reflecting the individualism that's out there; 20 million yuppies can't *all* be eating sushi.⁵

Reduction in Materialism

Another fascinating development as the baby boomers age has been the return of more traditional elements. Some might call it the *New Age Philosophy*. Some might call it a return to religion, or an embracing of simpler, more traditional values, but the rise of the earlier mentioned "New Traditionalist" and "Neo-Traditional" mores has been a distinct research finding over the last several years. And this appears to be more than simply a flash in the pan. As Richard Poe, writing in *Success Magazine*, put it, "Aging baby boomers -- whose closest brush with a spiritual vocation has been the zealous pursuit of a BMW -- have suddenly been smitten with the suspicion that neither rigorous deployment of prophylactics nor a regimen of low-impact aerobics will insure immortality. The result is a new focus on lasting values of family and spirituality."⁶

Indeed, even the guru of salacious mid-eighties marketing Calvin Klein had this to say, "The times are different. If the seventies were the era of sexuality and the eighties the era of greed, then we're coming into an age of long-term relationships, romance with commitment. It's the end of the "me" generation and the beginning of the "our" generation."⁷ Indeed, as Poe points out, spirituality has been a lucrative focus for Calvin Klein. Klein shocked the fragrance world by introducing *Eternity* last year, which far surpassed the success of *Obsession* several years earlier. Conversely, the company has eschewed, groping, sweating, steamy bodies in favor of a married couple nuzzling.

A subset of the entire boomer process is then: Neo-traditionalism. A time when many women will return to the home but not necessarily full time and not at all meekly. Perhaps one of the reasons behind this return to traditionalism is the fact that boomers live in a world that is as complex and as laden with choices as any generation has ever faced.

The dilemma can be more clearly pointed out on any trip to the supermarket. Let's suppose, for example the consumer went out to look for mustard. Well, would she take regular mustard, spicy mustard, store-brand mustard, famous *Grey Poupon* mustard, or exciting new jalepeno mustard? How about hot seed, full grain country style mustard? What about new processed mustard from New Zealand? The issue here is what some psychologists commonly call "choice anxiety." As your number of choices increases, so the time you spend making choices increases. Unless people are willing to engage in "default choice," to simply do what they did the last time, people have to invest a certain amount of time in making psychic choices they otherwise wouldn't spend. Boomers who suffer from choice anxiety should not expect the trend to go away. Indeed, it'll probably only get worse. Things will continue to become more confused and more difficult.

Consider the proliferation of radio formats. While it would be difficult to draw the analogy that radio listeners are in the true sense of the word consumers, there are still a significant amount of listening choices for them to make in a typical large market. The more choices they have, the greater degree of product knowledge that it will take for them to, remember the choices they've made. This works against the average radio station in the process of aiding listeners with respect to what they've listened to which is a necessary and critical step in the Arbitron and Birch ratings processes. Another psychological aspect on the baby boomer dilemma is that they are all truly children of an electronic culture. Even the oldest boomers were reared on television. Unlike any previous generation, they have this intense cultural lineage and it would be wise for the program director of the '90s to tap in to that common mindset in their target audience.

According to the *Boomer Report*,⁸ half of all baby boomers spend their Saturday nights at home. This phenomenon, also known as "cocooning" has ushered in an era of the home as entertainment center in American life. According to all the popular sociological forecasters of the late sixties and early seventies (Toffler included), we were supposed to be awash in a sea of leisure time by the end of the 20th century. The work week would continually shrink -- 40 hours down to 38, hours down to 37.1, down to 36.2 hours, and successful businesses would be those which could fill the leisure

time demands of the average American population. Something has happened to that. According to Decision Research Corporation, upscale boomers claim they have only 3 hours per day of leisure time. Thus, while the traditional entertainment values in America still center around "finding something to do and finding something to eat," much more of this will be home centered. This creates a problem for Radio because while television viewing is often considered entertainment or finding something to do, Radio is more often perceived as accompaniment. Therefore, a rise in television consumption centered around a home entertainment environment, is not good news for the medium of Radio. This mandates aggressive, innovative programming by radio stations and networks targeting this new stay-at-home trend in America. One activity Radio cannot accompany is television viewing.

Also, according to the numbers, in the next decade there will be a tremendous surge in take-out eating among baby boomers. While the current numbers are 26 times per year, the greatest growth area seems to be in areas of home delivery and quick service. Indeed, as the *Boomer Report*⁹ points out, all sorts of home delivery services are making comebacks. Supermarkets now deliver. The milkman we used to know and love is on the way back. Baking companies are also beginning to deliver goods and fresh produce along with milk. In San Francisco there is a program called "Waiters on Wheels" which delivers well over 2,000 meals a week basically to dinks. In Minneapolis, General Mills is taking a look at the process, calling it "order in."

What can Radio do? A key question in this "boomerology" section is what can Radio do to accommodate some of these psychological/attitudinal changes among baby boomers? Here are some thoughts from a solution standpoint. If listeners are going to be spending more time eating in, can radio stations do something to accompany that? What about a dinner show? A radio show specifically designed to accompany the in-house dining process. Surely research could reveal what listeners want to hear, what they're interested in, and what kind of music they want in what time frame. Something could be developed to make it perhaps even more interactive. If Americans are indeed more inclined to be sampling fast foods at home, what can Radio do to accommodate that?

But the bottom line here is if the home is to be the last great bastion for the baby boomers, Radio must find a way to create more active listening patterns during non-traditional radio listening times. American boomers, creatures of habit, are used to listening to Radio in the morning before they go to work. What does Radio do in the morning that serves the need that brings people to listen to Radio at home during that time? What are Americans going to be doing with the rest of their days, their evenings, particularly with respect to the stay-at-home philosophy we mentioned, that Radio can build the programs and environment around?

Targeting Boomer Businesses

There are certain industries, primarily in the service sector, that will benefit from baby boomers in the next five years -- textiles, home improvement and materials, hotels, show business, life insurance, fitness related products and the airline and travel industries. Child care services, too, will be strong in the '90s. None of these concerns are traditional radio advertisers, but Radio is the perfect medium for reaching boomers. Radio, like the boomers themselves, is flexible, spontaneous, and capable of reaching people who make quick decisions.

Lest we focus all of our concern on the rise of the baby boomer, consider as well the 45-54 demographic group. Strong and growing stronger every day, they pose another fascinating set of possibilities for radio programmers in the '90s. While they may not be heavy metal freaks, research is showing that this demographic is not simply one to lay back and listen to Montovani playing the Beatles all day long. The same argument could be made for the 55-64 group, which is healthier, more affluent, and more in control than ever before in American history. Realize also, that by the end of the decade, the 25-34 group will be at its lowest population level in modern American times.

As compelling as the "boomer" numbers are, we must also bring into consideration the sixty million or so Americans who are now at least a half a century old. The over fifty market will only embellish the profound aging influence that America will see in the next two decades. Indeed, every day another 6,000 Americans turn fifty. The continued result of this will be that by the year 2000 the median age of the United States will be thirty-six, older than any point in the nation's history. Age research expert Jeff Ostroff has identified eight common misconceptions about Americans over fifty that may be of great interest to radio broadcasters who contemplate this growing section of the population. Ostroff labels them the Eight Deadly Misconceptions about the fifty-plus market.¹⁰

"The New Old"

1. Mature adults are all the same. Because of our insistence on demographic conformity, radio broadcasters have a tendency to lump groups together. Who has not heard the phrase "My target audience is 50 to dead"? This rather uncharitable description is tied directly to the buying community's perception that people over 50 are not worth having as target listeners. Ironically, research into this age group has discovered that they are not all the same. Indeed, as Ostroff says, the longer they live, the greater the differences between them, in economic status, geographic location and career experience.
2. They think of themselves as old. According to most research, Americans always see themselves as fifteen to twenty years younger than they really are. This kind of thinking flies directly in the face of what radio listening tastes older listeners may exhibit. They are not simply content to sit around listening to beautiful music and music of your life.

3. Older adults are an important consumer segment. One key thing that the buying community needs to understand is that older Americans account for nearly *half* of all discretionary income held by the nation's consumers.
4. Mature adults won't try something new. In our own research for easy listening radio clients, the Benchmark Company has found just the opposite. Indeed, rather than be the creatures of habit that so many agencies assume they are, older Americans are in some cases more inclined to try new products than their younger counterparts. And they have more time in which to make these choices and trials. Many adults in the 55-64 age group we spoke to indicated that for the first time, free of the burden of children and economic responsibilities, they were experiencing what many referred to as a second childhood in terms of consumer driven behavior.
5. Older persons have impaired mental faculties. What can you say about this? I personally know of a number of 18-24 year-olds about whom the same judgement could be made.
6. Most older persons suffer from poor health. Older Americans do need more medical care. But from a percentage standpoint it is not at a level wildly disproportionate to those of other age groups.
7. Older Americans keep to themselves. This may be the most flagrant myth of all. Today's older Americans are more socially active than 18-24 year-olds and 25-34 year-olds. They have well-developed networks of contacts. From a broadcasting standpoint where word of mouth is so important, these types of contacts can bode well for target market campaigns that broadcasters use to increase older listeners.
8. Mature adults are not physically active. Another falsehood. All existing data indicate that they are no less physically active than any other segment of the population. What we really have here is a tremendous bias that exists at all the buying levels of America. As the sheer bulk of the numbers of the aging baby boomers and the over fifty

generation begin to manifest themselves in the next two decades (and indeed the buyers find themselves turning forty), things will change radically. It is not inconceivable that the most requested demographic in the year 2000 will cease to become 25-54 and will most certainly become 35-64. The question then becomes, how many rock-based Top 40 formats can deliver the kinds of numbers that advertisers want when the age of the nation continues to run counter to the trend of new music?

Perhaps to put the information with the boomers in perspective, one must recognize that not everyone is enthralled with the power of 25-42. Indeed, there's a public-interest group called the National Association for the Advancement of Time (NAFTAT) whose slogan is "We want to end the sixties in your lifetime." NAFTAT, according to Northwestern University sociologist Bernard Beck, is part of a logical anti-boomer backlash. Beck says that any cultural statement that lasts too long "seems to generate resentment." By failing to step aside the way it's supposed to, the baby boom generation has thrown out of kilter the ordinary succession of generations. And the founder of NAFTAT, 29 year-old Jean Dillenberg, believes that the central theme that baby boomers trumpet throughout the land is, "You missed the sixties. Your life is meaningless. Your life is irrelevant because it came after mine."¹¹ As long as the American business community allows numbers to dominate its thinking, the Jean Dillenbergs of the world will continue to writhe in collective angst because even if you don't like them, the boomers are here to stay. The problem for the '90s is developing new and diverse radio formats that will not only make the boomers remember what they listened to, but will make them assimilate the cultural wisdom that accumulates with age.

Predicting the Future

Radio has been and will always be a business that is susceptible to the fads and trends that whirl in and out of American culture each year. The new group that was *so hot* at the beginning of the year is gathering dust in the cut-out bins by the end of the year. The buzz associated with one hot new

formatic approach cools marketedly after 6-8 months and several ratings failures in other markets. Lacking a crystal ball to foretell the future of consumer response in your market, however, all radio broadcasters should approach the '90s with an eye toward training yourself to understand trends and what they can mean for your station.

Radio has always been quick to embrace fads, but relatively slow on the uptake when it comes to trends. And there is a marked difference between a fad and a trend. Faith Popcorn, noted futurologist and President/CEO of the Brain Reserve Inc., says that the difference between a fad and a trend is the determined by "longevity and how many people are doing it."¹² She said that a fad typically lasts 6 months to 2 years and that a trend emerges over many years. The difference is critical for radio broadcasters to understand. Baby boomers are incredibly fickle with regard to fads. The hula hoop was a fad; pet rocks were a fad; the mini-skirt in its many iterations, has been a fad because they were in one year and out the next. And how can we forget the *Cabbage Patch Kids*, granola bars, and wine coolers? But the fact that there is a proliferation of two income families in America and the rise of convenience as an art form in our society is a trend and one that will not go away in the foreseeable future because it has such a strong demographic base. The return to the home or as we discussed earlier, "cocooning," is a distinct trend because it developed over a period of time and will manifest itself for an even longer period of time. Popcorn sees a new trend called "cashing out." This basically deals with a number of people who worked their way up the eighties employment ladder trading higher salaried jobs for lower paying jobs that offer more physical income. "Under that trend there's an increase in charity hours and trying to find integrity and religion," says Popcorn. Radio stations wanting to benefit from this trend may try to align themselves with charitable activities in their marketplace to a more visible degree. Other viable trends are the decline of the singles bar and the rise of so-called "manufactured mingling" in venues like laundromats and supermarkets.

Another trend that Popcorn sees is a trend back toward tradition, marrying, and having children. This will result in a big increase in entrepreneurial women. She says, "Women are going to be the big business owners of the '90s. Forty-nine percent of entrepreneurial businesses will be

owned by women in 1990. They're going home again to have their kids and it seems that the perfect side thing to do is open a business." Radio certainly could take advantage of the unique and fragmented markets that it services. Who can better target a working mother with a business in the home than Radio? Every radio promotion director and program director must conduct business with an eye on the trends of the '90s. As reported in *Nation's Business*, Popcorn provided some suggestions for would-be trend spotters in all phases of businesses, but particularly in those businesses which, like Radio, move very quickly:

1. **Read** as many current publications as possible.
2. **Watch** the top 10 television shows, even if you have to tape them for later viewing. They are indicators of consumers' attitudes and values.
3. **See** the top 10 movies. They influence consumer behavior. For instance, Popcorn forecast that bowling will be the hottest sport this spring. One of the tip offs: In a scene in *Fatal Attraction*, a hit movie in 1988, the main characters, a young, affluent, married couple, had a good time at a bowling alley.
4. **Talk** to at least 100-150 consumers a year about what they're buying and why. Do one-on-one interviews at supermarkets, on the street, wherever you find consumers.
5. **Talk** to with the 10 smartest people in your life. The observations of people whose opinions you value can give you another perspective on how the future lies and how your business fits in.
6. **Listen** to your children. "It's very important to understand what your children are doing and what they believe in and what they're watching on television," says Popcorn. "They could be tremendous guides for you. Also talk to their friends who might be more honest with you than your children are," she says.

Once you've made a list of the trends you see in your market and in your area, examine that list to see where your station fits in with those trends. How are you meeting them? How are you serving the collective needs? Do your contests reflect the trendiest giveaway items, things that listeners in your core audience could really use? Are you dealing with news that is of interest to your core audience with respect to the current social trends? Does your music reflect the makeup of the predominant lifestyles of your audience? An excellent example of a manufacturer cashing in on a trend was the development of *Lean Cuisine* by Stouffer Foods Corporation. Taking advantage of baby boomers' insistence upon quality, health, fitness, gourmet, upscale, and convenience, *Lean Cuisine* cashed in on a number of trends that researchers had. True, *Lean Cuisine* went directly against a "purity" trend because it had a lot of chemicals. It was also expensive; but, it had so much collective good will going for it and it fit so many trends, that people were willing to overlook the negatives and pay the high price for a perceived value.

There were other big marketing hits in the eighties. *Haagen-Dazs* Bars, the *Dove Bar*, *Ben and Jerry's*, each of these hit in the so-called "superpremium" ice cream class shamelessly pandered to one baby boomer trend element: quality. *Nintendo* video games took a basic recipe of *Pong* from the early seventies and translated it into something that boomer fathers were fighting with their children over. One recent survey listed video games as one of the top ten hobbies of all college-educated males from 27-44 years of age. Another hit of the eighties that capitalized on a trend was the Macintosh computer. Macintosh seized upon the boomers' insistence on quality and also produced a product that was easily used and easily understood.

Another product of the next decade that took advantage of the trend was the sunscreen business. Remember, back in the old days when you used to simply get suntan lotion? Now you can get SPF-2 or SPF-30 depending on what level of skin condition you have. Sun conditioners and sun blockers do a huge business among 35+, college-educated women who do not want to go into their sixties looking like a *California Raisin*.

There were some interesting misses in the eighties as well. And most of them can be directly tied to their failure to latch on to a key American lifestyle or need profile. Americans as a whole are drinking less as a nation; however, *LA Beer* failed to establish a market. It went on to prove that Americans, while they may be drinking less, still want to enjoy their alcohol, they just don't want to be hit over the head with it.

And how can we forget the Yugo? The Yugoslavian mini-car that was touted as the cheapest car in America. If it was the one trend that came through in the eighties, it was not the decade of cheap. The Yugo's demise was also hastened by the fact that it was also not a very good car. It could never shake the cheap label that was supposed to be a benefit. One of the catastrophic misses of the last decade was new *Coke*. Some claimed that this was a cleverly devised campaign by The Coca-Cola Company to introduce *Coke Classic* and that the entire scenario was deliberate. However, this is highly doubtful. Coca Cola spent millions testing Coke and was convinced that it had a winner. Their research said that people wanted a lighter, fizzier taste. But for generations of Coca-Colaholics, when it actually came to going to the supermarket and picking up the six-pack of new *Coke* as opposed to their old standby, they simply couldn't bring themselves to do it. Coca-Cola's reaction by relabeling the original product *Coke Classic* was brilliant but it was a brilliance that probably should never had to have come to the table.

Undoubtedly there will be marketing hits and misses in the '90s. Most assuredly the hits will be products that are directly or indirectly tied to some consistent bona fied trend in American lifestyle. The misses will just as assuredly ignore the obvious trends and try to carve out their own niche. The weight of history, however, will be against them.

Radio Hits and Misses

The radio format "hits" of the mid-eighties, oldies and classic rock capitalized on the baby boomer nostalgia trend. The "churban" format took advantage of huge upward swings in urban ethnic audiences.

The new-age format, arguably the first "new" format in 20 years, met with mixed results. It drew on the baby boomer trend toward new age philosophies and mysticism. Called by some "beautiful music for yuppies," that description is totally erroneous. New age music was *foreground* for its core audience. It was the first of what will undoubtedly be many "niche" formats.

Numbers in the '90s

According to the United States Bureau of Census, 34% of the U.S. population will be under the age of 25 by the year 2000. That compares with 44.6% in the year 1960. Conversely, the number of adults 35+ will rise to a total of 52% of the population, compared to roughly 42% in 1960.

Table 1
United States Population by Age

Total, All Ages			Age Group as a Percent of Total				
Year	Millions	Compound Annual Growth Rate from Preceding Year (percent)	Under 25	25-34	35-44	45-64	65 and over
1960	180.7	1.7	44.6	12.7	13.4	20.0	9.2
1970	205.1	1.3	46.1	12.3	11.3	20.5	9.8
1975	216.0	1.0	44.6	14.6	10.6	20.3	10.5
1980	227.8	1.1	41.3	16.5	11.4	19.6	11.3
1985	239.3	1.0	38.3	17.4	15.1	18.6	12.7
1990	249.7	.9	36.1	17.4	15.1	18.6	12.7
1995	259.6	.8	35.0	15.6	16.2	20.1	13.1
2000	268.0	.6	34.3	13.6	16.3	22.7	13.0
<i>Source: United States Bureau of the Census</i>							

The growth rate within individual demographic cells is also most interesting. In 1950-1960, because of the baby boom, the percent change in population by total age and group was 34% for the group under 16 years. In the sixties the big growth rate was in the 16-24 year-old group. In the decade of the seventies the disproportionately large population shift was in 25-34 year-olds and so on into the eighties and the nineties. Therefore, from 1990 to 2000 there will be the huge surge in the 45-54 demo.

Table 2
Percentage Change in Population
Total and by Age Group

	1950 to 1960	1960 to 1970	1970 to 1980	1980 to 1990	1990 to 2000
All Ages	18.7	13.5	11.1	9.6	7.3
Under 16 Years	35.3	5.3	-10.8	4.6	3.3
16 to 24 Years	9.8	48.9	19.2	-16.6	-0.2
25 to 34 Years	-4.6	10.5	48.6	15.7	-16.3
35 to 44 Years	11.9	-4.4	11.7	46.3	15.6
45 to 54 Years	17.9	13.3	-2.4	11.6	46.1
55 to 64 Years	16.6	19.6	16.5	-3.3	12.9
65 Years and Over	34.5	20.6	27.8	23.3	10.2
<i>Source: United States Bureau of Census</i>					

Also, by the year 2000 the Census Bureau predicts population shifts around the country, again such that 17.4% of the population will live in the Northeast; 22.3% in the Midwest; 37% in the South and 23.4% in the West. That represents a 4% decline in the Northeast and Midwest from 1980 to 2000 and a 4% rise in both the South and West from 1980 to 2000.

Minority Population Patterns

A fact that has not been lost on CHR programmers and retail marketers alike, has been the tremendous explosion in the Hispanic and Asian populations in America. If there is such a thing in the '90s, the true growth demo will be young Hispanic males and females. As a race, Hispanics have a median age that is almost ten years younger than their Anglo counterparts (white America 33 years of age, black America 35, Hispanic America 26). The Los Angeles market alone has a population of over 4 million Hispanics (larger than the entire commonwealth of Puerto Rico) and boasts no fewer than 9 Spanish-language radio stations. The leading Hispanic stations in Los Angeles KTNQ and K-LOVE outperform many of their AM/FM counterparts with programming tailored to Anglo and black populations. Many Hispanics, who prefer to keep the conversations at home in Spanish, will actively participate in Anglo radio formats particularly dance-oriented CHRs. Spanish radio, contrary to many predictions in the decade, is not fading away. The immigration to America of both legal and illegal Spanish-speaking aliens drives the Spanish-only market and will continue to do so for the rest of the '90s.

The Asian population is another sleeping giant that the broadcast community has virtually ignored. Asians in America are among the most driven of all minorities and characterized by an ardent desire to achieve an education and an upscale lifestyle in America. Thus far, the Asian communities with the largest populations are Los Angeles, San Francisco, Seattle, Portland, and San Diego. But the Asian population in other American cities not adjacent to the Pacific Ocean is growing as well.

It is ironic to note the mass advertising furor that has developed as of late regarding Hispanic population. They exhibit many of the same purchasing characteristics that the American black population does, brand loyalty, responding directly to the broadcast advertising (the ability to trace the buy to an actual advertisement) and high level of product awareness.

Yet the black population has never been "courted," as is currently happening with the Hispanics in America. There are many markets in American radio where it is still not feasible to have a "black" radio station. However, as of this writing, all a Spanish station has to do is turn on a switch and, numbers notwithstanding, they can begin to sell national advertising.

Aside from the obvious aging of the population, which was discussed earlier, the relative mobility of the United States' population is something else that plays a large role for the radio marketer. According to most available data, the typical baby boomer will change jobs five times and careers two to three times and will move at least four times from the period of age 22-45. If it's your responsibility to market a station in the South or the West, the odds are that there will be lots of new listeners moving into your market, probably coming from the Northeast and the Midwest. If your market has a high degree of social mobility, it's more important than ever not to rest on your collective marketing laurels. Remember, you've got people coming into your market everyday who don't know anything about the market. Las Vegas, Nevada, is one such typical high-growth market where the real population is growing at a rate of 11-12% per year! That makes it tough on radio broadcasters because there are always so many new people coming into the marketplace. By contrast, St. Louis, Missouri, is a relatively stable area. Towns with high degrees of stable population tend to reward older, more entrenched stations. It would be very difficult to have a KMOX in Las Vegas because of the vast differences between the two cities. If one were to conduct a survey of where old line AM radio stations continue to do well, it would be clear that it's in cities where the population parameters are fairly stable for adults 25+. Markets like Detroit, Cleveland, Boston, Buffalo, Philadelphia, St. Louis, Pittsburgh, and Chicago all exhibit that degree of loyalty to that type of station. On the other hand markets like Miami, Dallas, Houston, Phoenix, Los Angeles, San Diego, and Las Vegas all exhibit patterns that run just the opposite. Most of that is fueled by the influx of boomer-aged workers into those cities.

Another trend for the '90s is consumers' insistence upon service. Many companies now put toll free 800- numbers on their products, if for nothing else, to create the illusion that they are accessible to their public. Smart radio

stations will do much the same. Run an ad where the general manager says something like, "If you don't like anything about our radio station, here's my special private line. Call me anytime during business hours. Let me know what you think. I can't promise that I will specifically address your individual problem but I sure as heck will listen and do the best I can." That's one way Radio can take advantage of the service trend.

Yet another critical trend for the '90s is the emergence of an almost single mind set about the environment and ecology. Nuclear waste, the ozone level, acid rain, saving the seals...the issues are as numerous as the people who champion the causes behind them. This is a prime area where radio stations can get involved and do something; create an indelible imprint. Make sure that you're seen as the station that champions the environment. Don't pull any punches here. Radio consumers of the '90s are not going to be easily duped. Stake your claim and back it up and you'll be rewarded with an increasingly loyal niche who sees your position as one that "fits" their lifestyle.

And not to be outdone, John Naisbitt of *Megatrends* fame has returned with *Megatrends 2000*.¹³ He predicts a privatization of the post office. That coincides with the rise in personal fax machines and electronic mail. That could open up entirely new marketing frontiers in the mid-90s. Naisbitt also sees a fierce battle between the arts and sports for America's leisure dollars. He argues that the arts, by virtue of sheer attendance, is winning. Of course, sports still get considerably more media play than the arts, but if the pendulum (fueled by upscale boomers) swings toward the arts, radio stations - never ones to champion the arts -- may find themselves faced with an interesting dilemma. Do we give equal shrift to the Boston Celtics *and* the Boston Ballet; what level of listener interest will be directed toward the arts, and how must local stations respond?

II. Commercial Research in the '90s

Commercial research exploded in the eighties. Stations made huge commitments to firms such as The Arbitron Company and to Birch/Scarborough Research. Millions were also spent on perceptual research as stations attempted to determine the "whys" behind the ratings. Not surprisingly, radio ratings are a subject on which virtually everyone has an opinion. Indeed, since the ratings reports are the only tangible measure of our success, they are, for better or worse, the lifeblood of our industry. Since the radio business does not gain profit from the sale of receivers, the ratings themselves represent the scorecard with respect to the audience impressions that are so valuable to the bottom line. While Birch made an all out assault on Arbitron in the latter part of the decade, Arbitron, as of this writing, is still the industry leader (in terms of number stations and agency subscribers) by a comfortable margin. The advent of Birch, aside from the fact that it offers a different ratings perspective, has also been good for broadcasters because it forced Arbitron to be more client and market sensitive. But the fact remains that in a great many markets good numbers in Birch don't always translate into sales. It still takes good numbers in Arbitron to impact on your bottom line. The extent to which the position of the two firms may change in the '90s is not yet clear. But as we enter the decade, Arbitron clearly remains the leader with Birch a strong but distant second.

Among those stations that buy both Arbitron and Birch, a number of nettling problems came to the surface in the eighties. Perhaps the single most bothersome issue was the large differences in audience share often exhibited between the two services. We know of many AOR program directors who often shudder when they get a good Birch because in their mind it almost always predicts a bad Arbitron. Conversely, we've heard of AC program directors who cheer when a lousy Birch comes out because, for them, that almost always portends a healthy Arbitron share. Indeed, it is not unusual when making comparisons in Arbitron and Birch to see differences of well

over 100% within specific demographic cells! The frequent disparity of the results can be maddeningly frustrating to radio broadcast executives.

Comparing Arbitron and Birch methodologies is truly an apples and oranges argument. And that's one thing that broadcasters really need to understand. Arbitron's method of keeping a diary over a seven day period bears little resemblance to Birch's, a telephone call where you're asked to go back and recall listening the previous 24 hours. They are inherently different research situations.

In the diary method, the respondent is alerted to the fact that the research is going to be undertaken and that he or she has the option be a participant in the coming week. Birch respondents are not alerted. They must take the cold call at that moment and recall 24 hours of listening. This difference alone can cause comparable numbers to fluctuate. Not surprisingly, Birch's response rate is considerably higher than Arbitron's. This is almost always the case with telephone research. In the Arbitron situation people not only have to accept the diary into their household, they have actually to fill it out and send it back. In a twenty-four hour recall situation, a respondent may be inclined to mention a station that he just listened to a couple of hours ago. In the diary situation though, suppose that he hadn't filled out his diary in two days. The station that he was aware of on Friday, he may have forgotten about by Monday and may tend to respond with the station that he is more familiar with. As a result, Birch often times tends to track new station development a little more quickly than Arbitron, resulting from the difference in methodology.

The general rule of thumb is that Arbitron often reports much higher numbers for persons age 35+ while Birch generally reports larger numbers for persons from age 12-34. Not surprisingly, beautiful music formats, news/talk, AC, and country often do much better in Arbitron than in Birch while conversely, CHR, Top 40 formats, album rock and urban contemporary formats do significantly better in Birch than in Arbitron. This is again, a function of who fills out diaries and who completes telephone interviews. In national studies, the diary keeping response rate invariably goes up after the age of 35. Conversely, the cooperation rate for phone interviews drops

markedly past age 35. This is a source of on-going frustration to broadcasters, but it is not particularly damning to either Arbitron or Birch. It is simply a reflection of how different the research methodologies are.

We have long advocated a radio ratings system that utilizes some accommodation of telephone recall and diary. The problem with that has always been the portability of Radio. Radio's strength from a sales standpoint is its weakness from a measurement standpoint: there are simply too many locations away from home that make it difficult to blend any kind of coincidental telephone measurement with diary measurement.

Often times it comes down to the age-old question: which firm makes your radio station look better? There are dozens of situations where broadcasters have been forced to "leave one in the drawer" and take the other out on the street. While it is a sad commentary on the state of radio ratings research, it must be pointed out that a similar situation has existed in television for years. And television has a common base of measurement. Using local diaries, both Arbitron and Nielsen can often come up with wildly different sets of numbers for the same viewing market. The problem has not been and is not unique to Radio.

Arbitron versus Birch Strategies

When you see your numbers surge in Birch, resist the temptation to hold the victory party. What those numbers are signifying is an immediate top-of-mind awareness trend in all likelihood among your younger listeners. To complete the translation into Arbitron numbers, your station must improve in the parameters of seven day recall. In other words while a listener may be able to remember listening to you yesterday, will he still be able to remember listening to you two or three days after the fact? Realize that the Arbitron/Birch differences are not going to go away in the '90s, unless one or the other performs radical surgery on its current research methodology.

Indeed, with the baby boomers moving into middle age and past the age of 35, many forms of radio research may be jeopardized in the '90s. The

telephone companies have already come out with a device that allows the telephone answerer to visually screen the number of the incoming call (i.e., call screening). This may serve the purpose of bringing response rates to telephone interviews more into line with those of mail interviews. (See Chapter V for a lengthier discussion on listener response rates in perceptual research.)

Sample Sizes in the '90s

The Arbitron Company recently announced a 10% increase in sample size in all their major markets. That's a step in the right direction, but it will do nothing to insure a more precise standard of error for the markets themselves. For example, if your market currently has an in-tab report of 2,000 completed diaries, and the standard error factor is .5 this means that if you have a 4 share it could actually be as low as a 3.5 or as high as a 4.5 and still fall within the 68% confidence level for that kind of statistic. The problem with Radio is that the word "estimates" is usually forgotten when dealing with the final product of printed numbers. They are taken literally and not with a grain of salt as was originally intended.

The argument of sample sizes in the '90s then becomes a purely economical one. It is highly unlikely that a market using 2,000 in-tab diaries will go to 8,000 diaries to improve the sampling error from .5 down to .25. And so radio broadcasters will continually be subjected to the dreaded "wobbles" of the rating process that occur from too small samples within individual cell analysis. The 2,000 sample survey may indeed be fine to measure gross trends in the report but when you start talking about hour-by-hour analysis in men 18-24 or the performance in a particular daypart, those samples become drastically reduced and hence the potential for error becomes much greater.

Recommendations for the '90s

Accept the fact that overall samples are not going to increase dramatically. Recognize that sampling error will be an inherent part of the process and as a result, learn how to control the "wobbles". Our advice is to try and keep your numbers in perspective. Try to avoid the tendency to have a major office party when you have gone up a few tenths of a point or a funeral if you have gone down a few tenths. Realize that numbers can and will fluctuate within the same parameters of sampling error. Make sure that the agencies who buy your station know how to use the four-book-average key on their computer. It's critical.

The best way to guard against "wobbles" is to be as consistent as you can possibly be. Don't load your promotional armaments into one book. Try to maintain visibility throughout the year. Try to make your station sound consistently good from day-to-day and endeavor to remind your listener, at every possible juncture, how and when they listened. Build benchmarks! Every "lost" cumer you can convert during the year will be one more hedge against the dreaded "wobbles" of the ratings process.

Have your sales staff work on calculating the standard errors for each book, so that they know what that 2.4 share really means (Both Arbitron and Birch have their own formulas.). This tends to remove the feast or famine syndrome that occurs each time a book is released. At the end of the year if your four book average is up, then you have cause for celebration. That's the time to party. That notion should be instilled in all radio personnel, particularly air talent and sales people who tend view each Arbitron as a mini career.

Arbitrends in the '90s

Several years ago, The Arbitron Company made it possible to receive monthly reports down-loaded to a micro-computer which in effect translates to each month of the rating period. These monthly reports have become known as "Arbitrends." The third Arbitrend report is actually the book itself which also encompasses the first two monthly sets of numbers.

Arbitrends was designed to allow broadcasters to see how they are doing, to get a quick read on the progress or lack of progress being made in a particular programming or marketing vein.

But there were too many situations where stations went 5.2, 5.8, 3.9 or 3.4, 2.9, and in the book 4.6! Part of the reason for that problem was that the first two monthly sets of figures were minimally weighted averages. The reason they tended to jump so far in the third month was because Arbitron's entire weighting process was applied at that point. Now, Arbitron weights almost equally in each rating month and each Arbitrend is treated like a separate market report. In a business as myopic and as paranoid as radio broadcasting is, we respectfully suggest that Arbitrends may not have been as helpful as it was originally designed to be.

While it was not supposed to be used as sales tools, stations that do well in Arbitrends have the results out on "the street" in a matter of minutes. That's all well and good, provided that the next monthly bears out the results of the second and that the book corroborates the first two. As suggested, that is often times not the case. Misuse of Arbitrends causes an already over active business to become even more reactionary, and that's not good for the overall posture of Radio. Ours is an industry where long term planning often translates into who you're having lunch with on Friday. The radio business has long been plagued by an inability to "stay the course" on any particular promotion campaigns, personalities, or even music transitions. Many of the horror stories that the last four or five years have given us could have been removed if broadcasters had been more willing to stay on track for just a

while longer. For all the incipient wobbles and distortions, one month's or two months' "ratings" is not enough to make any major marketing decision. While The Arbitron Company was well intentioned in the creation of Arbitrends, many broadcasters have not used the material in the spirit with which it was intended. This has caused an even more intense focus on the "numbers" without any intended respect to the rationale that creates those numbers. A client of mine jokingly suggests that the day is not far away when the monthlies will become weeklies and then hourlies. One can envision the scenario of a group exec calling up the station manager saying, "Look! Look! I just got the hourlies out from 9-10 and we dropped 14%! What the hell's the DJ doing? Let's review his material!"

Since it is unlikely that sample sizes will increase by 200-400%, the key for the '90s is to understand that the instability of ratings will be the rule, and not the exception. It is as important for us to instruct the advertising community in that light as it is in the broadcasting community. The frustration of a salesperson whose station has a 2.5 share and yet consistently delivers on promotions more than his competitors, underscores the problem stated here. That 2.5 may be nothing more than a statistical wobble, and yet in the minds of the advertisers, it is stone reality. Radio stations should demand that agencies start looking at proof of performance and the post buy analyses be more commonly performed to find out who really delivered.

While Arbitrends may not be high on our list of research innovations, a number of positive changes occurred in the late eighties at least from a research standpoint. First and foremost among these was the advent of the "soft format" diary.

When the removal of a couple of dark lines, the addition of a new box to check, and a slight change in syntax can move broadcast professionals to a new level of angst, it goes without saying that our business has gotten serious. Such is the hue and cry about the changes reflected in Arbitron's new "soft format" diary. Effective with the summer of 1986 survey, Arbitron introduced the daypart diary which featured bold lines across each diary page and divided 24 hour days into specific dayparts. The major complaint about the daypart diary was that it compartmentalized listening and overall reported listening

fell off because of the diary design. In other words, people were not as inclined to report longer periods of listening because of the boxed-in effect. NAB's Committee on Local Radio Audience Measurement (COLRAM) approached Arbitron to explore reactions to its prototype for a new diary. The major reason behind the design of the COLRAM prototype diary was to improve response rate. The outcome of COLRAM's work was the soft format diary which eliminated the bold line separating the dayparts, went to a heavier paper stock along with a slicker graphic approach, and ostensibly offered directions that were easier for the average listener to fathom. (The Arbitron diary is written at a 6th grade comprehension level.) The question then becomes, did Arbitron and COLRAM accomplish their goals?

The answer appears to be a generally hedged yes. Overall, reported listening levels appear to be up slightly over those seen in the daypart diary. The problem though, is that the primary recipients of the additional reported listening have been AC and light rock, gold and classic hits stations. Additionally, rises in away-from-home listening, specifically in-office listening, have also fueled the collective fire and drawn the ire of radio execs who happen to be responsible for Top 40, AOR, urban and country formats. Ironically, Arbitron's pre-test of the soft format diary, which they acknowledge was the largest field test ever undertaken by the company, specified that one of the primary beneficiaries of the new soft format would be 18-24 year old men (historically poor diary keepers) and particularly stations in the AOR format. That, however, has not happened. Response rates for young males continue to decline and the surge in reported listening away from home has definitely favored stations that are traditionally office favorites.

Another major issue is the substitution of the word "heard" in the soft format diary for the word "listen" used in the daypart diary. Listeners are now asked to report when they "heard" a radio station as opposed to "listened" to one.

Just exactly what does *hearing* versus *listening* mean? On the surface, it would appear that hearing evokes a more casual, passive response. "I wasn't really listening to the radio yesterday, but I did hear such-and-such a station for six hours at work." "I was driving in my car with friends having a

conversation and such-and-such was on the radio. I didn't really listen to it specifically but I do remember hearing it." While the difference between the two terms appears to be tremendously important, initial tests by the Benchmark Company have indicated that using either term: hearing or listening, does not appear to substantially alter stations reported. Looking across all dayparts in Benchmark Perceptual Studies, the only place where hearing versus listening juxtaposition produced any results at all was in morning drive and that was only within sampling error. The rest of the dayparts remained relatively consistent with no higher listening reported using either one term or the other.

Another significant change in the soft format diary was the inclusion in the instructions of a rather lengthy arrow which suggests that all a respondent has to do if he listens between 9 AM to 3 PM to the same station is to draw an arrow between 9 and 3. The old daypart diary with the bold lines seemed to inhibit that concept of audience flow. One argument however, is that an artificially high level of importance is now being placed on listening at the office. As a result, stations are going all out to launch telemarketing campaigns aimed at listening at work. Note here, 45% of all Americans don't work in offices! They work in factories, at truck stops, on road crews, and so if you target only in office listening promotions you're going to miss potentially half of your audience. The concept of drawing the arrow in the soft format diary underscores the frailties of all paper and pencil research, there have been, and there are always going to be, winners and losers with any methodology no matter what changes are made. It is doubtful that many AOR stations, for example, are going to become favorites at work. Realistically, how many office workers in the 25-34 range are going to be able to report hearing an AOR station in the course of the day? An AOR friend of mine jokingly decided that in order to combat the "donut drop" mentality of his "AC counterparts," he was going to start a "kill the office manager" campaign for his AOR station as a direct paean to the new soft format diary.

Many clients have asked us precisely what recommendations we have for programming and marketing under the new diary. We feel, more than anything that the soft format diary will reward stations that develop a sense of *time continuity* throughout the day. That is, stations which educate their

listeners so that the listener has a real sense of what time things occur at the radio station. The more listeners know at what hours that different segments occur on your radio station, the greater the sense of vertical continuity with regard to their perceptions of time spent listening. When you're doing your on-air positioning liners, try to tag specific time references to them as often as possible. "WBPE is the kind of station you can listen to all day from 9:00 to 5:00." "Where every one of your favorite songs is fresh and new and no repeat work days from 9:00 to 5:00." Don't assume listeners know what times things happen on your station. Keep hammering!

If the levels of reported listening continue to increase, expect that the soft format diary will be with the industry for the foreseeable future. The stations that feel that they are being compromised by the soft format methodology will inevitably develop ways to adapt and survive. If the response rates level out and then actually drop, look for yet another diary format to come down the line. A final note regarding diaries, while some of the rules may change, the most basic rule remains the same: The diary is still an instrument of unaided recall. If your station does not have top-of-mind benchmarks in your marketplace, then you will not under any diary circumstances perform well in the ratings game.

Throughout the history of broadcast measurement, there has always been this sort of "shoot the messenger" mentality among stations who are delivered a bad ratings book. The first tendency is always to blame the supplier and dismiss the station's decline in audience due to the inadequacy of the ratings service. While indeed, there may be some justification for this attitude, the fact is that all stations in the market are subject to the same set of constraints. And while we can argue mightily against the ravages of insufficient sample sizes and intransigent agency buying patterns, the realities, at least for the next several of years, are that the systems we currently know will probably stay in place. Don't assume then, that every small programming or marketing change you make will equate to an equal change in either your Arbitron or Birch numbers. It's simply not true. Both Arbitron and Birch measure unaided recall and while the approach or methodologies of the two companies may differ, if you've got a listener who listens to your station but can't remember either the call letters or the dial position of your station, it's going

to be as if that listener never listened. They may come to the remotes, they may write grateful letters to the general manager, but if they cannot deliver the goods under the constraints used by either of the ratings systems, that listening will never be recorded. The issue actually is quite simple: The rating services are here to stay. We don't anticipate any major changes in their methodologies. They are the arbitrators of our fates and our fortunes so, make a concerted effort, indeed make it your '90s resolution, to learn how to prosper even with all the aforementioned shortcomings.

Fingerprint

Another innovation that has come to the surface in the past year has been the so-called "fingerprint" system developed by Donohue Market Research and licensed to Arbitron. Fingerprint drastically improves on the traditional market "mechanicals" (lists of all the diary responses in a market) by dividing station listening into three preference levels according to number of core listening hours. The advantage of Fingerprint is that it allows the broadcaster to determine station loyalty far beyond simple measures of exclusive cume. It also allows you to specifically examine the exact age and sex of each, in each zip code. Also, it enables you to determine format preference by zip code which is extremely useful for direct mail and can help you identify the heavy users of other specific formats (this suggests all sorts of intriguing possibilities for "hidden contesting").

Attempts to Target Arbitron Diarykeepers

Intelligent broadcasters have long realized that quarter hour maintenance is dead. Diarykeepers don't keep diaries that way and don't think in those terms. Hence, broadcasters have searched for some tangible way of communicating on their own air with the typical diarykeeper. The eighties saw the advent of all sorts of positioning lines and slogans designed to convince listeners that their station was the true choice. But perhaps no diary based or telephone unaided recall slogan was utilized more in the late eighties than the "write it down" attempts. Stations have utilized many different forms

of "write it down" which in early 1990, caused the Arbitron Company to take a very specific stand. Arbitron deemed the following uses of "write it down" as *unacceptable*:

- A. Write it down in your diary (or book).
- B. Write down what you listen to in the car or at home.
- C. If anyone asks you what station you listen to write down WBPE.
- D. If you're keeping track write down WBPE.
- E. In case you forgot to write it down, the station you heard at work today was WBPE.
- F. Write down that you listened for 2 hours and 15 minutes a day to WBPE.

Stations that attempted these types of promotions were listed below the line by Arbitron. While that is a slap on the wrist at best, one wonders what Arbitron would do if stations persisted in what Arbitron considered to be ratings tampering or ratings bias and distortion. Simply listing a station below the line is not going to inhibit any advertiser from buying that radio station.

On the other hand, Arbitron found that saying something like, "WBPE-write it down." was acceptable or that "Start now and write down the next seven song titles that we play on WBPE." They also consider that acceptable.

So here's a dilemma for the early '90s. All stations have to play the diary game to some degree but is it worth it to place so much emphasis on "write it down"? In our opinion, the answer is no. The entire "write it down" concept evolved on the hope that a diarykeeper would indeed be listening to the radio and would hear the "write it down" as a sort of magic command for them since they did in fact have a diary on their person. Our research with diarykeepers indicates that when they hear "write it down" on the radio, it

confuses them and doesn't really lead anywhere. The average radio listener upon hearing "write it down", thinks it's an awfully silly thing for a station to say. *Why* would anyone want to write it down? And arguably, our potential diarykeepers feel virtually much the same way. This has to do with the relatively low level of awareness that most people have for American Radio. While it is something they use, for many hours a day, it is not a commodity that is the sole thrust of their interest. Our prediction is that stations will move away from "write it down" campaigns into things that more directly impact their one-to-one relationship with the radio listener.

Arbitron versus Birch Issues

Which one is right? Without begging the question, that answer is particularly difficult to come by. The Arbitron people can make a historical claim that their method is more precise and practical. The Birch executives will march to their death beds touting the virtues of the one time telephone interview. The Birch school of thought suggests that the main driving force which creates the differences between Arbitron and Birch is not the methodology, but Birch's higher response rate. As discussed, Birch's response rate averages about 60% while Arbitron averages about 40%. Birch believes that because they reach 20% more of each market, they are 20% more effective.

The issue here is a simple one. Does the Birch telephone interviewee or the Arbitron diarykeeper differ marketedly from the non-respondent? The data on that issue is cloudy at best. But it is a key question when taking a commercial survey in a marketplace. When the numbers come back, are they reflective of all the people of the marketplace or simply of the subset of those who would agree to participate in a rating survey? For example, your station may have a 4.2 share among the sample of diarykeepers, but what does it look like among people who don't keep diaries, who won't be interviewed by Birch?

At the Benchmark Company, we've found that the average diarykeeper, indeed the average phone participant, tends to run along relatively similar lines. They're a slice out of average Americana. The extreme low ends of the

marketplace, the intense poor, generally, are not going to be reached by either survey. Conversely, the ultra rich and the high and upper middle class are not going to participate in a diary survey and in all likelihood will not choose to participate in a telephone interview either, so what you've got is middle to lower middle class America. Another commonality that exists between Arbitron and Birch is that in all likelihood the person who fills out a diary or participates in a phone survey is a greater consumer of radio; i.e., someone who spends a larger than normal time listening to radio in a particular market. Our benchmark research has indicated that the quantity of consumption is a key predictor in diary completion or telephone call participation. The person that listens to the jazz show for two hours on Sunday night is not a prime candidate to be a diarykeeper or a telephone respondent.

This is yet another sample of the research artifact at work. Now, it could be safely said that the rating services do not definitely reflect all of America, they reflect the taste of America that will be inclined to participate in a ratings survey. And remember, if one were to average the results of the two surveys, one out of every two Americans chooses not to participate. At the Benchmark Company, we don't totally accept Birch's argument of response rate as being the prime mover between the two methodologies. The argument will follow that in markets where Arbitron and Birch have comparable response rates, that no differences would exist. From our determinations, that is simply not the case. Even in markets where the response rates are within 10%, there can still be as wild 100 to 200 percentage point swings between Arbitron and Birch.

Let's examine the case of an 18-24 year old male. Of all the Arbitron diarykeepers, he is by far the worst and least predictable. He's probably not a big reader, he does not enjoy things that are literate, but he is very visual, a creature of MTV. So along comes a diary he's suppose to fill out for a week and maintain. The likelihood of this person being a typical diarykeeper is slim at best. The telephone is his vehicle, it's the thing that reaches him, that moves him, that he can understand and relate to. He is a prime candidate for relatively accurate measurement by telephone, in a Birch survey. On the other hand, consider the 40 year-old male. He is a much better

diarykeeper, more organized, more in control of his life and much more literate. And too, the likelihood of getting him to sit on the phone for 15-20 minutes is just about nonexistent. He is much more inclined to take the diary and fill out the diary with reasonable accuracy. Response rate has absolutely nothing to do these two individuals. It's a function of lifestyle and inclination. One methodology is better suited to a younger listener; another better suited for an older listener.

Other factors that go into the diarykeeping process that Arbitron has often been asked about, include one diary versus multiple diaries in a household, ethnic criteria and overall persons-per-diary-value. Arbitron has maintained that the one diary per household approach, otherwise known as the single person per household (SPPH) technique is inferior to their current procedure which allows for obtaining listening information from all persons from age 12+ within a household, or multiple persons per households (MPPH). The SPPH method unquestionably results in a more widely dispersed sample than the MPPH method. If you had a sample of 5,000 different households, it would be more widely dispersed than an MPPH sample of 5,000 persons selected from 2,173 households (assuming an average of 2.3 persons 12+ per household). Arbitron claims that the MPPH method results in larger in-tab samples, more stable, trendable data, and increased sample representativeness. The people at Birch who utilize the one interview per household methodology, obviously, totally disagree.

For all intents and purposes, the '90s will see Arbitron utilizing its MPPH approach while Birch will continue to go with its SPPH approach. The differences between the two again will be another contributing factor to the sometimes mind boggling differences that Birch and Arbitron can both produce for the same markets.

At one point, Arbitron did not include unlisted telephone numbers in its sample. Back in the early eighties, it would generate all of its initial phone contacts from MetroMail, a service which provided only listed household phone numbers. With the advent of ESF (Expanded Sample Frame), Arbitron started utilizing unlisted telephone samples. Birch has consistently dealt with unlisted phone numbers.

An area that has often been a subject of heated dispute has been Arbitron's concept of sample balancing in determining persons-per-diary-values. As an example, a diary from an Hispanic female age 33 from county A, might have the following weights: Hispanic Weight -- 1.17; County A Weight -- 0.82; Women 25-34 Weight -- 1.26. This computes an overall weight of 1.20 ($1.17 \times 0.82 \times 1.26$). The diary value would be equal to the population divided by the in-tab diaries, multiplied by the diary weight. If the population were a million and the in-tab diaries were 2,000, the average PPDV (Persons-Per-Diary-Value) would be 500. That particular diary would have a PPDV of 600 (500×1.20). The entire concept of weighting derives from the fact that Arbitron does not use quota sampling. Weighting allows you to go into a sampling frame with a random sample and if some of the components fall short, to apply market weighting techniques at that point. Arbitron has defended this process and in theory, their defense is accurate. A quota sample is not a random sample and as a result it is impossible to calculate a sample error around any given estimate. Subsequently, quota samples don't allow you to project statistical reliability.

The Mid-'90s, Electronic Measurement?

Arbitron is currently working on a device called the "media log." This resembles in scope the so-called "people meter" that's currently being used by both Nielsen and Arbitron for television audience measurement. The people meter was introduced to the United States by a British company, A.G.B., in the mid-eighties. While A.G.B. did not survive in the States, the concept of the "people meter" is presently used by Nielsen for national television measurement.

The Arbitron Media Log would be quite similar to the television people meters. As of this writing, it's being test-marketed in Denver. Looking very much like a hand-held calculator, the device would allow the radio listener to enter in the call letters of the stations during or immediately after listening to them. The machine would be set to electronically emit beeps after no entries had occurred over an extended period of time. At the end of the week, the person finishing the electronic diary could simply call an 800-

number and download all the call letters mentioned into a computer. Arbitron would ostensibly provide modems for this purpose. The person could hold it up against the telephone and within a matter of seconds the data transmission would be completed. This would summarily increase the turnaround time of the process. The device currently being used in testing is called the "PSION Organizer." Whether or not a diary would continue to be used to supplement electronic ratings is yet to be determined.

Another possibility for the mid-nineties is the development of a passive meter. In television, several companies have developed technologies which enable the device to record listening and channel changing without any direct participation by the viewer. This has become known as the passive people meter device. It's difficult to envision such a device for Radio, without some wholesale change in the ratings process. It is conceivable perhaps that a microchip could be developed, placed in a wristwatch or in jewelry, that would literally monitor all electronic impulses that are received by the individual over a 24-hour period. Again, because of the multiple listening opportunities in Radio, the only type of passive measurement conceivable would have to come from such a device. The risk then is an invasion of privacy argument, that with all its legal ramifications, could last well into the next century. In short, if there is to be electronic measurement for Radio in the decade of the '90s it will probably come as some form of active people meter as opposed to passive.

How much more accurate will a non-passive people meter be than the current diary system or telephone recall system? That is a very difficult question to answer with the data that currently exists. From the television experience, overall cume levels have fallen with the conversion from the diary to the people meter. This underscored a long-held advertiser belief that diaries artificially elevated levels of viewing. The same may be the case in Radio. The radio industry as a whole does not need a 20% drop in cume in the ongoing fight with print, outdoor, and television. Additionally, will people with a hand held device record more dutifully than with a diary; will they keep the device on their person; will they get specific and minute in the time that they've actually listened? And exactly how much time will be allowed to elapse before the respondent is "prompted" by the device after failing to

punch in a station? These are all questions that are yet to be answered. Indeed, several years may come before those answers are available. At the earliest, implementation of such a system by Arbitron, considering that devices now cost \$225 per unit, is at least 5-6 years away. And then, some major commitment will have to be made by the radio community. Broadcasters will have to weigh whether the Media Log represents a significant enough improvement over the diary system. Because most assuredly, radio broadcasters are going to defray a large amount of Arbitron's cost in non-passive electronic measurement.

Single Source Research

Perhaps the most interesting research development in the eighties was the advent of single source research. For years, advertisers have been searching for some cause/effect data that could objectively link television viewing behavior to actual buying behavior. Single source derives its name from the fact that the research can track the behavior of individual households from the television set to the supermarket check-out counter. Chicago-based Information Resources, Inc. (IRI), pioneered the technology in the eighties. In their typical household sample, they use microcomputers to record when a particular television set is on and to which station it is tuned. They send this information via telephone line to the central data collection office. IRI sends out special television commercials over cable channels. A member of the sample household goes to a supermarket, presents an identification card and all the person's purchases are scanned and the data sent to IRI. Thus you have a day-by-day analysis of total television viewing patterns along with immediate subsequent demonstration of buying behavior. This type of direct line data has never been available before to the advertising and marketing community. In the mid-eighties, Nielsen and Arbitron jumped into the mix as well.

In the eighties single source was so new and so untested that its advantages were not thoroughly taken advantage of by ad agencies or marketing departments at larger companies. One of the initial problems has simply been assimilating the millions of bytes of data that such research will

yield. Television viewing for example is recorded in one second pulses. An hour's viewing alone yields over 3,600 separate pulses of human behavior. Early in 1989, the *Wall Street Journal*¹ raised a number of eyebrows by making the broad pronouncement that, "It's been decisively discovered that television ads don't work." The article was based on the work of a professor in Iowa who had been working in the single source field that had been dealing with the Eau Claire, Wisconsin market and tracking the purchases of toilet paper and detergent and correlating them with television. The *Wall Street Journal* said, "TV exposure has a very minimal effect which is difficult to find at all." The *Wall Street Journal* pointed out that the most important factors affecting consumer choices were in-store displays and coupons. Of course the *Wall Street Journal* has a vested interest in taking pot shots at the alleged ineffectiveness of television. But the report underscores the really critical issues that single source will bring to the table in the '90s. We're about to see a "come to Jesus" meeting of vast proportions in the mid '90s as advertisers struggle to pinpoint the effectiveness of each particular media. Single source will put the media cards directly on the table and once the technique is more effectively understood, will make all advertising more cost accountable.

There's an additional element to single source that's worth considering. Radio's role in the consumer buyer process has long been held by many as a secondary one. Television and print have always been the prime movers. Single source data may well reveal what several national radio studies have suggested: that Radio plays a much more direct role (particularly with products that are purchased on a spur of the moment basis) than was ever thought possible. All in all, single source will make all other, more traditional media much more accountable, and that can only bode well for Radio in the long run. Our advice to all radio broadcasters is to acquaint yourselves with all available literature on single source research. Become an expert on it. Indeed, it may provide an interesting sales aide against Radio's more celebrated rivals.

As awe inspiring as single source may be, there is still the notion of the old electronic black box to contend with. Much as we know that a person watches a particular television program and buys a certain product, we still can't determine exactly what the psychological relationship is between said

program and said product. For example, early research indicates that 27% of *Search For Tomorrow* fans buy more spaghetti sauce than the average, but 22% less V-8 vegetable juice. *All My Children* fans are not big about spaghetti sauce but purchase considerably more V-8 than the viewer norm. Okay, so we've isolated distinct relationships that exist between certain programs and certain products. Why do those relationships exist? Single source is not going to be able to tell us that.

Lest we get carried away with all the technology, there is still going to have to be a place for attitudinal research in the '90s to explain the millions of research interrelationships that single source research is going to reveal.

Local Measurement in the '90s

A driving force in local radio measurement is going to be **qualitative**. Income, education, patterns of discretionary spending have long been important to advertisers. In the '90s, this kind of data will be indispensable. And as niche marketing becomes a reality in the business world, (see Chapter IV) the entire radio environment will benefit. Advertisers looking for an audience of Cadillac owners, will not be as concerned with the quantity of actual numbers as they will be with the quality of a particular audience. Since the best predictor of buying a Cadillac is actually owning a Cadillac, or similar luxury car, advertisers will be less concerned with sheer numbers than they will be with the propensity of purchase patterns exhibited by smaller numbers of listeners who happened to be concentrated in one station's audience.

The possibility also exists that local ratings, as we have come to know them, will cease to exist. The issue may not be whether you're number one with adults 25-54, but rather that you deliver an audience of frequent flyers aged 18-34, or an audience of Japanese car buyers aged 22-36.

The good news for Radio is that the entire medium is now being looked on as an ideal buy to deliver what it has always been so strong in, the fragmented audience. Along with magazines, Radio should benefit mightily from the *demassification* of the American marketing process in the '90s. On

the other hand, television is now facing the same battleground that radio practitioners have known for twenty years. Television's claim to deliver a truly mass audience with the proliferation of cable channels in each local market is being challenged. The television viewing audience is becoming increasingly more difficult to homogenize. This works exceedingly well on Radio's behalf.

III. Contests and Promotions in the '90s

In 1974, the state of New Hampshire inaugurated the first state lottery in America. Amidst the hue and cry that the lottery process was akin to opening up a Pandora's box of moral evils, the lottery went off without a hitch and promptly demonstrated that it could add considerable dollars to the coffers of the state. Gradually, almost inexorably, 31 other states and the District of Columbia have added lotteries. As of this writing, lotteries are on the ballots in an additional ten state elections. Even a Baptist stronghold like Texas inaugurated parimutuel wagering (something that had been banned in Texas for 55 years). And the candidates in the Texas Governor's race are touting the virtues of a lottery as opposed to a state income tax.

The point here is that America has always been obsessed with games, events and contests where monies could be derived. Radio has long enjoyed a position as one of the few places where a million or a hundred thousand dollar giveaway could totally change someone's life. Radio no longer enjoys that unique position. It is noted that state lotteries give away literally millions of dollars at a time. Recently, the Pennsylvania State Lottery yielded a first prize of 55 million dollars. Institutions like television which previously turned up their collective noses at promotions and giveaways have rethought the process. Indeed, NBC and CBS television networks have linked up directly with national retailers like Sears and the Southland Corporation in joint promotional campaigns.

Can radio contests survive the current high stakes environment? In an effort to shed some light on that question, The Benchmark Company conducted a survey of radio station general managers. The survey was an attempt to pick the cross section of the top 100 radio markets. It yielded some extremely interesting results in the area of contests and promotions. Ninety-three percent of all respondents to the survey (a majority of responses came from the top 50 markets) said their stations ran contests regularly. Interestingly, the two dominant categories of prizes that were given away were cash awards of \$100-150 (21%) and \$50-99 (16%). Twelve percent of the

general managers said that their average prize was between \$500 and \$999. Only 2% said that an average prize was over \$10,000. However, some 70% of all general managers polled indicated that their station, *at least once*, had given away more than \$15,000. Indeed, over 45% have given away more than \$50,000 at least one time. So while the majority of the stations have had some high visibility and big dollar promotions and contests, the average contest was at a lower dollar amount. This had to do with the frequency with which most stations ran their contests. On average, a contest lasted about four weeks, with 2-4 weeks and 4-6 weeks also being frequent mentions. General thinking among management seemed to be that while the occasional huge contest may be done, it was the smaller week-to-week exposure that they concentrated on most.

Broadcasters have long been looking for the magic wand to wave and create the ideal contest. One that mesmerizes listeners with its sheer brilliance and serves the purpose of delivering every ounce of possible come that the station can extract from the market. When the radio managers in our survey were asked to describe what contest they felt had the most direct benefit in raising ratings, the results were surprisingly mundane. Twelve percent cited a daily song of the day contest; while another 12% mentioned cash calls and items like \$1,000 Thursday. Nine percent said that they used bumper stickers and direct mail pieces to tie into their own games. Another 10% cited an event or sponsorship such as contests and trips to Disneyland. Sound familiar? Our survey didn't reveal any wonderful new innovations on the contest front, just tried and true solutions. When managers were asked to cite contests or promotions they felt did not work, many mentioned sales promotions that required in-store registration, or cited direct mail and felt that it did not work for them. (See Chapter IV for a discussion of the pros and cons of direct mail.) When asked the question, "What are the criteria for developing a successful contest?" Thirty-three percent of our respondents indicated that the prizes had to be exciting for the listeners. In an era where cash has been taken to almost dizzying new heights, what kind of prizes have meaning? A number of our managers suggested "lifestyle" prizes. One respondent said, "If you offered my male respondents a choice between \$25,000 cash and a classic 1966 yellow Sting Ray Corvette five out of six would take the Corvette." The same is true for boats, trips and unusual items

that listeners can feel an affinity toward. We expect that radio stations will be going more toward those items (also tradeable). Broadcasters also felt that the other key elements of contests were the ease of winning, the simplicity of entry, and listener's perception that they had a chance to win.

Our sample of executives felt that the prime benefit of a contest for a radio station was that it would develop new people to come or sample a format, that it would extend the time spent listening, and would increase the overall image of the radio station. The results of the contest survey were consistent with the overall findings that we have seen at the Benchmark Company in the custom surveys that we conduct for stations around the country. They underscore a need for greater radio broadcaster understanding of the contest and promotion art form as we enter the '90s.

In an attempt to put contests in perspective, a number of variables must be considered. One can't deny that contests create a significant opportunity to win rating points in the marketplace. Yet, they can be a logistical nightmare complete with misunderstood scenarios, loose ends and missed opportunities.

Contest Rules for the '90s

The key point that most stations fail to understand is that the average contest player is not in love with your radio station. However, he or she is probably in love with the contest. We have to keep in mind that radio stations are not the only ones who give things away these days. Burger King, McDonalds, Eastern Airlines, the local submarine shop, and the state lottery as mentioned above . . . everyone is giving something away. Because of the myopic nature of our business, we often think that when listeners call our station to enter a contest it's because of some great profusion of love and enthusiasm for the station. Let's be realistic; they want to win something. Radio stations give away tidy sums of cash these days. Contests attract the active contest player who feels that he or she has an opportunity to win.

Where stations make the crucial error however, is to assume that their average contest player is an average listener and a typical diarykeeper. Our research indicates that this may not be the case. The worse thing you can do at your radio station is to build a research or marketing database designed solely on the feedback you get from contest entrants. They are not a realistic sample of your marketplace. Their affections are easily won based on the amount of dollars that are given away. The typical contest player is in it for gratification; he or she wants to win. They are just a likely to call your station as your competitor, depending on what you are giving away. And if they are like most contest players, a week after the contest over he won't remember which station they called or even if it was a radio station they called.

A key strategy for the '90s is to make sure that you conduct your contest, not necessarily for the people who enter them, but for the 90% of all listeners who will *never* enter them. Nine out of 10 of your listeners will never pick up the phone, never put pen to paper in an attempt to enter your contest.¹ For every contest you conduct, 90% of your audience will have very little to do with it other than listen to it and *they* must deem it enjoyable for the contest to succeed. The worst thing you can do is to create a contest solely for the contest players which ignores the bulk of your non-participatory diary-keeping listeners. Those types of contests are seldom ever rewarded and seldom ever create the type of impression that a radio station needs to make. What are the rules for a contest that involves active players but also keeps non-participatory diarykeepers entertained?

1. Keep it simple. Most contests that we've looked at (in after-the-fact research) have gone up in flames because they complicated the basic issues. They made it too difficult to win. You had to listen during absolutely impossible time sweeps to have any idea of what was happening. Again, the ground rule for any contest to work at your station; the simpler the better. Remember, in the '90s when we'll literally be drowning in a sea of high tech excess, less in many cases, will be more.
2. Make sure there are ample opportunities to win. Contests that give away a million dollars and allow only one opportunity to do so are

lumped with listeners into other "impossibles to win" like the state lottery. However, if you're giving away a million dollars and the state lottery is giving away 12 million, you might as well concentrate on the latter because the monetary amount is and will always be more. Expensive contests don't create much staying power for a radio station because their grand prize is not seen as something achievable, by the typical radio listener. Moreover, your grand prize will always pale in comparison to the state lottery or some big sweepstakes a retailer is sponsoring.

3. Build consistency into the contest and make the contest accessible. Listeners have to perceive they have the opportunity to play the contest even if they have no intention of doing so. Don't create a scenario where the listener has to try 247 different times to get into your contest because while the active contest entrant will keep his nose to the grindstone, the more typical listener who might casually participate in the contest will be turned off.
4. Make it fun. Build elements into your contest that are enjoyable to both your players and non-players.
5. Realize that contests cannot be isolated events. Once you've started contesting and you want the contest to be a benchmark for your radio station, you have got to keep it up in some context. A station that pumps all its promotional dollars into an annual contest that lasts for six weeks, does itself a disservice. If you're going to be a radio station where people perceive that they have an opportunity to win something, that perception has to be extended throughout the entire year. It's got to be a regular part of what you do at the radio station (or at least what people think you do).

Winning in the '90s

In virtually all market research we've seen, cash is still the dominant player in terms of what makes contests emotionally gratifying with cars and trips in second place. However, as was suggested earlier, radio's ability to appeal to an individual's lifestyle and its capacity to "touch" the typical listener may mandate different sorts of prizes as we head into the '90s. As niche marketing becomes more of a reality, indeed niche contests may evolve as well. For example, station WBPE is a new age/jazz station that reaches a disproportionally high level of professional/academic men 25-44. Perhaps the traditional contest for WBPE may be a complete set of unabridged and annotated works of Shakespeare followed by a week for two to Stratford-on-Avon. For the oldies station, it may be a complete set of *Life* magazines from 1964-1979. For the AOR station trying to update its image with young professional males, it may be a year of college study at a prestigious local university paid for by the station. Radio stations need to be more creative in the things they give away. They need to more reflect the wants and needs of their target audience. This is particularly true of the fact that there are only so many contest positions available in the market. In many cases, it is much better to create a niche in an area that you can dominate.

Consider the case of KLOL in Houston. The station had an amazing amount of competition with regard to which station was giving away the most and largest amounts of cash. Research indicated that in KLOL audience, cars were a desirable alternative so KLOL staked its claim to the car position. It became the station that gave you Corvettes. It was easy to put together, and created a contest benchmark for KLOL that the station had not previously had when it tried to match its competitors by giving away large amounts of cash.

Niche contesting makes even more sense if the leader in your market is a big tester. That mandates that you'd better do something unique in your

contest lest listeners become confused and give credit to the market's predominant contest stager.

But remember, whatever you give away it must be perceived that the listener has a realistic chance of winning. This is important to even the non-contest players lest the contest become one huge turnoff and appear to be just more clutter on the radio station.

The Moral of the Performing Seals

It seems to be an unwritten rule at radio stations across America that once a contest winner has been identified, that winner must make a mandatory appearance on that station's air expressing amazement, gratitude and a host of lesser emotions triggered by his stunning victory. Listener research indicates there is nothing so lame sounding as a person on the air who is unenthused about winning. We've all heard the inevitable scenario: "Okay, this is Rock 'n Robert Jones here on WBPE Radio and Frank Smith has just won \$99.50. Frank, how do you feel?" (and Frank sounds like the beeping line has just gone flat on the oscilloscope).

It's fun to be able to tell listeners on the air who won and confirm the fact that there was a winner. But most winners in the '90s are not going to sound anything like we want them to sound, and to try to get them to manufacture some heightened sense of electricity or excitement because they won your contest is quite often a foolhardy notion at best. The solution? Don't do it. Resist the temptation for the jock to ask, "Okay Frank now . . . what's your favorite station!" Nothing sounds worse than having a bored, altogether unexcited winner parroting back to the DJ that WBPE is indeed his favorite station.

Will My Contest Dollars Be Better Spent on Some Other Form of Marketing in the '90s?

The answer to that is a qualified no. Radio stations will probably continue to contest because contests afford stations the opportunity to raise their overall perceptual levels. More so than ever in the '90s, radio is going to have to fight on the battleground of unaided recall and contests can be excellent vehicles for increased public awareness. But if you are doing one in hopes of driving hordes of new listeners to your radio station, unless the prize is millions of dollars and borders on the level of something never ever seen before in your marketplace, the likelihood of that will be small. It's important to realize that most contests act as vehicles of reinforcement for the radio station. Good contests remind people of your radio station and as a result your cume will go up. Cume won't go up in most cases because hordes of new listeners have tried your station, however. Rather, it's because your station will become more identifiable to your average cumer. Hence, a good contest will help convert your lost "cume" into reported listening.

We recall a southwestern market where a station gave away an amount three times the amount that had ever been given out in the marketplace (this in a non-lottery state). The contest blew out every phone line in the market when the winner was finally announced and of course, the station went to double digit ratings for the first time in its history in the next book. The critical issue though is how that station was doing a year later. Our example dropped from its double digit share down to a share that was lower than they had previously seen. The massive contest had created a negative environment at the radio station since they could not duplicate it. It proved to be negative because listeners were expecting it again and never got it.

For programmers who nurture the hope that they're just one massive contest away from hitting a ratings home run, that borders on the level of radio wishful thinking. Done for the right reasons, contests can be an integral part of your overall marketing efforts. They can make your station sound "big," they can give you sparkle and make you fun to listen to. Done for the

wrong reasons, contests can be monsters which can ultimately drag your station down to a perceptual level from which it may not recover.

Promos and Contests in the Real World

Marketing, American companies spent billions of dollars on promotions in 1988. Because of the intense competition for shelfspace in American stores more coupons and more promotions were presented to consumers. All this despite the ongoing debate over whether advertising yields a higher return than sales promotions. From the standpoint of many retailers, advertising over the long haul may be a better medium, but for Wall Street induced short-term pressure, nothing moves a brand on the shelves like a good promotion.

According to a survey conducted by Gallop for *Advertising Age*,² 64% of the 1,000 respondents indicated that they had not entered any kind of promotion tied to a consumer product in the three month period. Almost 70% said that there were too many promotions, contests and sweepstakes and that they had a hard time discriminating one from another. Some other highlights from the study: black consumers are much more contest-oriented than their white or Hispanic counterparts; of the people who entered contest, the average number of entries was 3.41 over a three month period.

Advertising or Promotion

There's a considerable battle going on in the marketing field as of this writing. Advertising agencies, who have seen dollars drained from their ad budgets over the past several years in favor of promotions, are quick to claim that the two don't exist in a vacuum. But the distinguishing characteristics between ad campaigns and promotion blur when after all, the main goal is to establish a brand image for their product. In spite of impressive studies from groups like the Ogilvy Center for Research and Development, which indicated that firms that spent more dollars on advertising had a higher ROI (return on investment) than those that spent the same amount of dollars on promotion,

the rule of thumb in the business world is that the average company allocates 60% of its marketing budget for promotion and 40% for advertising. Part of the reason that promotions work so well in the durable goods field is that it gives the consumer a chance to actually sample the brand.³

But in the intangible world of Radio, listener promotions that merely invite sampling are not good enough. Knowledge of that sampling must be enhanced and reinforced. That's why promotion *and* advertising must work in harmony at the typical radio station. They cannot be mutually exclusive.

On the sales side, though, promotions have taken on a nightmarish veneer. General sales managers find themselves besieged with orders that carry a "promotion" proviso. Radio station sales executives are going to have to take a firm stand on promotions, or every potential client will want one.

IV. Marketing in the '90s

The greatest nightmare for every radio broadcaster is a market with thirty stations, each the possessor of a 3.3 share. Some say it is an inevitable foreshadowing of what must occur until radio stations truly begin to position themselves and their product for the '90s.

Others argue that, considering Arbitron's standard error factor across each market, the dreaded "parity" among radio stations has already arrived and that there isn't enough significant statistical difference between most stations (using conventional analyses) to present a compelling portrait for the average media buyer. The kind of parity that stations face is also seen in the retail world and American business can no longer look to 3-4% growth rates for the bailout. America has always been a nation that has thrived on, and even anticipated, growth. And the 1990 census will undoubtedly chronicle that the growth is at a rate of no more than 1% a year, even less in non-ethnic populations. The huge slowdown in growth means fewer "new" markets fueled by the sheer glut of people available to listen or to buy things. Many American markets will yield no growth whatsoever in the '90s. So, sellers of consumer goods, and radio stations as well, are going to succeed in domestic markets only by appropriating customers loyal to their competitors, or by creating a unique niche for their goods, and dominating that niche.

The '90s will be the era of niche marketing, fragmentation and micro marketing. Mass marketing as an American reality is something that is already virtually nonexistent at the retail level. Consider the marketing strategies of such giants as Campbell's Soup, American Express and Anheuser-Busch. Campbell's has subdivided the country into twenty-one clusters, each charged with developing a marketing strategy unique to the needs of that individual cluster. American Express no longer rolls out one card for all its members. There are green cards, gold cards, and platinum cards with highly targeted services to each cardholder which offer different alternatives and choices for members (of course based on members demographic and economic profile.). When *Crest* rolls out a new toothpaste,

it doesn't do so in mass market terms any longer. A recent campaign for *Crest* toothpaste revealed a strategy for blacks, a different direction for Hispanics, a campaign for the 18-24 market, with cartoon characters specifically designed to appeal to the "tube-ular" surfer mentality; and a sample for mothers worried about their children and attacks of cavities. Each of those campaigns used highly targeted media as well. And recently, radio's largest advertiser, Anheuser-Busch, has pared back their mass media budget in favor of point-of-purchase advertising and the creation of more grass roots events and promotions.

As was discussed in Chapter I, those 77 million baby boomers have been responsible for the decline of the mass market. They cannot and will not be limited to one certain category, and marketers who have attempted to do so have found themselves on the outside looking in. American marketing in the '80s became increasingly more segment-oriented as it attempted to deal with this rapidly changing and often difficult to define target group of consumers between the ages of 25-44. Indeed, if the eighties for American business has been classified as the decade of segmentation, then it is argued that in business trends, the '90s will auger an era of "super-segmentation" or micro marketing. "Faced with more numerous and more aggressive trends, competitors in both domestic and foreign markets will be forced to carve out very narrow market niches and tailor new products and services to them."¹

"Marketing warfare in the '90s will be a fierce, down and dirty struggle, fought neighborhood by neighborhood," says Louis W. Stern,² a professor of marketing at Northwestern University. The long cherished notion of America as the great melting pot is changing as well. Some argue that it is now a "mosaic" as neighborhoods maintain their individuality and autonomy. In a fight to grab market shares quickly, companies chasing parts of that mosaic, who can reach their target consumers precisely, will have overwhelming advantages against companies that are still using mass-marketing techniques. This has not been lost on the marketing giants. McDonald's for example, uses a variety of techniques, including direct mail and cable television, but will often conduct marketing campaigns that will reach only as far as a three mile radius of any McDonald's outlet. Life insurance companies have gotten into the act. They've devised market campaigns for a variety of products aimed

at very specific groups of Asian-Americans, such as Koreans and Laotians. Citibank has actually moved to the point where it can adjust its marketing strategy to an *individual* consumer based on the amount of minute financial transaction information it possesses on its customers (credit cards, savings and checking accounts, loans, stocks, mutual funds, and CDs). Citibank can actually segment its data to the point that they can forecast which financial service would interest which particular customer. Imagine the advantage that provides for the individual bank manager, who armed with this information, can make a compelling presentation to an individual customer. In a similar vein, the Time Warner group of magazines has become the first to personalize ads. Isuzu has used the names of individual subscribers in ads in *Time*, *Sports Illustrated*, and *People Magazine*. Radio stations could easily do the same thing by announcing the names of individual listeners.

Alvin Toffler predicted market differentiation and segmentation for radio 20 years ago in *Future Shock*.³ He said, "Radio too, though still heavily oriented toward the mass market, shows some signs of differentiation. Some American stations beam nothing but classical music to upper-income, highly educated listeners, while others specialize in news, and still others in rock music. Rock stations are rapidly subdividing into still finer categories: some aim their fare for the under-eighteen market; others for a somewhat older group; still others for Negroes . . . still later, there will be market segmentation not simply along occupational lines, but along socio-economic and psycho-social lines as well."

One look around the typical American radio market will confirm Toffler's prediction. And one has to look no further than the magazine field to see that the mass media market is truly dead. There are virtually hundreds of magazines, many devoted to one particular hobby or lifestyle. At last count, there were over fifty popular periodicals alone dealing with health, fitness, and disease prevention! The national magazines that have survived have done so by producing specialized regional issues. Even the venerable *Wall Street Journal* segments its audience by region, as do *Time*, *Life*, and *Newsweek*.

The advent of cable has caused a significant fractionalization of television as well. Theatrical movies on television, once a guarantee of smash ratings, now perform poorly because so many viewers have access to the films on pay channels like Home Box Office, Cinemax, and Showtime. Further diluting the big-three television networks' bang are the loosely affiliated group of independent television stations showing the fare of the Fox network, along with all sports ESPN, Cable News Network, Lifetime, and a host of clones. Network shares have dipped below 67% in prime time and are continuing to erode. The only reason local television revenues have not declined drastically, however, is because the cable systems have not yet perfected the art of selling locally.

It used to be that radio was a product-driven industry. Find a unique and appealing product and you'd be sure of a competitive market profile. But like the endless stacks of products that await them in supermarkets, consumers now are presented with many radio stations to choose from, endless variations on the same theme. In any Top 50 market there are at least three ACs, three CHRs, two AORs and lots of common records being played across the board. Listeners can easily become confused. The '80s ushered in an era when retail products became more market-driven than product-driven. This is now occurring in Radio as well. Radio stations are going to have to do everything in their power to delineate some unique selling proposition to the listener. And with the advent of fragmentation, and additional competition within format, traditional "core positions" will become meaningless. Most stations today are still targeting their listeners with slogans like, "We play the hits.", or "We play the most music each hour." That's simply not a unique selling proposition any longer. In the mind of the user of radio, *every* station plays the hits, unless they play oldies. Most listeners really don't care that much whether you play 52 minutes or 56 minutes of music an hour, or whether you play 10 in a row or 12 in a row. Indeed, most listeners can see through those facades. They just want something they like. The way you're going to get them to remember you is if you appeal to some unique psychological aspect of their personality; therein lies the strength of the psychographic appeal.

Radio stations have been reluctant to use psychographic appeal and segmented advertising. Our recent survey of several radio stations around the

country has indicated that some stations are beginning to understand the psychographics of their audience. On-air marketing campaigns targeting slogans like "Go ahead and break some rules, listen to WBPE.", "Ever feel like just walking up to your boss and trashing him out?" Pirate Radio's "Welcome to the jungle." These attempts go beyond the traditional positioning slogans and hit listeners where they live. If you were to break down the top stations in most radio markets, they invariably hold some psychographic position they may not even realize. For example, WRKO in Boston, while obviously being seen as news-talk, probably scores along these variables:

1. Authority
2. Sincerity
3. Attention to detail
4. Surveillance

A leading AOR station like KLOL in Houston might encompass these attitudinal appeals:

1. Outrageous
2. Break the rules
3. Stick your chin out--don't take any crap
4. Fun
5. Not taking things too seriously

The point here is that stations that win in the '90s will more than likely do more than just play good music and practice aggressive niche marketing strategies. They will make the right *emotional* contact with their listeners.

Radio has only to look to its retail brethren to understand the utility of using psychographic selling tactics in niche marketing. For example, consider the Anheuser-Busch campaign: "Making friends is our business." It featured a series of commercials using montages of weddings, graduation parties, neighborhood saloons, all emphasizing family and friends. The obvious pitch being that beer and friendship are close allies. The recent A&P commercials dove right into the heart of the psychographic. Its commercials showed its employees as young, enthusiastic, hip, pleasant, and up-beat. The psychographic sell was that A&P was a reliable but fun place to shop. The results are still out but it is interesting to see the approach and the application. Radio station marketers should take note!

The fact that radio stations have been reluctant to target psychographically, stems from the out-dated notion that we must still worship the masses. As discussed in Chapter II, the future of local radio is at the **qualitative** level. Quality not quantity is going to be the issue that decides the day as buyers become more sophisticated. Hence, it is critical that every radio broadcaster take a short course in niche marketing and understand the principles of market segmentation.

Niche or Micro Marketing

As reported in *Agency Sales* magazine in January, 1989, "The very nature of a market niche is one of a 'protected area.' Taking a niche from someone can be a difficult and expensive task. However, the way things are changing today in most technology fields, there are niches just waiting to be claimed without having to go head-to-head with an entrenched competitor."⁴ No one would deny that Radio is definitely a fragmented industry, it is a logical thing for radio broadcasters to want to carve out a niche in their marketplace. Indeed many radio broadcasters talk about "owning" a position in the marketplace. Yet, that's a very difficult thing to do. As noted earlier, in

looking at the promotional and positioning slogans for any station in a major market today, you will see dozens attempting to "own" the more music position; others will be attempting to "own" the hit music position; still others will be attempting to "own" the variety position. The end result is that most end up "owning" very little except an inordinate amount of marketing frustration.

The reason most radio stations fail, in terms of niche marketing, is they don't understand the rules behind the process. To be an effective niche marketer means isolating the environment in which your listener uses your station and then creating exciting ways for that listener to remember listening. It means you have to truly know your listeners. You have to be able to understand their language, what they want, their attitudes, opinions, desires. You can't talk to them in broadcaster terms; you have to talk to them in language they understand. Listeners don't use words like "hits" and yet, after twenty years of marketing, many radio stations still don't understand that.

Micro niche marketing also means giving listeners what they want. Far too often radio broadcasters, while conducting music research, ignore songs or whole categories of artists that could be very competitive for their station because they are mesmerized by the back pages of the trade magazines. Their product is often initially derived not from a thorough understanding and analysis of their own market, but from a national perspective. It may well be in the next ten years we'll see the end, as predicted earlier in Chapter II, of any kind of national perspective. That'll be good because it is time for radio to emerge as a truly local medium. (Unfortunately, this trend toward localization and survival does not bode well for large-market satellite delivered formats unless they can find a way to uniquely localize music at their subscriber stations.) Marketers must learn how to tailor to the individual tastes of their audience. In the retail world, there used to be just *Oreos*. Now there are fudge covered *Oreos*, *Oreos Double-Stufs* and *Oreos Big-Stufs*. Radio can do much the same in terms of how it localizes and customizes its music.

Niche marketing implies the use of new and radical types of consumer orientations, in effect, the use of "non media." But stations are reluctant to

jump into this because truly, most radio stations don't know what they want to be. While agencies may request 25-54 year-old buys, there isn't a station in America that genuinely delivers a 25-54 year-old audience. Stations deliver audiences that are 23-29, 30-36, 37-44 (core numbers). We discussed this in *Rules of the Radio Ratings Game* and it is a point that remains critical. The way to be strong 25-54 (as long as that out-moded buying mechanism exists) is to dominate a programming niche or demographic niche within that category. Once a station realistically assesses what it can be and who it can go after, the marketing process becomes much easier. Television buys then do not have to be made en masse in the marketplace. Cable and individual venues can be bought. Suppose you're an album rock station and your target is 18-24 year old non-college graduate, working-class male. These men are not big viewers of conventional television to begin with but they do watch MTV. Saturate MTV and target them with individual cable shows that appeal to them. Align yourself with the venues and lifestyles that these young men frequent. If your research shows that they "hangout," find out *where* they hangout and make sure your radio station is the one that hangs out with them. Tie into their lifestyles and reach them in ways that they are not used to being reached. That's one of the secrets of niche or micro marketing. Testing 700 songs that probably came from a list of titles that another station in some other market used is not giving your listeners an opportunity to tell you what *they* want. Structure your music research so that at least one component of it includes feedback on music that you're not playing, or that's not being heard in the market. Structure some of your music research to include titles of music that your listeners haven't heard before. That might represent a new direction or sub-direction for the radio station. Give them a chance to evaluate it. Radio stations are going to find that if those steps are not taken in the '90s, the nightmare scenario of thirty stations all with a 3.3 share will indeed come true.

Another critical component of niche marketing is to find *unconventional* ways to reach your target segment or niche. As was suggested in Chapter II, point-of-purchase advertising is an area where marketers are going to place more emphasis in 1990. Single source research has revealed that more and more consumers are swayed at the point-of-purchase to buy one product or another. A similar analogy can be made for radio. In effect, while

recognizing that radio doesn't sell sets, we do have the equivalent of a point-of-purchase. It's *where* the listeners see themselves spending the most time listening. In your local market research, find out whether it is at home, at work, in the car or some other location. Find ways to creatively maximize your station's presentation in that location. That's classic niche marketing. Suppose a lot of your listeners see themselves doing the dominant part of listening to your station in their car; then find ways to reach them in their car. If your city has crowded intersections where newspapers and flowers are commonly sold, make a representative from your radio station third in line. Co-op with the local newspaper and on a designated day, give away a newspaper along with a bumper sticker for your radio station. Have places where listeners can drive-in and win prizes; maybe a dozen donuts, maybe a mug of coffee, maybe a six-pack of *Coke*. All of these can be tied in with local advertisers but it is something your station can own with relationship to where people get the product.

Johnny Walker Scotch has used an interesting campaign that inspires direct consumer participation. On a billboard they'll feature an attractive woman jogging or playing tennis and feature the caption, "My number is 213-555-5555 and my scotch is *Johnny Walker*." These billboards are generally placed within access to a liquor store and if a person dials the number they'll get a recorded announcement extolling the benefits of *Johnny Walker* and where in that immediate area the scotch can be purchased. What a great idea for a radio station! Instead of the traditional, non-information that most stations put up on billboards, why not a picture of the morning man with the station's phone number under his picture? "For the joke of the day call me at 213-555-5555." Or, have a picture of an attractive female listener of the radio station asking someone to call in. With the growing mobile phone circuit out there, it makes all the sense in the world for a radio station to do that. Invite listeners to call a particular number and they'll get a recorded announcement of what's going to happen during the day on the station, or perhaps a cute and short set of "outtakes" from the more humorous elements of yesterday morning's show.

If your research discovers that the majority of your listeners see themselves as listening at home, find ways to target the household. Send

door-to-door "sales reps" to individual homes in your hot target zip codes. Ask people to take the 5-minute WBPE test where they listen to your station. It is highly probable that a homeowner has never been solicited by a person wanting them to do no more than listen to a radio station and give them something for free. At-the-home, it is unique, it is different, it is bold, it is niche marketing.

Marketing at the Mall

The emphasis on the unconventional is deliberate. Radio stations can no longer afford to put all their marketing eggs in one basket, since they no longer deliver one mass audience. Television is still an effective image builder and probably the most dominant of all external media for radio; but, it should not be used exclusively, particularly for stations who are really offering up niche formats. One interesting and possibly overlooked scenario for the '90s is that American institution, the shopping mall. Virtually half of all American consumers now make their average purchases in regional shopping malls.⁵ Millions of Americans who encompass the entire breadth of the typical national consumer profile, spend countless hours in these malls. Radio stations have been slow in moving toward mall advertising. Be a radio innovator like KOOL-FM in Phoenix. Create your own radio store in the mall. (The small space you'll need could probably be traded with the mall management.) The store could sell T-shirts, radios, paraphernalia, mugs, posters, but moreover, it establishes a daily and *exclusive* presence in the shopping mall. The key is, your station has got to be the *first* to do it. KOOL-FM in Phoenix also has an affiliation with a nightclub appropriately called "The Kool Cafe." This is another excellent venue to establish visibility for the radio station, particularly since the nightclub covers the playlist of the radio station. While KOOL-FM does not deliver huge 12+ numbers, it doesn't need to. It does very well in its niche target of 35 year-old adults. Its unconventional marketing strategies have shown that the station can attract a following and deliver external impressions without necessarily going to a total mass marketing campaign.

Repositioning Stations in the '90s

With the advent of enumerable format changes as players in various markets scramble for strategic positions, the skill that stations will need to develop in the '90s is the art of repositioning either themselves or reimagining a competitor. Let's look at repositioning first. The tenets of repositioning are fairly simple. No one remembers Hog Island, a tiny strip off the coast of Nassau. But everybody is aware of Paradise Island. Well, Paradise Island used to be Hog Island before some enterprising entrepreneur changed the name and literally repositioned the island. The casinos and the night clubs that followed all stand in testimony to a simple repositioning concept: If you're going to change an image, change it thoroughly, completely and totally.

One of the big mistakes that radio stations make when they attempt to change format or reposition their image is that they think they can maintain some former vestige of the station. Whether this is done for economical or emotional reasons, it is difficult to say, but an alarming number of stations are afraid to move to closure when it is time to pull the plug. One thing a lot of stations don't do is change the call letters. This may seem like a minor point, but it can be very critical. When the call letters have a certain image attached to them it is very difficult, in fact down right impossible, to alter those perceptions over a quick period of time. If you're going to change format and your call letters have had any duration in the marketplace, get rid of them. This reminds me of a situation we had in Los Angeles in the early eighties. We had completed a study of KHJ radio for RKO. Our recommendation was for a change in call letters and a total reimagining of the radio station. The RKO management however wanted to hang onto KHJ because they felt the three letter calls still had value. Listeners didn't agree and ultimately, the KHJ call letters were retired.

The best place to start a format change or repositioning is from scratch. All vestiges of the former station should be removed. The call letters, slogans, positions, liners, everything. In effect, you have to create a new station. Of course, you can't change your dial position. But, if every indicator

of the former property is gone, any allegiance to the dial position itself will ultimately disappear and you will find yourself with a new station.

Other Market Strategies

Many stations spent large amounts of money on massive direct mail campaigns in the eighties. While mass direct mail is an interesting way of marketing to specific patterns of audiences, it can also be very expensive and, according to most research, very often misses its intended target. Indeed, many Americans are reluctant to open any kind of mail that comes into their home that is not specifically a bill or a letter addressed personally to them. The barrier of entry to American homes, as we discussed earlier, is getting larger, and it is not just to incoming telephone calls!

By the mid-eighties, in an attempt to better reach their potential audiences, many stations began building data bases for target marketing to listeners who were obvious diarykeeping types. Niche marketing means not having to send out 2 million pieces of mail -- but maybe only 100,000 targeted directly to zips and clusters within zips -- where you know you'll maximize your presentation and reduce the barrier to entry. Stations get names from contest entrants, survey participants, and listeners from key zip codes. Direct mail is infinitely more effective when it can be highly targeted. What about a different twist to direct mail? Suppose you sent your target zip code listeners an outrageous picture postcard of a huge radio on the outside of your radio station. The flipside of the card says that they have a 1 in 25 chance of winning \$\$\$ if they listen to the station Monday morning between 7 and 7:30 and are the fourth listener to call when the station plays _____. This is a much more unique approach in that it suggests to the respondent that there is a *real* reason for him or her to pay attention to the mail piece. This may break through some of the barrier of intrigue because it would assure normality in the fact that you are talking to the listener in language that he or she can understand. That is another example of niche marketing.

Telemarketing is another technique that has been utilized over the last several years by an increasing amount of stations. It seemed novel at first,

because few people had ever been directly "pitched" by a radio station over the phone for no purpose other than listening to the station. But once the novelty wears off, that sort of telemarketing can be treated just like every other form of intrusion into the house where entry is going to become increasingly more difficult. We don't see telemarketing as a longterm answer to the niche marketing problems of radio stations in the '90s unless the overall technique is overhauled to be much more target specific. We don't need 400,000 calls; just 10,000 highly targeted calls. This would also produce a more manageable budget.

Another possibility for niche marketing is to create an inventory of things that your station can sell to your core listeners. This is a way of building both sales and listener attention and awareness. For example, create "best of" WBPE tapes. If you have a particularly funny morning show, market the outtakes from the show. Package them into a weekly series. This will yield several benefits:

1. For hardcore fans of the show who have to be out of town, they can keep up with their favorite DJs.
2. It affords the opportunity to introduce a broader spectrum of listeners to the real value, added content of the morning show.
3. Underwrite the cost of the morning show.

Another possibility is co-oping WBPE music tapes with the firms that hold the production marketing rights. Produce the station equivalent of a K-Tel "best of" album, and have your station directly promoted. Many American radio stations already do this when they produce a special Christmas music cassette, but they ignore the possibility of producing a tape or album that focuses directly on the music they play 24 hours-a-day. Have listeners call in to rate the top 10 songs on WBPE and put together a special WBPE album with the top 10 on one side and the second 10 on the flipside. These may not be the great revenue builders, but they are another low cost way of helping listeners understand and perceive the call letters. Still another possibility is

the use of a 900- or 976- number. These represent money making *and* marketing opportunities. Listeners can pay-per-minute to hear your DJ's "greatest jokes," or to hear what's happening on the social scene from your very hip morning DJ.

As we discussed in Chapter II, many radio buys of the '90s will not be predicated solely on demographic appeal. The market segmentation craze of the eighties will gradually begin to spill over into radio, and more and more buys will be predicated on the qualitative aspects of a radio's audience. It would be useful then to be able to analyze the current literature based on what we know about the radio consumers. There are many techniques available now for segmenting and analyzing the various clusters of radio listening and/or consumers that exists in the United States. One approach that has been used considerably is the so called "VALS" approach developed by SRI International (SRI). "VALS" stands for Values, Attitudes, and Lifestyles. The VALS typology basically broke the American consumer into nine different segments. Several years ago, researcher Michael Hedges wrote a most interesting article for *American Demographics*, that was probably very largely ignored by the people who should have paid attention to it, radio station general managers. He profiled radio formats based on an analysis conducted using VALS for the John Blair Company. Although used sparingly in radio, it is useful to review the assumptions of VALS since it dominated advertising agencies' thinking in the eighties.

Perhaps the largest VALS group was the **belonger** group. *Belongers* are the bedrock foundation of the American society. They are quick to wave the flag, praise the Lord, and keep a shotgun over the rack of the truck. Needless to say, they are big country music fans. But, these people are also big fans of surveillance and hence, full service AC formats. They, more than any other group, desperately need to know that the world will be there in the morning. Research shows that they tend to be more station loyal, and that the best way to market a large audience of *belongers* is to suggest that they belong to some sort of giant club.

Another large category in the VALS typology was the **emulator**. The *emulators* are constantly searching for the hippest, hottest, newest, greatest

lifestyle. In effect, they want desperately to be part of "the scene." They often listen to Top 40 stations and very hip AOR stations. The problem with *emulators* as a category is that they don't have the size of the belongers. However, they are sexy, and inevitably advertisers love these kinds of folks. There just aren't as many of them and yet, radio stations fall over themselves trying to give the *emulator* (in the mind of the radio station executive, subtitled the "yuppie") something to call his own. Various formats embracing the "classy" concept were tried and were abysmal failures. It's frustrating for radio broadcasters to see upscale magazines like *Ultra* and *Conde Nast* succeed when the classy format failed. The reason classy failed was because its product was just that of another AC. There's nothing inherently classy about James Taylor or Lionel Ritchie, whereas upscale magazines spit out haute couture at you from every page.

Another small segment at the top of the chart is the **achievers**. Again all radio stations would love to have this group as a listener, but they are more inclined to listen to *All Things Considered* on National Public Radio or perhaps a station that provides exclusively background music because they're so busy achieving.

At the very youngest end of the VALS typology were the **I am me's**. These folks are on fast forward and don't care much about copying the needs of others. They simply want to move forward and do their own thing.

Then there are the **experientials**. They are more inclined to sample a greater number of stations each week than any of the other lifestyle groups. They're chronic button pushers. They'll always be the first ones in the market to try new *Coke* or a new diet product or for that matter, a new radio station. Of the few new products that succeed each year with the American consumer, critical to their success is that they gain their share of the *experientials* lifestyle segment.

The **societally-conscious** segment has virtually no interest in radio, television or any mass media for that matter. These people are constantly traveling and are more inclined to watch those dreaded public affairs shows that air on Sunday morning than any other lifestyle segment. They are truly

the dollar movers and shakers and have their own internal media set. While it would be nice to wish them into your audience, the likelihood of them filling out a diary, even if they did listen to your station, is extremely remote.

The two groups on the bottom rung of the typology are the **sustainers** and the **survivors**. The *survivors* are truly living day-to-day. They live in paralyzing poverty, and make up the ranks of the nation's homeless. They are big radio consumers when a radio is available. The *sustainers*, unlike the *survivors*, have not given up hope. They have a higher income and are most likely to be drawn toward:

1. an angry talk host;
2. a rude morning disc jockey.

They are big listeners of talk show formats, conservative, and not particularly fond of their lot in life. On the surface, a radio station looking at this profile would ignore the *sustainers*, but they are big radio listeners and they cannot easily be dismissed. Indeed, any analysis of your format may find that while you may want all experientials as your audience, the sheer weight of demography is going to go against you. Chances are you'll have a number of *sustainers* as well, and while advertisers may not be clambering to your door to buy the *sustainers*, remember, as we said earlier, that radio essentially deals in survival items. All Americans consume and are in the market for the things that dominate our air, i.e., food, clothing, transportation, drinks, shelter. *Sustainers* buy soft drinks; they buy fast food; they shop at convenience store; they buy cars just like other segments of American society. They just don't have as much discretionary income to spend. The last time we checked, however, the dollars from products viewed as discretionary took a distinct back seat to the dollars pumped into radio from advertisers selling "survival" items.

The VALS classifications have been basically divided into three segments (See Figure 3). The first segment contains the *sustainers* and *survivors* which comprises roughly 11% of the population and is referred to as need-driven. It's important to note the word "need" here implies physiological needs. Early

Figure 3
The VALS™ Consumer Segments

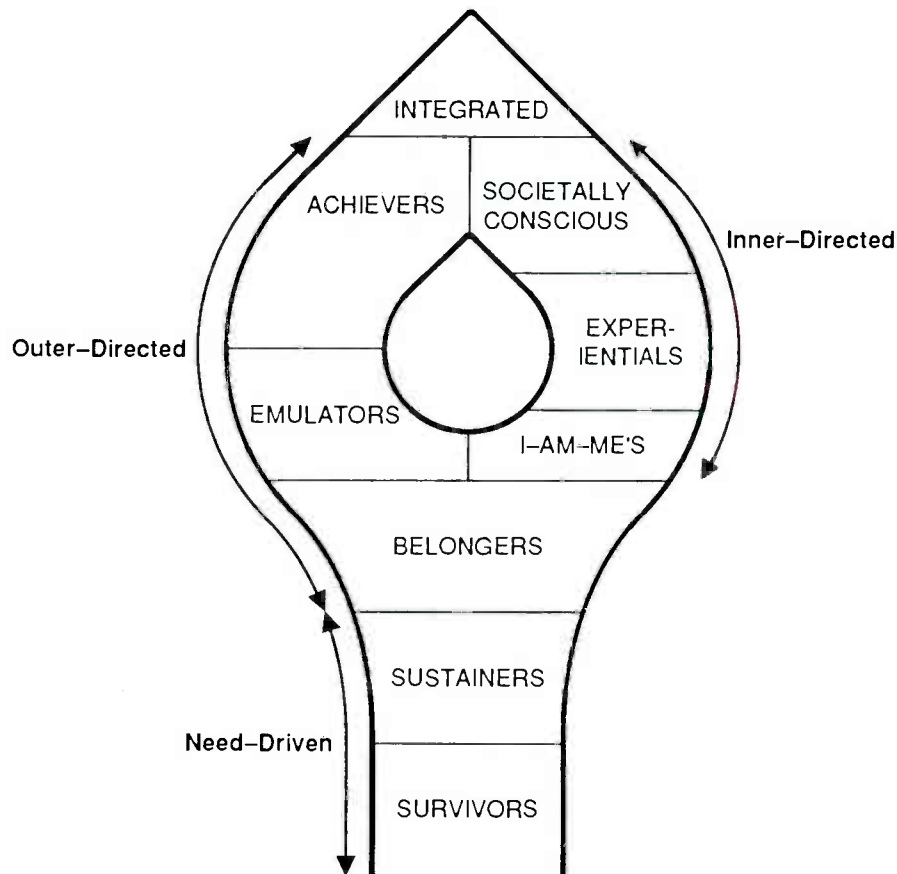


FIGURE 1 THE VALS DOUBLE HIERARCHY

psychological research has indicated that physiological needs take precedence over "higher order" psychological needs until a basic level of sustenance is achieved.

The major components of the VALS grouping, the *achievers*, *emulators*, and *belongs*, fell into a category known as "outer directed." These three groups account for roughly two-thirds of the American population. This group is characterized by adherence to the norms of society at large; also, this group basically derives its expectations of itself by looking to others. It is in effect, externally located. The second largest segment, although considerably smaller

than the outer directed, is the so called "inner directed" group. This group's own individual needs and priorities outweigh what they perceive to be the expectations of others. It's the group predicted to grow most rapidly in the next ten years. It is comprised of the *I am me's*, *experientials*, and *societally conscious*. The inherent beauty of the VALS typology is its relative simplicity. Instead of categorizing audiences by simply 24-34, 35-44, the VALS approach gives radio broadcasters an opportunity to see just what value segments are driving their own audience. This information can be useful not only to advertisers, but for internal programming and marketing strategies as well.

The VALS typology is one way to breakdown an audience. It's useful because it suggests that there's something other than demographics that drive market analysis. But VALS is more of a lifestyle analysis. Lifestyle research should not be confused with psychographics. Lifestyle research is an understanding of the way consumers live. Psychographics, literally defined, are a breakdown of consumers' attitudes, interests, and opinions (commonly known as AIOs). Psychographics is an understanding of the way they think.

Psychographics, as discussed earlier, is a tremendously under-utilized tool in radio and may well be the key to competing in the niche markets of the future. Suppose for example, your station conducted a psychographic profile of its audience and found that your listeners as a whole were fairly low in self-esteem and had a high external locus of control. Put into layman's terms means that your listeners as a whole are not about to find a way to achieve perfect harmony on the peak-experience Maslow scale (and who for that matter is?). These people may be 25-44, may be middle income or upper income, but the key psychographic thread is a sort of psychic uncertainty that exists in this group. These people may respond very well to a dominant morning disc jockey, one that not only entertains but cajoles; one who they perceive is "on their side." Listeners like these may frequently derive the notion of who they are based on how they think the world sees them. So, they tend to align themselves with a radio station that takes the stance that "you're okay." That provides them with a "champion" who lets them make that implicit statement.

We believe that psychographics in the '90s will be used as distinct programming tools by radio stations. Psychographics will provide many ways for stations to segment their audiences and find out what their two or three highest profile groups are, and to program and market to them.

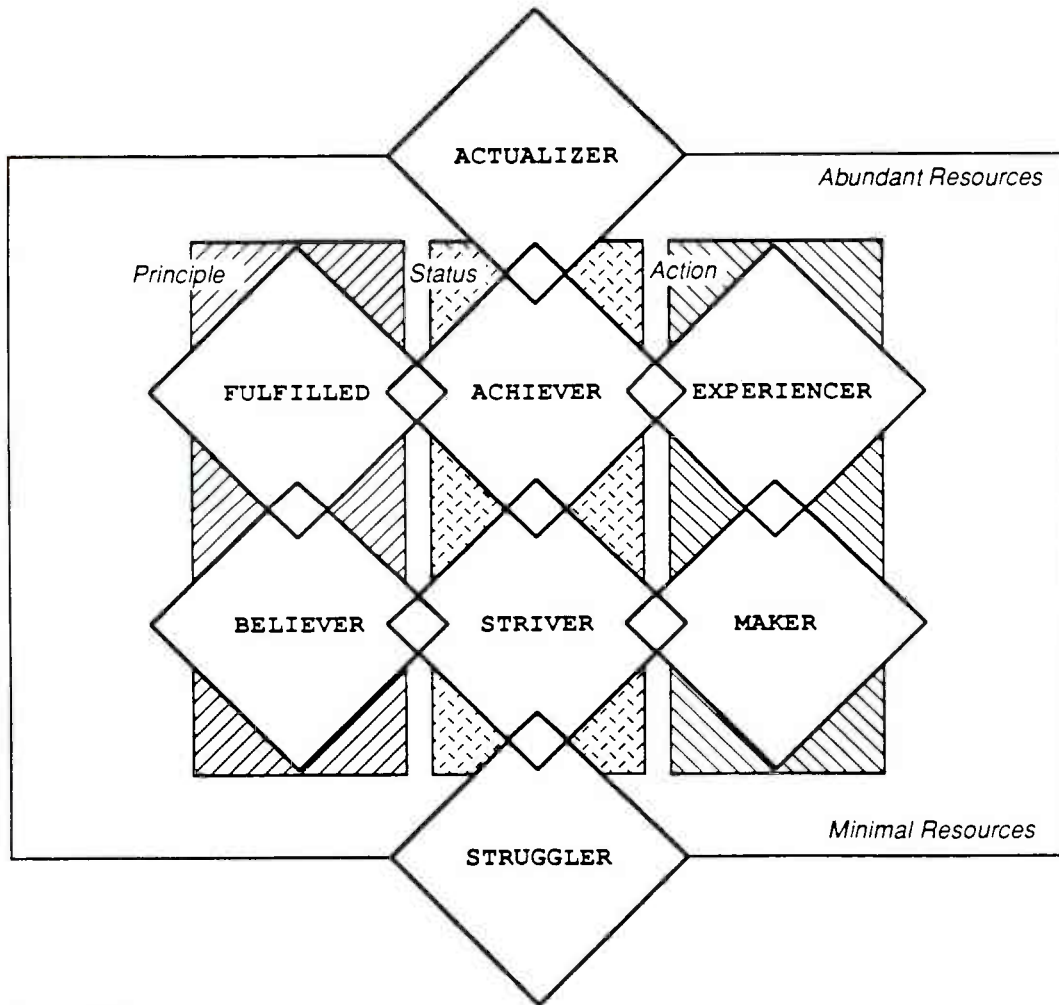
The New VALS Typology

Just when we thought we had the first VALS typology figured out, SRI came along and introduced a new VALS typology. While the old VALS system emphasized values and lifestyles, the new program emphasizes psychographics and attitudes much more heavily. According to Edward Flesh, director of the VALS program, "The link between values and lifestyles in purchasing choices seem to be less strong than it had been."⁶ As cited in *American Demographics*, Flesh went on to say that these changes were the result of several demographic and economic factors: the aging of the baby boom, the increasing diversity of population, the rise of the global economy, and the decline in consumers' expectation for the future. And with the increasing diversity of products, of distribution and media, values and lifestyles have become too fragmented to be the sole predictors of consumer behavior.

One huge difference from VALS to VALS 2 is the size of the segments. The giant **belonger** segment in VALS accounted for 35% of the American population. However, the VALS 2 segments are fairly equivalent in size. On top of the chart, the **actualizers** count for 8% of the population while the other segments account for from 11-16% of the total population. One of the reasons for the smaller segment size is the fact that in the new model (see Figure 4) there is considerably more interaction between psychographic segments and clusters. The **fulfilled** group is made up primarily of people who were **belongers**, **achievers**, and **societally conscious** in the old VALS system.

The new VALS typology ranks psychographic groups vertically by their resources (minimal to abundant) and horizontally by whether they are principle-, status-, or action-oriented. **Principle-oriented** consumers are concerned with how the world should be, **status-oriented** consumers are

Figure 4
The VALS™ 2 Consumer Segments



Source: SRI International

driven by the actions and opinions of others and the **action-oriented** consumers by a need for action on both the social and physical level. Each one of the so called orientations has two distinct psychographics, those with high and low resources. In the principle segment we find **fulfilleds** and **believers**. *Fulfilleds* act like grown ups, have a high level of maturity and are essentially reasonably well-educated, upwardly mobile types. They are home-centered in their leisure activities but also extremely aware of their environment and the world around them and they are receptive to new ideas

and change. On the lower end of the resource scale in the principle mode are the *believers*. They're more conservative and easier to define consumers who are likely to be brand loyal and favor things made in America. They are family-oriented, have more modest incomes, and are proud to wave the flag.

The *status-oriented* segments are composed of the **achievers** and **strivers**. *Achievers* are driven by a great need for success in their jobs and in their family roles. They tend to vote Republican and respect authority figures and believe mightily in maintenance of the status quo. They are quick to try new products and take great joy in showing off whatever success they've achieved. On the lower rung, *strivers* may have a value profile that is very similar to the achievers but they've got fewer tangible things on hand. They are more concerned with context than content as they strive to try to become the people they wish they were.

The *action-oriented* groups are the **experiencers** and the **makers**. The *experiencers* is one of the very few VALS typologies that is age-driven, as most of them are young with a medium age of 25. They are heavily into exercise and conspicuous consumption. Anything that is new with this group is immediately accepted. The new *experiencers* category is made up primarily of the groups from the *emulators*, *belongers* and *I am me's*. *Makers* are focused on family, work and taking time out but don't have a broad base of interest in the world. As consumers they are "...unimpressed by material possessions other than those with a practical or functional purpose."

Strugglers are analogous to the *survivors/sustainers* category of the old VALS, while the actualizers at the top of the chart far and away have the cutting edge income and high levels of esteem. They are related to the *integrates* on the old chart but they are considerably greater in numbers (now 8%).

The reason we're spending so much time on both VALS and VALS 2 is that for the last ten years, VALS has been virtually the only psychographic segmentation system that has widely been accepted and used, particularly by advertising agencies across America. It is basically at the bequest of the agencies that VALS 2 came into being. Understandably, there was a large

dollar amount motivating this decision. Suppose you did a psychographic study and found out that the dominant share of your audience consisted of two segments, *belongs* at 45% and *achievers* at 40%. From an advertiser's standpoint, this is less attractive than a VALS 2 study that might reveal your audience to be an almost equal mix of *strivers*, *experiencers*, *achievers*, *believers*, and *fulfilleds*. The new VALS typology utilizes a broader psychographic profile, and initial reports are that it is easier to link to actual consumer buying behavior because the vast pool of attitudes that are measured by it are more constant over time and less subject to change than the lifestyles that dominated the earlier VALS typology.

What does it mean for Radio? It means welcome to the era of micro-marketing. The VALS 2 system is now married to a number of geo-demographic data bases, that is, firms that offer local and regional profiles of consumers based on neighborhood clusters. As of this writing, SRI has joint-venture status with no less than four firms that market geo-demographic segmentation systems: CACI, Donnelly Marketing Information Services, National Decisions Systems, and Claritas. And it means that ultimately advertisers are going to be asking radio stations what sorts of psychographic segments of which their audience is composed. As we predicted in Chapter II, this may be the type of "local" research that will be factoring the buying equations in the not too distant future. Indeed, the station that has a complete local database that includes all aspects of local consumer response, i.e., demographics, psychographics, consumer behavior and media habits, will be the common denominator for evaluating the desirability of a buy in a certain station. And the few stations that have actually used VALS for programming purposes will find even more applications in the VALS 2 descriptions for programming in the '90s.

By no means should radio stations limit themselves principally to VALS when doing psychographic research. There are dozens of short form psychographic tests that can be administered on the telephone and are available in the research department of a good university library. These tests can cover a variety of attributes: self-esteem, leadership, external locus of control, dogmatism, Machiavellianism (tendency to manipulate or allow oneself to be manipulated), for instance, the list is virtually endless and any

one of these tests will enable you to learn more about the individual psychological makeup of your listener. As we said earlier, the more you learn in that regard, the better you can pinpoint the most productive segments of your audience with your on-air programming.

Advances in Segmentation

The entire field of geo-demographic analysis is about twelve years old. One of the leading companies in this field is the Claritas Corporation and their PRIZM system. PRIZM is a market segmentation system that is essentially based on the lifestyles of neighborhoods. An inherent assumption of PRIZM is that people tend to seek out neighborhoods that mirror their interest and values. The creators of PRIZM analyzed all 35,600+ residential zip code areas and over a thousand census measures that looked at the demography that describes those neighborhoods. The result was the creation of forty zip-market clusters. These clusters were identified by various nicknames which described the makeup of each of the clusters. For example, the nation's second highest soci-economic rank, comprised of the neighborhoods with swank ship-shape townhouses, apartments, and condos, relatively few children, mix of upscale singles, sophisticated consumers of adult luxuries, were labeled "Money and Brains." The segment of the neighborhood clusters that produced many craftsmen, in effect the elite of the blue-collar world, which were number one in married couples with children, had low density and a negligible majority present were dubbed the "Blue-collar Nursery" neighborhood. Those zip codes that were concentrated in the South, Appalachian, Piedmont regions, had hundreds of industrial suburbs and mill towns, many specializing in textiles and other light industries, that had country folk with minimal education and a high index of blacks and that lead the nation in nondurable manufacturing were dubbed "Norma Rae-ville." All forty clusters represented an amazing step in data reduction from the millions of bits of data that precipitated this project. PRIZM analysis can be a great benefit to radio broadcasters in that your audience can be analyzed by zip codes and from a sales standpoint, you can see how you are doing with the "Money and Brains" set, the "Blue-collar Nursery," the "Norma Rae-villes" and all the cluster groups.

The skeptic will ask, "Is it genuinely possible to make the statement that all people living in one zip code share the same basic characteristics and attitudes? Isn't that a little like saying that two people between the ages of 35 and 44 are alike because they share the same demographic characteristics?" What we're dealing with are population patterns and tendencies. It's important to understand that. Yes, there may be an occasional occupant living in the "Money and Brains" neighborhood by virtue of the fact that they're a house guest or being supported by his parents, and there may be someone living in "Norma Rae-ville" who doesn't exactly fit the profile. It would be illogical to assume every zip code would be a perfect fit. But the amazing aspect of PRIZM is the fact that it does generally describe zip code clusters quite well. It's an excellent tool for market segmentation. Required reading for all radio broadcasters ought to be the book by Michael Wiese, *The Clustering of America* (Harper and Rowe). It offers an excellent analysis of the clusters that comprise America.

Another popular method of geo-demographic segmentation is utilized by Donnelly Marketing Information Services. It is known as ClusterPlus.

The entire key to segmentation is it provides entirely new avenues to marketers to target not only zip codes but modes of behavior and attitude. Whether it is PRIZM, ClusterPlus, or any one of a dozen or so clones, segmentation systems can cut out much of the fat from a traditional marketing campaign.

V. Perceptual Research in Radio: Past and Future

Twenty years ago research for most American radio stations consisted of following the charts at the local record stores and doing an occasional well intentioned focus group. With under-radioed markets being the rule in America, that was about as much research as most stations felt they needed. But in the mid-seventies, with the advent of commercial FM stations and more stations per market, the research wars began heating up. Radio program directors began to realize that research was an ally, not an enemy (referring to the fears that many PD's had in the sixties and early seventies that research would usurp their programming leverage). Most stations began to engage more frequently in what can be called "perceptual" research. That is, large scale attitudinal surveys which probed listeners' understanding and awareness, as well as their likes and dislikes, of certain radio stations.

In the eighties, research became an established line item on the budget of most of the top 100 American radio stations. It's appropriate that before we discuss the strategies for the '90s, we review some of the major methodologies research firms used for radio stations in the eighties.

Focus Groups

Perhaps the most endearing and long-lived of all major research methodologies in Radio, focus groups have gone in and out of fashion as many times as the latest Madonna video. The appeal of focus groups is that they offer the broadcaster a chance to witness real listeners discussing their station in "real life" language and terminology. Virtually every programming or management executive in American radio has had a focus group experience or two in the past decade. Focus groups emerged in the eighties as the single most utilized research tool in the industry. Unfortunately, along with that utilization came an excessive amount of abuse and misunderstanding. We will attempt to shed some light on the true utility of focus groups.

On the off chance that there is at least one reader out there who is not familiar with the concept of the *focus group*, a brief explanation. A focus group generally consists of eight to ten people who meet in a room with a one way mirror and are seated at a rectangular table. The moderator of the group generally sits with his back to the mirror and asks questions, both individually and collectively, of the group in front of him. The actual name of the methodology comes from the fact that the moderator can zero in or "focus", on specific issues and individuals in an in-depth fashion. Benefits of the focus group approach are that the information gathering can often be quite spontaneous and can often yield individual "pearls" that are stimulated by the group dynamics and discussion.

In their ideal setting, focus groups are best utilized in broadcast research for pre-testing marketing campaigns, or in a post-perceptual analysis to zero in on and explore two or three critical issues found in a larger study. This offers the station a chance for more follow-up, more intensive explanation of major trends than they've found in their research.

Unfortunately, the radio industry in the last decade has abused the focus group. Broadcasters who will complain that a rating service's sampling size is too small for their market, only has a thousand in-tab diaries, will turn around and do a perceptual study consisting of four focus groups with a maximum of forty individuals, and use that as a predictor of market perceptions. Nothing could be more erroneous, but we have seen this alarming trend continue. Perhaps it's because focus groups provide the illusion of participation on the part of broadcast executives. You're sitting behind that mirror, feeling somewhat omnipotent, and feel like you can reach out and touch your listeners. This is true, but the overriding reality of statistics must mitigate that attitude. Focus groups are almost always used best as a research tool in consort with some major type of perceptual research.

Do not attempt to use focus groups only to ascertain a format position. Find out what the market thinks of your radio station, or make judgments on how you should alter your music play list. The sample size is simply not

sufficient and invariably in the long run, that creates more problems than it solves.

Myths Associated With Focus Groups

1. *Every perceptual study should begin with focus groups.* Somewhere along the line the notion occurred that **before** you can do a perceptual study, you must do three or four focus groups to "pinpoint" the questions and issues. Nothing could be further from the truth. In virtually all telephone studies, there are only a limited number of questions that you can ask anyway, and the research executives who are worth their salt already have a pretty good idea of the dimensions of those questions. Doing focus groups for the sole purpose of questionnaire design is often overkill and not always necessary.
2. *I can moderate my own focus group.* Watching a focus group can be a deceptively easy thing. It has led many to say, "Why, moderating doesn't look too difficult, I'm sure I could do that." The answer is a definitive **NO!** Moderating a focus group is one of the most difficult research jobs in America today. It requires a professional who has both an engaging personality, a tremendous sense of discipline and above all else (that which the average broadcast executive cannot muster), a true sense of objectivity and dispassion. Nothing is more damaging than a "do it yourself" focus group within which you basically come away hearing what you want to hear. Selective perception in focus groups is an amazing thing to behold. If you're an executive of Station A doubling as focus group moderator, and somebody is calling your station ugly, you cannot, even if you think you can, react objectively to that statement. Your intense feelings for your station will cloud your judgment throughout the course of the interview, particularly if you hear some significant negatives or positives about your station.

3. *Watching a focus group is a piece of cake.* When I personally conduct a focus group, I always brief the clients as they settle in behind the one-way mirror. Watching a focus group is not easy nor is it always pleasant. Above all else, viewers must have total **objectivity**. There's a tendency in focus group viewing to single out the most attractive member of the group and fixate on what that individual has to say. Likewise, there's always a tendency to negate or ignore those group individuals who are less physically compelling. Another problem is to seize a comment by one individual and blow it entirely out of proportion to the weight of the rest of the people in the group. I've seen broadcasters do this and it can have dire consequences. It usually occurs when the focus group participant says something that strikes the "right" chord with the senior executive in the viewing room. The rest of the viewing group gets excited because the CEO or GM has gotten excited, and pretty soon that one isolated comment takes on a life of its own and emerges as the "most dramatic" finding of the group.

Viewing a focus group is usually a fairly sobering event, because you realize how little people actually know about your station and your competitors. Viewers also have to be aware of the "halo" effect that occurs in focus groups. Most groups usually have one or two dominant individuals in them along with an equal amount of submissive individuals. When the dominate individual makes either a positive or negative comment, that comment can trigger a ripple effect across the rest of the group. When John Strongman says, "I don't like Station A," you often see the "me too, me too, me too," effect. It takes a skilled moderator to break through this and actually ascertain the attitude that drives that comment.

I have seen radio stations make format changes on the sum total of four focus groups. More unfortunately, I have seen research companies submit a conclusive report along with *pages* of recommendations, based on the same four focus groups. This is inexcusable. Any broadcaster who buys such a report and then makes sweeping changes based on it, (usually because the cost of four focus groups is attractive) deserves exactly what he or she gets.

In the long run, what you'll be getting is a report fraught with ambiguity and potential error because of the exceedingly low sample size.

Used appropriately, focus groups have value for the broadcast industry. But remember, they are almost always better used in consort with a larger more predictable methodology and with the exception of quick reads on a single issue, (i.e., television spots, or a particular DJ) should not stand alone.

Auditorium Music Research

Many broadcasters have regarded with skepticism the notion that you can "test" a record in an auditorium with people who are target listeners of a radio station. People claim that it's artificial and doesn't recreate the real listening environment. That's absolutely true, but radio research is a series of constant trade-offs. In a quest for scientific perfection (which we never achieve), we have to ask people questions in the environment that as closely as possible approximates that in which they listen to the radio. Since we can't go into their kitchens or their cars and play 350 hooks of songs for them, we get them to come into an auditorium and utilize a perfectly acceptable "repeated measures" design. While the technique is not error proof, it is eminently preferable to the dart board approach, or to doing nothing more than monitoring the record stores and the back sheets of the trade bulletins.

It's hard to find a station in the Top 100 markets these days that has not conducted some form of auditorium music testing. Yet, with the abundance of testing going on, there's still quite a bit of misinformation out there.

I've heard all sorts of optimal sample sizes discussed, but the truth of the matter is that auditorium music tests with under 200 persons per session don't approach statistical validity. Since most stations use from 50 to 100 persons per session, does that mean all our efforts are invalid? The answer lies in your expectations. If you use auditorium tests as only one indicator of a song's potential, you're in the ballpark. If you want to eliminate error *completely* and have your music test be the unequivocal statement, then you'd better create a mid-six figure budget for your music testing.

The auditorium music test as it's commonly used and priced in our industry *cannot* give you an errorless, statistically generalizable document. It *can* give you a good sense of direction and can eliminate some of the guesswork and hunches from building a library.

Beware of GIGO

GIGO stands for "garbage in, garbage out." Any music test is *only* as good as the recruiting process which precedes it. If you don't have a well-recruited group, the validity of the results, and your ability to act decisively on them, are threatened. There are certain criteria which must be followed to ensure effective recruiting.

Recruit Randomly From Your Target Audience

Most field services that radio research companies use for recruiting keep massive lists of respondents they've recruited in the past for all sorts of research projects (radio included). Generally, the cheapest bid comes when they can recruit from their list of test-takers. The very best approach is to avoid the list entirely and to specify a random phone recruit. In this manner you avoid recruiting professional test-takers to your music test. However, the pure random recruit is much more expensive. It is not unusual for a field service to charge between \$35 to \$50 per person for recruiting from established lists. A random recruit from a list of random numbers can often run between \$45 and \$70 per person. While the extra expense can certainly be justified, the problem is very much one of what the market will bear. Most radio stations are simply unprepared to spend \$50 per person to recruit for a music test. Budgets don't allow it. Subsequently, the possibility potentially exists for substandard results to become the rule rather than the exception.

If you're absolutely up against it price-wise, and your research company *must* recruit from a "list," make sure you specify that at least one year has passed since the respondent has been to a field test of any sort (focus group, taste test, music test, etc.). Also, specify that you don't want people showing

up with their pals in groups of two, three or four. (An exception: Sometimes women are reluctant to attend field sessions at hotels by themselves. They want to bring a friend or a spouse. We allow this provided the number exceeds no more than 10% of the overall sample, and that the spouse or friend qualifies with respect to the screener.)

When You're Presented with an Unusually Low Bid

Low bids are, of course, very attractive to the bottom line. But realize that the place where virtually all research firms trim the budget is on recruiting. When you've got an unusually low bid, ask the research company to be quite specific on how they plan to recruit your sample. Some firms are not that far removed from the days when recruiters used to go down to the wharfs with a few dollars and holler, "Sailor!" Also, question the fact if their budget calls for paying the respondent anything less than \$30. We've found that it is almost impossible to get listeners to show with any degree of predictability for \$20 or \$25 these days.

How Many Qualifiers?

Stations should know that as the list of qualifiers used in the screener grows, the incidence (likelihood of reaching the intended recruit -- expressed in percentage terms) drops. Each demographic cell or station choice that you add as a qualifier drives up the cost of recruiting.

Far too often a research firm will make a bid based on 50% males and 50% females and adults 18-44, only to have a station executive approve the bid, but suggest that they want the demos to be 80% female and 20% male and 22-38 years of age. The research company, reluctant to lose the contract, agrees. But, somewhere, somebody's gonna pay for those tightened qualifiers.

The key is to be *realistic* with your qualifiers. It's hard to construct the "perfect" auditorium music test for \$17,000 to \$18,000. There have to be tradeoffs.

General Rules of Thumb

From our experience, the optimum length of a hook should be about 7-10 seconds. Listeners actually begin to get fatigued when your hooks go 15-20 seconds. Above all else, you want to keep your respondents alert and motivated.

We feel the 350 per session is a comfortable number, provided the hooks are closely spaced. The respondent should have only the time in which he hears the hook and a second or two thereafter to respond to it.

You must have a minimum of 75 respondents per session, with a preferred number of 90-100. A larger sample size gives you the ability to dig deeper into the analysis. It allows you to go further into the cross-tabs without worrying about the cells that are composed of one or two people.

Generally, two hours is the distinct maximum. We prefer one and one-half hours. No matter how skillfully you run the session, fatigue sets in. This often results in what we call "errors of central tendency." That means that as fatigue mounts people tend to write in the same number, say a 3, for song after song.

Should I Do It Myself?

Several radio stations we've seen do a very good job of efficiently conducting their own music tests. However, the reason that most stations conduct their in-house research is the cost savings and an ability to have personal control over the data. If the station has a full time research employee, other than the PD, who can devote a considerable amount of time and expertise to this process, then it's generally a good idea. However, when the PD of a radio station starts ramrodding music testing, the station needs to ask itself if the tradeoff of this most valuable employee's time is worth it. The other problem

with do-it-yourself research is one of objective distance. In many cases, an outside firm can offer a perspective that your station can't match.

Perceptual Research

Perceptual research has been a critical element in many radio research strategies. Perceptual research allows the station the opportunity to hear what listeners are saying about the overall image of the radio station. It can pinpoint their level of unaided recall and how able they are to recall listening should they be contacted by a rating service. Most radio research firms conduct different variations on the theme of perceptual research but several common threads prevail.

1. *Unaided recall dimensions.* This taps into the listeners' ability to remember stations without benefit of a roster of either call letters or names of personalities (something they would not get in either Arbitron or Birch).
2. *Format evaluations/searches.* This methodology is doomed to extinction in the '90s but was used widely in the eighties. It presented listeners with various "format" descriptions based on the names of the artists and asked listeners to evaluate how much they liked listening to that format. As niche formats become increasingly more common, the method of evaluating by using descriptors is going to quickly fade away.
3. *Importance of various station elements.* This form of questioning ferrets out the importance of things like weather, news, sports, personalities, music, etc. Not surprising, virtually every American radio study has found that music is the dominant reason for which people listen to the radio. Virtually everything else we do on our airways pales in comparison to music. However, the thing that makes radio unique as opposed to some 24-hour music programming service is the "interconnectedness," the thread of those non-music elements that holds everything together. It's relatively interesting to gauge the importance

of various non-music elements to individual listeners to see how a station's overall audience shapes up.

4. *Aided recall.* This involves listing various items or elements people can hear on the radio and making them identify the call letters of the station with which that item or element is associated. This is a useful measure because far too often, listeners know the name but can't associate it with the proper station.
5. *Benchmark associations.* Every winning American radio station whether it realizes it or not, has a series of memory devices, or benchmarks, working for it. These benchmarks represent the station's ability to link certain elements of its programming with certain attributes as identified by listeners. In most major markets, a station that's a ratings leader will also be a perceptual leader, that's because there's a strict correlation between how much a listener can tell you about a radio station and his likelihood of accurately reporting listening to that radio station.
6. *Questions of radio literacy.* These have to do with how people see themselves using the radio. Do they listen more in the car; how long have they been listening; how frequently do they listen; under what circumstances do they choose not to listen? This is an interesting series of questions because some markets are far more radio literate than others. Los Angeles is an example of a radio literate market, as are Detroit and Chicago. Markets that are not particularly radio literate are Dallas, Seattle and New Orleans. This means that listeners are not aware of the goings and comings of personalities, format changes and station offerings. If research reveals your market as being low on the radio literacy scale, it simply means that you as a radio broadcaster must work harder than ever to make sure that your listener understands the basics of what your station does.
7. *Lifestyle/Psychographics.* It is not uncommon for many firms today to try and delve rather deeply into radio listeners' lifestyles and attitudes. Many perceptual studies develop a series of lifestyle clusters in which

listeners can pinpoint their strengths and weaknesses. This creates more programming ammunition as well because it allows you to specifically target certain aspects of on-air programming to various core lifestyles.

Diary-based Research Methods

Several research firms introduced diary-based perceptual research in the eighties. Jhan Hiber & Associates used a technique known as the "predictor." This was in effect a qualitative diary that was sent out to listeners in a market. The diary took the form of a direct mail questionnaire which asked them specific perceptual questions about the radio station. The "predictor" did not enjoy widespread popularity but its method was principally sound: to isolate people who would keep a diary and to explore their information base.

Bolton Research introduced a similar diary-based probe in the late eighties known as the diary probe. Bolton diaries were placed in a market looking much like the typical Arbitron diary, and listeners who filled these diaries in were then invited for more individual probing and follow up video one-on-one sessions. Both of these methods developed a following and were emotionally appealing to general managers. Broadcasters were hungry to get some "inside" information on actual diarykeepers. Ironically, Arbitron has offered an equivalent service for years. At any broadcaster's request, Arbitron will go back and conduct post-diary interviews with a sample of former-diarykeepers.

The argument can be made that diarykeepers as a whole have several elements in common. They are heavier-than-average listeners of Radio. They have an interest in the research process and they are willing to participate. But, it would appear that most of the diary-based research does not differ significantly enough from other kinds of perceptual research. Indeed, anyone who'll take a 15-20 minute interview must certainly qualify as a potential diarykeeper.

One-on-ones

The one-on-one research method evolved in the mid-eighties. This is an attempt to conduct individual interviews with listeners hence, the term one-on-one. Of course all those interviews are video taped and are available for detailed screening and analysis. Again, the technique of the one-on-one interview is essentially a sound one. The listener is not biased by other participants and has an opportunity to respond under the less rigorous demands of a one-on-one interviewer. On the downside, however, one-on-ones proved to be an extremely tedious chore for the moderator. It's difficult to keep up interviewer quality throughout the course of the 60, 80 or 100 interviews. There's also the very real problem of the radio executive seeing exactly what he or she wanted to see in one or two interviews and ignoring the rest. Then too, there is a slight "pressure to perform" on the respondent. The one-on-ones are certainly better than focus groups in getting at some of the key issues that broadcasters need to be answered. In many cases, they resemble the mall intercept that is so commonly done throughout the world of retail.

Confrontation Analysis/EARS/Auditorium Format Analysis

Several major perceptual auditorium tests emerged in the eighties. Confrontation Analysis introduced by the Benchmark Company, EARS by FMR, and the Auditorium Format Analysis by Paragon Research. These techniques grew from a need to derive qualitative information from actual broadcast programming. All of these techniques utilize stimulus/response methodology. Listeners will get to actually hear something, be it a scoped version of the morning show, position lines or the new DJ that the station may want to try out from Cincinnati. The beauty of all these techniques is that they did not allow for interaction among the participants, hence the responses were basically unbiased, and could be assumed directly linked to whatever stimulus was shown to the person.

EARS used an electronic measuring instrument in which listeners could respond on a device that looked very much like a "people meter." Stations could then see a printout which gave them almost moment-by-moment breakout of scores. The downside of the EARS methodology is that it really didn't allow for a lot of qualitative or open-ended kind of evaluation, where Confrontation Analysis (CA) and Auditorium Format Analysis (AFA) both did. On the other hand, hand-held meters allowed the kind of moment-by-moment electronic rating possibilities that neither CA nor AFA could offer.

Sales Research

Sales-oriented research became quite popular in the eighties as well. Many firms began offering sales "image" research, where the effectiveness of a station's street sales presence could be evaluated. (Generally a sample of agency media buyers and planners, retailers, and in-house agency execs were utilized to tap into radio mindsets in the marketplace.) Another form of research was the emphasis on mall intercept studies performed by companies like IRI. These basically gave sweeping profiles of listeners' consumer behavior and subsequent listening patterns. Look for a lot more of the latter as the '90s demand more sales-oriented data.

What to Look for in Research in the Next Decade

As we enter the '90s, let's take a few moments to consider what we see as the trends in radio research for the next ten years.

Increased Use of Segmentation Research

At the end of the eighties, one of Radio's hot new buzz words became "cluster analysis." Cluster analysis is essentially a multivariate regression-based methodology that allows a researcher to tap into underlying segments or "clusters" inherent in a database. The problem with the radio business is that every research firm out there has its own version of cluster analysis and they all claim that it's the most logical and useful one. The truth of the matter about cluster analysis is that it is a data reduction system, plain and simple; it has certain limitations. Let's suppose that you have 700 songs. One thing cluster analysis can do is give you a look at how groups of listeners fit together regarding music preference. Each song can then be examined individually against the various "clusters." Factor analysis can give information on how the songs themselves correlate. These clusters are derived by using multivariate analysis. The clusters are not arbitrary and cannot simply be derived by saying, "Well, these seem to go together," as so many research firms say today.

Another buzz word of the early '90s is "musical compatibility." That is, having listeners arrange songs in the order by which they would be compatible with or "fit" your station. This is excellent information to have if your listener has enough product knowledge to make such a judgement. The only problem with compatibility research is that there may be a lot of listeners in your market who simply don't have the product knowledge to make those kinds of evaluations with any degree of consistency or continuity. The book is open on this type of research and the next couple of years will determine how much is used in the '90s.

Format Research

Without question, format searches in the '90s will utilize some form of audio feedback whether in-person or on the telephone. Instead of describing music clusters or categories to listeners, stations will actually prepare an audio tape

of many "mixes" so that the listener actually has a graphic understanding of the format. It's hard enough for listeners to answer formatic questions in the space of a 15-20 minute interview. It's infinitely more helpful if they have some sort of auditory reference point, some idea of what this description might sound like. It's astonishing that while so many stations have made a habit of conducting music research where song hooks were played down the phone lines to target listeners, no one actually used this simple technique for format searches.

Do It Yourself Research

There are some stations that have executed their own research quite successfully in the eighties and will probably do so in the '90s. The majority however, did not nor will not. This is not because of a lack of talent. Probably the most important ingredient in conducting market research is a dispassionate objectivity, the ability to step back from the market place and observe it with brutal candor. Rare is the program director or general manager who can look at the data from a study he or she designed *and* conducted and sit down and make cold and calculating judgments about something with which they're so emotionally involved.

Weekly Research

Weekly research became popular in the mid-eighties as a means of fine tuning radio stations. Some stations felt that if they were not conducting weekly research of the top 30-40 records, they would be left behind their competitors. There are pros and cons to weekly research. It is basically impossible to test a record that people haven't heard before. There has to be some degree of familiarity for the product, so there's no way of gauging whether a new song is one that is going to make it or not. This is where the ears of the program director and his staff are still an extremely viable necessity. It is a difficult process to choose new music, considering the sheer glut of titles that are provided by the record companies. (Ironically, the record companies are their own worst enemy in this case because they refuse to provide program

directors with their own market research relative to the product they are providing.) Arguments such as "Hey, Babe, this is a great one and you simply gotta add it!" leave most program directors cold. We predict that the record companies will see the light in the '90s and incorporate several forms of product testing for those records they choose to promote. The other problem with weekly testing is that inevitably, there are five or six other stations in the market place playing the record you're playing. About the only thing that this testing is really going to reveal is whether the record is burning or not. It is our opinion that weekly music testing is simply research overkill. Stations could be far better served by taking that money and using it for niche marketing solutions for their radio station. Twice a month is probably sufficient to look at the burn factor of the records that may matter to your current audience. And let's talk demographics here for a second. Once people get over the age of 30, they are far less sensitive to burnout and some of the other issues that very young listeners consider paramount.

Panel Designs

Perhaps the best thing that a radio station could do relative to any kind of current product testing, is to develop a sample of core users -- hence, potential diarykeepers. Provide them with cassette or CD players and feed them music weekly. Make them part of your "listener editorial board," and get their feedback every other week or so on which tunes they've listened to, and which ones they really like. They would be able to "experience" the music and would evaluate it based on multiple listening opportunities. This would be an excellent way of evaluating how to add new products. It would go a long way to helping you pinpoint and target the individual taste of your core audience as opposed to simply mimicking other programming moves of your competitors.

Rethinking "Like" or "Dislike"

One area of music research that we see changing is the time honored technique of asking listeners how much they "like" or "dislike" a song.

Program directors have long been faced with the problem of exactly what to do with "like/dislike" data in the face of more critical rotation decisions. For example, suppose a listener indicates that his favorite song in your library is "Hey Joe" by Jimmy Hendricks. Did he give that evaluation because he hadn't heard the song in a long time, or because it's a song he wants to hear as frequently as possible? In all likelihood, as is the case with most gold product, there is a limit to the amount that listeners want to hear a particular record.

We predict that music research will move away from the "like/dislike" scale and move more toward a "frequency" scale; that is, listeners will be asked how frequently they want to hear a record not simply how much they "like" or "dislike" it. Understanding how much a listener wants to hear a record will make music tests that much more meaningful because it will virtually eliminate the problem of asking whether the song got a high rating because it's not been heard in a while. Most listeners can discriminate between whether they want to hear a song at least once a day, or only once or twice a week. In all likelihood, this more rigorous measure of music testing will eliminate a lot of the problems used in conventional "like/dislike" designs. Another appealing feature of a "frequency-based" approach is that it incorporates burnout into the question design.

Respondents in the '90s

One of the things that market researchers across America have taken for granted is the availability of the respondent. He is the proverbial straw that stirs the drink without which no research firm would be able to function. A very real problem in the next 4-5 years is whether we can continue to count on the respondent for the type of participation that has been demonstrated over the last thirty years.

As noted earlier in this text, the barrier of entry to American households has grown markedly throughout the last decade because of the proliferation of telemarketing firms with state-of-the-art sales scenarios. The market research interview of the mid-nineties will truly be an amazing thing to

behold. Practitioners of the art form will have to be better than ever. The window of opportunity of a typical perceptual interview will last no more than 15 seconds, during which time the interviewer has got to convince the respondent that they're not selling anything. Companies may indeed begin to pay telephone respondents to ensure response rates stay at acceptable percentages.

The '90s will also see an increase in the auditorium perceptual test, if only because of the fact that it will be easier to recruit participants for the \$35 fee that they would get to spend an hour and a half responding to radio and lifestyle questions.

Multivariate Research

For years, research in radio has always been frequencies and cross-tabulations. As one radio research firm jokingly put it, "dollars for percentages." Market research in the retail world and in the advertising world however, is much more sophisticated in its analytical capabilities. We predict that Radio will pay considerably more attention to analyzing its audience along a number of variables instead of just one at a time. The beauty of all multivariate statistics is that they allow the researcher to look at the interaction of a large number of variables. In the case of multiple regression, one variable, say increased listening, can be "predicted" by a number of variables, i.e., age, sex, income, perceived time spent with the media and understanding and awareness of local stations. In the '90s, we predict a number of multiple regression designs where the variables that influence the behavior can be judged relative to the strength that each one possesses. For example, in Market A, a radio broadcaster may find that increased radio listening in his market is as much as a function of education, awareness and the number of children in a household, as it is an exciting and wonderful program. This kind of information can be critically useful in developing an overall marketing strategy.

Aside from the already discussed cluster analysis, other useful tools for analyzing listener data include factor analysis, discriminant analysis,

multidimensional scaling and canonical correlation. All of these techniques basically allow the researcher to examine the interrelation among many sets of data thereby giving the broadcaster an infinitely more precise picture of the listener that he is targeting.

Many of us are familiar with econometric models, forecasting models which, in essence, predict how the economy will fare or predict how some institution is going to perform. All forecasting models share the same elements in common. That is, they utilize elements of multiple regression, wherein various predictors of some particular outcome are isolated and their relative strengths are examined. We'll see the development of several radio "models" in the '90s that can be run on microcomputers and will yield valuable information for programmers and marketers.

VI. Radio Formats in the '90s

In a scene from the movie All the President's Men, Carl Bernstein says to Bob Woodward: "Now I'm just speaking hypothetically, but when you get into a car and you listen to the radio for ten minutes, and there're no commercials, is it an AM or an FM?"

Any discussion of where radio is going in the '90s has to begin with where it's come from. The sixties saw the development of true Top 40 radio to its screaming never-a-dull-moment conclusion. The seventies saw the advent of specific formats for radio, the gradual demise of the AM Top 40 powerhouses, and the emergence of FM as a bona fide listening choice. The late seventies gave us disco, while the early eighties showed us the re-invention of Top 40 (now known as CHR) and cross/cultural country, but this time on FM.

Through the eighties we've seen various phases where it has been fashionable to have no talk at all and periods where it's been essential to have some sort of morning conflagration hosted by a ringmaster/"zookeeper." The eighties have seen the emergence of oldies once again as a format, both in the hit version (classic hits) and in the AOR (classic rock). Black radio became "urban" and finally started to carve out an advertiser niche. The eighties of course have also seen the development of satellite-delivered formats. While at first pooh-poohed by all the radio cognoscenti, the satellite-delivered formats proved they could make major dents in large markets and soon gained credibility and a hefty subscriber base. While still not consistent players in the top 50 markets, satellite-delivered formats have been a boon to smaller market operators, who need to deliver a competitive sound with a noncompetitive budget. The eighties have also given us a number of failed innovations such as "Classy Radio" and EOR (Eclectic-Oriented Rock). And the very last part of the decade saw the virtually whole-hearted embrace of Spanish radio, which as opposed to Black radio, happened virtually overnight.

Probably the one format innovation of the mid-eighties that truly changed the way radio looks at itself has been the introduction of "The Wave." This format, which has been subtitled "New Adult Contemporary," has taken a mega-leap over some hoary axioms that radio has clung to for years: namely, "Play the hits." New age formats have seen success in Los Angeles, Sacramento and San Francisco, while other areas of the country have been slower to embrace the sound. "The Wave" has been called music for yuppies and beautiful listening for the baby boomer generation, but the fact remains that it essentially introduces the listener to an unfamiliar music base.

That this form of New Adult Contemporary looks like it may ultimately succeed, underscores a graphic problem with radio as the medium heads into the '90s. For all intents and purposes, radio is burning out its music. According to some calculations, 65 to 70 percent of all songs played on the radio today have been heard an average of 245 times during the past 5 years by the typical listener. We may be approaching the point where the typical gold-oriented music base that most listeners hear is beginning to run out of steam. Without a doubt, Westwood One's experiment with KQLZ (Pirate Radio) in Los Angeles certainly underscores that problem. The station plays a lot of new music with an admittedly hard edge to it. But the point is, the station is not relying on a host of AOR standards to attract listeners. It is mixing in a very healthy dose of new product. While the numbers have been uneven, the management team deserves credit for trying something new.

The experiments with the Wave and Pirate Radio stand in direct contrast to the industry's obsession with being "safe" that emerged in the eighties. The same 600 radio executives must have passed the same 300 title music list back and forth to each other at every radio meeting throughout the decade. If one thing could be said for radio in the eighties, with exceptions already noted, there was a sameness to the music. This is particularly true since the advent of classic hits and classic rock. Most of these formats enjoyed huge initial success because they unleashed a lot of "new" old tunes that hadn't been heard in a long time. But, as that music finds its way into daily rotations one wonders what the burn factor will be for it. This mania that most radio executives express for safeness is a tragic by-product of the eighties.

A trip across America today yields market after market of B97s and Q103s, all playing the same 500 records, using the same liners, and giving away the same \$1,000 in cash. The "sameness" has occurred because, with debt services being what they were, stations have felt more squeezed than ever with regard to getting a quick number. In a period where experiments should have been tried, radio execs have pulled in the reins. In the later eighties, the way to garner a trade headline was how much you paid for a station, not what you accomplished with it. Radio became the darling of Wall Street when oil fell out of favor. Financial mavens who knew nothing of operating stations rushed in on the thin promises of pro formas authored by arguably optimistic sellers. Prices soared, fueled by a mountain of leveraged debt. When market revenues didn't keep pace, these operators, now are trying to explain things to bankers who didn't know a gross rating point from a gross of peppers, and have pulled the reins in even tighter. The by-product of all this, formatic doldrums aside, was that lots of good people in a people business have suffered. Gradually, as the '90s dawned, speculators and wildcatters appeared to have headed out of radio in droves. Operators once again have started buying stations, and nobody mentioned 20 times cash flow. In an environment of fiscal sanity, new formats can and must flourish. Our business needs them to continue to survive.

Listening Environments in the '90s

As we've already discussed, radio listeners are creatures of habit. Their recollections of listening are directly related to their environment. Thus, it's critical for radio stations to be aware of how media environments will change in the '90s.

We stand on the threshold of an electronic video revolution the likes of which has not been seen by the American consumer. First and foremost on that list is high-definition television (HDTV). The television viewing process of the '90s will be bold, dynamic, and interactive. The typical home media center will include a high-definition television capable of producing a picture much much sharper than is currently available. The HDTV receiver will also be able to coordinate compact disc and true stereophonic reproduction into

a breathtaking home experience. This will cause VCR sales to skyrocket and the already strong VCR rental business will proliferate. Indeed, in all likelihood, we will see first-run movies made and distributed exclusively for the VCR audience.

Along with the explosion of high-definition television will be the rise of the laser video disc. The laser video disc employs the same sort of laser-read technology that compact audio discs use; indeed, they resemble CDs. With a far better horizontal resolution than VCRs, and an outstanding signal to noise ratio, the laser video disc when coupled with HDTV will provide a breathtaking environment within which to watch movies at home.

The home videophile will also be able to connect his or her laser video disc to one of the Macintosh computers which will enable the viewer to sort through specific still frames found on the video discs. This heralds an interactive capacity which will also result in yet another significant loss of the media environment for Radio, i.e., time.

The point is, there is a lot for Radio to compete with that it's never had to compete with before. Video games which are fun on conventional home televisions will be astonishing on HDTV. Computer users will experience a rebirth in time spent tinkering. And where does that leave Radio? The point has already been introduced that typical consumers are spending greater amounts of time at home. As they become more enamored of their media environment, the radio formats of the '90s must find a way to break through the clutter and establish audio/radio as an equally necessary entity in the home media environment.

Another interesting player for the '90s is going to be the advent of DAT (digital audio tape). The record companies have been loathe to support this because of its brilliantly clear impact and direct taping possibilities. Just when you thought it was safe to make the final payment on your CD, along comes another challenge.

Here, in no particular order, is an assessment of the radio formats of today, and what they will be like through the next decade. We will also

provide a discussion of formats that could logically occur through the next decade.

Album Rock

AOR is one of the oldest formats in the modern age of radio, having evolved in the late sixties and very early seventies. Under the impressive tutelage of Lee Abrams, AOR initially provided a refreshing respite for the younger radio listener. Here was an opportunity to hear something other than Top 40 hits. Here was an opportunity to actually listen to an entire album side on the radio (unheard of in the days of the Top 40 playlist). AOR offered an opportunity to the radio fan to hear a heavier metal sound than radio had offered up to that point in time. The result was an initially tremendous level of success for the AOR stations. And for a long time, album rock radio stations pretty much had that particular corner of the market to themselves. Their only competitive environment generally came from another AOR station.

Now, however, we have seen splinters within the AOR ranks and increased competition from classic rock stations. This has caused many AORs to begin to shrink away from the "new rock" position and embrace more traditional AOR classics. Once again, the reason has to do with the numbers. With the incredible glut of adults 25-44 who are available compared to the same age group 17-24, the goal of most AOR operators through the eighties was a graceful aging of the constituency. This made sales appreciably easier for GSMs but created problems for programmers who were getting musical product for 18-24 year-olds and were suddenly told their target constituency was 25-39.

AOR stations now have a number of different variations in their formats. Some, as mentioned earlier, have become very traditional to compete with the classic rock competition. Others have developed almost a pop sound, while a considerably fewer number have joined stations like KROQ in Los Angeles in consistently playing music on the cutting edge of rock.

There are many options for AOR stations in the '90s, but the first issue that must be addressed is exactly who the constituency will be. The young male listener, who has carried AOR stations through the last 15 years, has aged. He is in his early-to mid-thirties now and can't be counted on to deliver the same set of loyalties that he did over the years. This is why we see a weeding out of the AOR formats in the next couple of years. Those stations who want to truly anchor themselves in the 18-24 demographic will play music with a much harder edge to it. Stations that typify this type of sound (which exists outside the mainstream of contemporary AOR) are KNAC in Los Angeles which gives its listeners large doses of Poison, Def Leppard, Guns 'n Roses, and Motley Crue et al., and the "Z" rock sound from the Satellite Music Network. The youth-oriented heavy metal/hard rock AORs are pretty much a function of the top markets. The population base to support that type of format simply doesn't exist (in the face of other AOR competition) outside the top 30 or 40 markets. Then too, a lot of AOR thunder is going to be stolen with the advent of the hard hitting "Rock 40" approach of Pirate Radio, already being copied throughout the country. By the time this book is in print we'll have seen scores of clones of Pirate Radio types whose main goal will be to draw from other CHR stations but also from AOR stations as well, with a mix of hard-edged (but not heavy metal) music.

Some might even label the format "white" rock and roll. That is a direct about-face to some of the leans that CHR stations have taken in recent years.

The main question then is how will AOR stations react to the aging of their traditional consumers? Can they re-educate the typical mid-thirties AOR listener? He or she has the strength in numbers to make advertisers salivate, but is also reasonably set with regard to musical taste and lifestyle inclinations. How AOR stations solve this dilemma will be one of the most-watched events of the early '90s.

CHR

For years it was fashionable to describe this format as Top 40. But along the way, Top 40 became associated with AM and, interestingly enough, we find that today's listeners harbor no negatives to the term Top 40. Indeed, it's the label they use most often to describe CHR stations. When CHR came to be in the early eighties, it was a welcome relief from the throes of the disco and country periods that radio had recently waded through. With the advent of music from groups like Duran Duran, Men at Work and Culture Club, radio suddenly had a very different sound to it. It was a new sound and it gave CHR stations a very different context. Like AOR stations, however, CHR stations also found they had to play the numbers game. CHR programmers were faced with an audience constituency of essentially 18-26 year-old females and yet were told from the sales profile that they had to deliver a 18-34 year-old mixed audience. CHR audiences have skewed female throughout the eighties because of the dance/pop orientation many stations have. Since few CHR stations have leaned toward a rock edge, male listening has never been a tremendous factor on the CHR battlefield. Of course, that will probably change, because as we head into the '90s there appear to be five distinct CHR blends which have viability.

- a. *Straight-ahead hits.* The credo behind this philosophy is, if it's a hit, play it. Of course, it has to be within the established parameters of a CHR chart.
- b. *Urban/dance flavored CHR.* This sound has done very well for stations with large hispanic audience bases like KPWR in Los Angeles and WQHT in New York, and WHQT in Miami.
- c. *CHR/Urban crossovers*, also known euphemistically as "Churbans." This has become a reasonably successful vehicle for stations who want to program urban music but want to create a general market image. The problem with Churbans, however, is that they don't have a particularly long life span.

- d. The fourth type of CHR, which has only recently emerged, has been the hard-rock edged *New music sound* exemplified by Scott Shannon's Pirate Radio.
- e. *Euro-dance*. Hard to tell when this will go, but it's "hot" in Paris and may catch on in the States.

Rap

Since so many urban stations don't program that much rap, we will discuss it as a subset of CHR. Rap is a curious phenomenon. Radio programmers are loathe to discuss it, and yet young listeners can't get enough of it. The reason is simple. It is as much an "in your face" statement by both black and white rappers as it is a musical form. While the lyrics may embrace lusty sexuality, violence toward women, and often vicious racial images, rap is about the disenfranchised. Arguably, it could be viewed as the anthem of a younger, less numerically significant generation that is simply quite tired of defining its existence in terms of an older culture they feel was thrust upon them. The appeal of rap, at least at the listener level, seems to fade out at about age 22; it will probably not succeed as a pure format, except on some adventuresome AM station. It will remain on the underbelly of pop and urban music, with major artists recreating "rap tracks" of classic songs (à la David Bowie). But let's also remember the big stars who came out with "Disco" versions of their songs in the late seventies.

CHR programmers of the '90s are going to have to decide which audience they will concentrate on. Much like AOR, the choices are drawn along demographic lines. And the choices are also very much dictated by what the labels provide. CHR alternately goes through "soft" and "hard" phases and CHR programmers must cope with the instability of artists as well.

Country

Country radio is another format in transition as we head for the '90s. Country has been through some very interesting changes in the last 15 years. When the Urban Cowboy craze peaked in the late seventies, country stations suddenly became viable entities not only in markets south of the Mason-Dixon line. It also became fashionable to add "kick" to some part of your slogan or masthead. A mistake that many country stations made in that period was to attempt to force-feed the stereotypical country lifestyle to their perception of the average country listener. What they didn't understand until several years later was that many listeners came to country not for the lifestyle but because they simply enjoyed the music. They wouldn't be caught dead in a pair of pointy-toed boots; but, they enjoyed listening to Kenny Rogers, Crystal Gayle, Willie Nelson and the rest.

As the soft country sound broadened into the eighties, listeners began to confuse some country music stations with adult contemporary stations. The sound was soft, laid back, eight or ten in a row being emphasized. And then country radio suddenly headed traditional again in a sort of mini-revolution led by Randy Travis, Ricky Skaggs, and George Strait.

The country sound appears to have stabilized in a productive direction for the '90s; but, who is the country listener? A decade ago the prototypical country listener was a 37 year-old female divorced mother of two. Today's country listener is considerably less divisive in lifestyle and much more apt to be a mainstream, middle-American male or female who may have recently listened to pop radio.

Research told us that the "cow chips" image hung on many country fans by major advertising agencies was an unfair one. Readers will recall when Eastern Airlines pulled its advertising schedule off all country music stations, essentially based on the revelation that country music listeners don't travel by air. We were commissioned to do a research piece by the Country Music Association and found evidence quite to the contrary. Not only did country music listeners fly, but they flew in similar proportion to their adult

contemporary and Top 40 listening counterparts. When country radio stations were touting the "shit-kicking" lifestyle, they were unwittingly digging themselves into a marketing/public relations hole that would take nearly a decade to climb out of.

The Correlation Between Fifties Rockabilly and Modern Country

Time is a great healer. Twenty years ago no country station in America would have been caught dead playing Elvis Presley. Yet today, one can hear early rock cuts along with rockabilly cuts of the same era on country music stations all across America. Not only does it point to a homogenization of musical tastes, but to a homogenization of culture as well. This is a critical point for the country music stations of the '90s to understand.

As was true in the early eighties, many country music listeners do not go country dancing, don't engage in traditional country lifestyle activities. The smart station of the '90s will sell country music exactly the way listeners describe it. It tells a story, the words are easy to understand, it's music that one can relate to. As long as country music in effect stays within those parameters it'll always have a loyal homogeneous audience. There are people in all cultures who can relate and identify to the simplicity of that message.

We look for the country station of the '90s to sound even a bit more traditional, a movement away from that Nashville, Countripolitan sound (that can so easily be confused with Adult Contemporary). We're not suggesting a return to twangy, nasal country, but rather a style of country music that is literally identifiable from the outset. A sidebar to that will be the blending of Southern Rock and country that's currently in the experimental phase at stations like WLVK in Charlotte.

News/Talk

The heritage of News/Talk radio dates back roughly twenty-five years. Now, the News/Talk format has been described as a great salvation for AM radio. News and talk in varying combinations have emerged as the staple around which AM stations revolve. And indeed, in many markets, the format is wildly successful. In morning drive in Boston, for example, four of the top five radio stations are AM. In San Francisco and Los Angeles, in Detroit, in Baltimore, in Cleveland there are many successful News and News/Talk properties.

The key question for the '90s becomes then, can it last? The problem that News/Talk has is directly opposite to the problem that CHR has. Instead of an audience that's too young, we're dealing with an audience that advertisers perceive as too old. With some notable exceptions, most of the major News/Talk stations around the country are not players in the 25-54 demo. They're competitive 35-64 because so much of their audience falls into the 55-64 year-old category. So here's the key question: is the current generation of News/Talk fans ultimately going to die out, leaving the format with virtually no replenishment mechanism? Or is the current listener going to be replaced by a younger boomer audience who come to an understanding of their need to know as they age?

There is no definitive answer to that question. Perhaps an understanding can be gleaned by examining the needs of the current News/Talk audience, their history, and the younger group that may replace them. The current News/Talk listener, let's say with an average age is 55, belongs to an entirely different era in American radio and American life. He or she grew up in the thirties and forties, matured in the early fifties, fought in WW II or Korea, danced to the Big Bands, heard the transition of radio in the mid fifties from Doris Day to rock and roll-based Top 40, and then, along about the early seventies, for all intents and purposes found nothing of interest to listen to on the radio.

These listeners gravitated toward News/Talk like others of their generation "because radio music programming had passed them by." Music of Your Life and a few other syndicated formats did not come along in time to rekindle their interest in music listening on the radio. Now that dial is locked on the news and talk stations and very possibly a Beautiful Music station in the area and he or she will go happily into the retirement years listening to information-based radio.

Let's examine the younger counterpart, the typical American 40 year-old. He or she grew up in amidst the tumult of the sixties and of course was swept along by the British Music Invasion and the explosion of Top 40 sounds in radio. About the time they were burned out by Top 40, half a dozen other FM formats came along, still playing their kind of music. Musical innovation and change have accompanied them as they have aged into their current status.

Is the typical 40 year-old of today a good candidate for News/Talk radio? We believe the answer lies in psychographics. There is a percentage of today's 40 year-old listeners who are information seekers. But we don't think that the percentage even begins to approach the wholesale embracing of News/Talk as a format twenty years ago by, in effect, a disenfranchised generation of radio listeners. Today's 40 year-old is not disenfranchised. His or her needs are served on a variety of fronts. So their departure to the News/Talk ranks is likely to be secondary at best, and probably not of comparable duration.

And yet if News/Talk, indeed if AM stations want to survive as an entity, they have got to find a way to service today's 40 year-old listener. An AM broadcaster once told me that he was waiting for all the baby boomers to hit 45 or 50 because then he'll have a built-in audience for his News/Talk station. As we suggested earlier, what used to be a demographic issue has ceased to be one. So what will drive the boomer edition of News/Talk? The format *must* find the answer to that question in this coming decade.

Adult Contemporary

AC emerged as a "soft" form of hit radio back in the early eighties. The first true adult contemporary stations were up and running in the mid-seventies. Stations like LOVE 94 in Miami, WMGE in Toledo, KCSW in Austin, WWYZ in Hartford had their beginnings as almost sleepy-sounding stations where one could hear ample doses of Kenny Rankin, Michael Franks, James Taylor and Loggins and Messina. As the soft format emerged into a more pop AC vein in the early eighties, programmers began to realize that there was a tremendous amount of gold product not being played on American radio. And so the ACs, while maintaining their soft base, began to develop the gold-based sound that characterized most adult contemporaries until the great success of oldies/classic hits in the mid-eighties. With the many softer versions of CHR on the left, and oldies/classic rock stations poised on the right, the adult contemporary station of the '90s has some critical choices to make. To begin with, the core constituency, the 30-40 year-old female, will be older. And yet this woman doesn't want to listen to a steady dose of Paula Abdul and Bobby Brown. And at the same point in time she's not tremendously enthralled with Barry Manilow, Barbara Streisand and Neil Diamond sound that became the staple of the ultra-lite formats that developed in the mid-eighties, many of which took their cue from the successful Format 41 introduced by Transtar.

To survive in the '90s, the typical adult contemporary station must provide the listener with a different core of pop material. It would not surprise us to see a lot of adult contemporaries develop something along the lines of the old superstars concept for AOR, take some traditional AC artists and begin to work in "new product," essentially older album cuts from phenomenally popular core albums that target listeners will undoubtedly at some level be familiar with. This may be a source of much "new" programming for ACs in the early '90s. It will only be a matter of time before someone realizes if you play a song enough, you can make it a "hit," regardless of whether anybody else around the country is doing it or not. That's always been one of the myopic properties of radio programmers that have fascinated us. If you've got

a good record in your marketplace, who cares if it's a year old, ten years old or twenty years old. If it sounds right, and it fits your radio station, play it. The playlists themselves are virtually meaningless when it comes to constructing a successful adult contemporary radio station.

To amplify this theory, we once presented one of our station clients with a cut-out record that had been discarded in the promotional bin and was ten years old. But it had an incredibly cute, AC-style tune on it. The program director fell in love with it, we all liked it, it was put on the station's rotation. In two months it had become the most requested record at the radio station. The artist and the group had long since disbanded, indeed, frenzied attempts by the record company to find them were not fruitful. There is a tremendous amount of material out there that fits this description, simply waiting to be "discovered" by discerning programmers. This will be an arena for AC in the '90s.

Another bona fide choice for AC in the '90s will be what we call "Pop Urban" or Rhythm AC. This format will blend pop artists like Hall and Oates, Chicago, Taylor Dayne, and Rod Stewart with black artists like Anita Baker; Angela Bofill; Barry White; Janet Jackson and Earth, Wind and Fire. Pop urban will appeal to 25-39 year-old females.

Another format to watch in the '90s will be the "bright" AC. Like their "Churban" counterparts, many so-called bright ACs are actually softer CHRs who masquerade as ACs for sales purposes.

And indeed, there are a glut of ACs in America now. Each of the Top 50 markets has at least three or four variations of AC and some have more. While AC has easily been the format of choice for sales purposes, it's going to be increasingly more difficult to get competitive numbers as more stations flock to the format. The variations on the AC theme we discussed earlier will be critical to the format's evolution in the '90s.

Gold/Classic Rock

As long as the baby boomers dominate American popular culture, there will always be gold and classic hits formats. The thing that was astonishing about radio in the late seventies and early eighties, is that most radio markets didn't have any oldies venues. That was left to the AC stations. Now, all the Top 100 markets in America have one or more oldies stations and an equal number of classic rock stations. The simple issue for both formats in the '90s is at what point will overkill become a major factor.

Baby boomers will always want "their" music. Be it the Motown era or the British Invasion, their distinctive music stylings are not likely to be duplicated. The period has a musical integrity that can stand on its own. Indeed every time a market place introduces an oldies format or variation of the theme where there has not been one, or an oldies format with a different variation on the theme, the scenario is usually the same: a rapid and explosive initial growth followed by a leveling off over the first eighteen months. This is not to say however, that everyone in the 25-44 age category is enamored of oldies. Indeed, most of the 25-30 year-olds see oldies as a sort of a curiosity, something that their older brothers and sisters listened to. The beauty of developmental possibility of all these though is that there is an entire generation of young people out there who are learning the music for the first time from their parents. My ten year-old has no knowledge of the fact that Paul McCartney played for the Beatles, or Wings for that matter, but she knows who Paul McCartney is and enjoys his music.

What's ultimately going to happen to the oldies formats in situations where there is more than one competitive oldies station, is that there will be niche formats. You will see one station specializing in 1964-73, while another specializes in 1975 to the present. Some will play nothing but fifties music while others will specialize in the British Invasion. Some southern stations may move to a "beach" music format. These stations will, of course, play other product, but they will hang their sign upon their niche. We see this as an invariable byproduct of an insatiable advertiser demand for 25-54 numbers

and indeed, there are only so many formats that can deliver those numbers. Oldies/classic rock is certainly one.

The '90s will also see oldies stations further broadening their play list. While it used to be novel, almost even an "Oh, wow!" response, to hear a song like "The Wind Cries Mary" by Jimmy Hendrix, that novelty ultimately wears off when you start hearing that record every seven days on your classic rock station. Because there is no new product, stations are going to have to dig deeper and be more creative in the product that they air. Invariably, the distinction between oldies stations and classic rock stations will probably blur as both seek new ways to keep the product "fresh."

That brings up another issue. Is it compatible to play currents in a classic rock or an oldies format? Some programmers argue that the use of the word classic is the key. If the song meets the criteria of being classic whether it's a year old or 20 years old, it belongs in the format. This is an issue that can be best decided by local research in your own market. The key to imaging an oldies or classic rock station is to make sure that listeners understand exactly what it is that you are giving them. Your market may not equate what Eric Clapton does in 1990 with what he sounded like on "Layla" in 1970. Similarly, vintage 1978 Bob Seger may not belong on the same bill with 1990 Bob Seger. Again, these things must be ascertained in local market research, but they're critical questions that all stations must answer.

As a marketing suggestion for the format, we've seen many classic hits and oldies stations who were reluctant to come out and tell listeners exactly what it is that they do. Let's remember that listeners often use phrases like "oldies but goodies," "smoking oldies." "Classics" is a broadcaster word not a listener word. While the format may be educating listeners about "classic," let's not, at the risk of being too cute, force feed listeners with what *we* think is the way to describe the format.

EZ Listening

Perhaps no format has gone through as many variations as EZ listening over the past decade. What once was the staple of FM radio, EZ listening in the mid-seventies was Mantovanni playing the Beatles, 1001 Strings, unobtrusive, truly background, designed to be "relaxing." The format did just that. It delivered huge numbers for most stations that programmed it and as little as 2-3 years ago you could look at most EZ stations in America and find them securely etched in the top of their respective markets. As broadcast paranoia surrounding 25-54 grew in the eighties, however, these stations began to feel themselves in the squeeze. Forced with the prospect of declining revenues if they could not deliver substantial numbers in the 40-54 year-old age category, many EZ listening stations abandoned "beautiful music" and transitioned into soft AC. Some stations, like KJOI in Los Angeles handled that transition successfully. Other stations did not handle it successfully at all and look at their former numbers and revenues wistfully, wishing they could be revisited. In the cold light of day however, when one compares the former numbers of most EZ stations who abandoned the format to their current numbers, there appears to be very little difference 25-54. Indeed, most have dropped. And what of the 55+ listeners in America to whom that music was a staple? Well, if they live in Miami, they still have WLYF to listen to but all the older KJOI fans in Los Angeles will no longer have Mantovanni to kick around. That could be a boon to all the new AC formats as they pick up older listeners. WPAT-FM in New York stills rolls along and there are others like WJIB in Boston that have maintained. But even for the "easiest" of the remaining EZ stations, the world has changed. And now, they *even add vocals*, where only a couple of years ago that would have been an impossible scenario. Bonneville, the principal supplier to EZ listening stations, has been continually updating and reevaluating its mix. The sound of an EZ listening station as it was in 1980 no longer exists on American radio.

We think a number of broadcast executives may have jumped the gun with the wholesale abandonment of the format. Within a very short period of time, 35-64 is going to be an accepted, indeed, a requested demographic. The

sheer weight of numbers that we talked of earlier are going to drive the median age of America constantly higher, will ultimately be reflected in request for demos by advertisers. A prediction for the next five year period will be that you'll see a return to the format but in a different mode. The traditional string arrangements of "covers" which were long a staple of EZ listening formats will not return, but, there will be updated instrumentals that can appeal to people in their forties based on a familiar product. This is not to confuse what will occur in this format with new AC which plays essentially instrumental music that is inherently unfamiliar. Major syndicators will begin to experiment with this sound and we predict that the format, however retooled and rethought, will be up and running once again on a number of stations by the mid-'90s.

Spanish Radio

There has been, and will continue to be, a tremendous surge in Spanish language programming as the numbers in that particular demographic swell. As mentioned earlier in this chapter, acceptance of Spanish radio has happened virtually overnight. Black radio on the other hand has had to struggle for years and has still not achieved the kinds of breakthroughs and acceptance that Spanish radio has in such a relatively short period of time. The issue here is purely demographic and it has to do with numbers and the strength of numbers. The Spanish population in America is the fastest, single growing population in the country. Advertisers, ever ready to recognize viable places to attract a new audience, see the Spanish audience as one that is coming of age. Hence, put on the Spanish format in America today and you've got guaranteed advertisers waiting to come to your door. That particular irony is not lost on a number of black radio executives, but America has always been and will always be a nation that worships numbers. Spanish radio used to be nothing more than a hyphenate on most market profiles, but when you look at the numbers posted by stations like KTNQ and KLVE in Los Angeles and the amounts billed by those stations, you realize the tremendous potential of the Spanish market comes into play. Indeed, in Los Angeles alone, the Spanish market makes up 4-1/2 million people. This

exceeds the entire population of Puerto Rico and makes Los Angeles Hispanics a market almost in and unto itself.

Spanish radio in America is highly regionalized according to the nationality profile of the area. In Miami, Cuban-Americans are the majority so Cuban musical roots and Cuban dialects are dominant. In New York, Puerto Rican Spanish influence is strongest, while in California and Texas it is the Mexican influence and so forth across the nation. Within these differing cultural heritages, there tend to be two courses for programmers. First is the traditional course. For old line Spanish stations like KTNQ in Los Angeles and KCOR in San Antonio this involves rather formal and correct Spanish-language announcing and a variety of traditional regional and international music. Then there are the more modern formats. Among these are the almost soft-AC "musica romantica" sounds of stations like KLVE in Los Angeles. Where does this leave the young hispanic, raised around the traditional sounds, but much more influenced by American pop culture? Many of them are listening to the dance CHRs in their particular market. Some Spanish-language stations are experimenting with ways to reach the 12-27 year-old market which is vital to Spanish radio's future. It would not surprise me to see a hybrid or even pure CHR sound with a Spanish-language or Spanish/English presentation appear soon in one of the great Hispanic centers like New York, Miami or Los Angeles. Spanish radio in America up to this point has taken two courses. First the old line of Spanish stations like KTNQ in Los Angeles and KCOR in San Antonio. They play a variety of Mexican "Ranchera" music along with some Conjunto, Norteno, and Salsa and Mariachi, depending upon the region that they serve. Then there are the modern formats like KLVE in Los Angeles. These stations sound almost like a soft AC, specializing in "musica romantica." Where does this leave the young hispanic male or female who's interested in pop music? Most of them will listen to the dance CHRs in their particular markets. It would not surprise me to see in one of the great hispanic centers, either Miami, Los Angeles or New York, a format Spanish language CHR that caters to the 12-27 year-olds in the market place.

Urban Radio

Urban radio has from the outset been maligned and misunderstood as a vehicle for American popular music. While it has arguably delivered some of the most consistent and popular music throughout the last twenty-five year period, the format has also been plagued by inconsistent advertiser appeal. The fact that we have subtitled this particular section "Urban" has a lot to do with that. The format used to be identified as "black," "soul," or "rhythm and blues." Someone thought up "Urban" because it was a way of describing the black radio experience without using the word itself.

The format remains popular as an audience draw across the country, even in spite of advertising difficulties. This is particularly true in the cities that have more than 25% black populations like Chicago, New York, Los Angeles, Washington, and Philadelphia. Let's take New York as a microcosm. Two dominant players stand out in the marketplace, WBLS and WRKS. WBLS is family owned and operated and is the heritage station in the marketplace. It plays a mix of the top songs off the urban charts as well as a healthy dose of oldies. It has a uniquely "black" sound. Its competitor, WRKS, has taken the younger approach and has become a significant player in the 12-24 and 18-34 markets. While both stations miss buys that they should get, they are still visible and profitable. Their audience composition skews about 90-95% black. WGCI in Chicago and its competitor, WVAZ, are other examples of stations that take advantage of demographic density in a market. WGCI, which has a high personality profile, skews about 90% black. Its competitor identified a hole in the marketplace for a "black oldies" format, and moved successfully into a 25-54 position in the marketplace. Many have characterized the format as one for "black yuppies". While that would seem to be a necessarily *now* delimiter, it is apparently appreciably more impressive than might seem on the surface.

The Los Angeles black radio wars have heated up with the conversion of KKBT to an "off-black" format. Before jumping wholesale onto the KKBT bandwagon however, may we point out that it is the first black station in LA

that truly covers the market with a city-quality signal. Indeed, that may be what black radio has lacked in the market place for a long time.

As we head into the '90s, black radio will still be in a struggle for advertisers in spite of its numerical success in various cities around the country. As we pointed out earlier, the sheer glut of Hispanic population growth is obscuring the dramatic progress made in the black media community in the last twenty-five years. Most markets will continue to have a major Urban player as well as a second urban station where the population base justifies it. Our prediction for the '90s is that there will be markets where black and white musical tastes, especially as they're linked to females, will be intermingled more frequently in formats.

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Robert E. Balon is CEO of the Benchmark Company of Austin, Texas. Benchmark works with radio stations across North America as well as Europe and Australia.

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ISBN 0-89324-085-0

TR-661-292*