

“RADIO’S FUTURE: TODAY’S 12 TO 24 YEAR-OLDS”

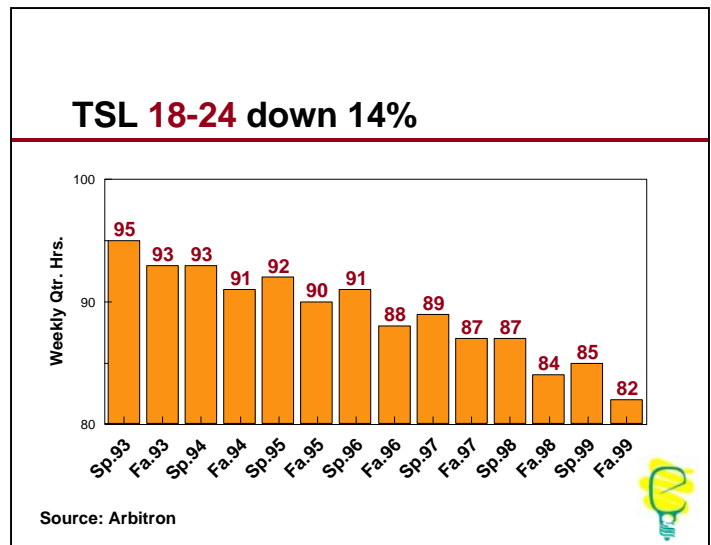
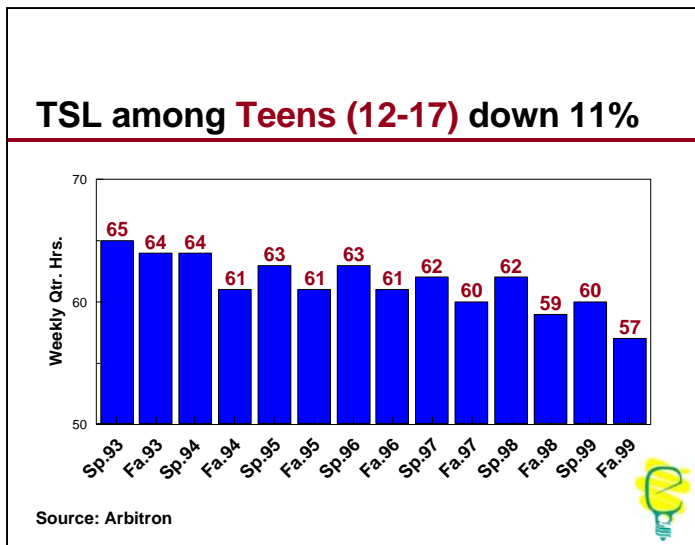
*Presented at R&R Convention 2000
by Larry Rosin, President, Edison Media Research*

One of the most concerning trends in American radio over the past decade has been the consistent drop in listening among 12-24 year olds. According to Arbitron, total radio “time spent listening” (TSL) among 12-17s is down 11% since 1993, and listening among 18-24s during that same period is down 14%.

Our goal with this study was to begin the process of determining why these drops are happening. We considered several hypotheses:

- Today’s young people just don’t have time to listen to as much radio
- Young people are choosing alternative media instead of radio
- Radio just isn’t what’s “cool” for today’s young people
- The Internet is stealing “listening” from radio with streamed audio
- Radio isn’t sufficiently targeting or satisfying young people

Answering these questions is vitally important for the radio industry. An industry that fails to cultivate new users will almost certainly erode over time.



Now, many radio managers believe that the only thing that matters is pleasing 25-54s. They correctly point out that an overwhelming portion of the advertising that is available to them is based on 25-54 ratings. So why should we care about 12-24 year-olds in this 25-54 world? We should care for many reasons:

- Between the ages of 12 and 24 (and, of course, younger) people develop media habits and loyalties that can last a lifetime.
- The teens and early twenties is the time when music takes on by far the biggest role in most people's lives. If radio does not fulfill the desires of the music-conscious youth, it risks losing them.
- Historically, radio listening increases profoundly between the time one turns 12 and the time one "graduates" to 25. If this pattern stops, radio risks bigger losses.
- Even if one doesn't care in any other way about 12-24s, at least one should think about the fact that *eventually* they will turn 25 and be part of the all-important sales demo.

To try to look at these issues we conducted a national survey of 729 12-24 year olds from May 26th to June 8th, 2000. The sample was weighted to reflect the age, sex, and race of this group according to US Census estimates. One might note that the census data in itself provides insight. The big "bulge" in population among 12-24s is on the lower end. As nearly all baby boomers were in their childbearing years during the middle and late eighties, birth rates exploded. As a result, there are a tremendous number of teenagers today. Clearly, the pop music sales phenomenon (e.g. 'N Sync, Britney Spears, etc.) is being driven by this enormous population.

And yet, while there are so many young people today, and 12-24s represent *52 million* people, very few radio stations target this demographic. In most markets, there is not a single radio station that researches 12-17s, and at best there is one station that is truly courting the youth market.

Below we present the primary findings from our survey. Then, we follow with several recommendations for the radio industry.

PRIMARY FINDINGS

Most young people are in school; a majority work

Clearly, one aspect affecting radio listening is the extremely busy lives that 12-24s lead. Our study finds that 80% of this group is full-time students. Nearly all 12-17s are full-time students, of course, with 63% of 18-24s being full-time students as well.

At the same time, a majority of young people work. In our sample, 15% work full-time, and 35% work part-time. Many are both students and workers.

Teens start their days very early

Another manifestation of the busy lives of today's young people is the time at which they wake on a typical weekday.

Half of 12-24s today are awake by 7am. However, this number is affected by the surfeit of late-sleeping 18-24s. When we isolate the 12-17s, we see that an incredible 61% are awake before 7am. Clearly, teenagers are putting in very long weekdays. No doubt many are at-school before most radio morning shows are kicking into gear.

However the college-age population of 18-24s sleeps much later. In fact, a full 28% of this group gets up after 9am. In other words, they are sleeping right through morning radio.

Not enough time

We asked directly if one of the reasons they don't listen to the radio is "not having enough time." Fully 44% agreed that a lack of time limited their listening.

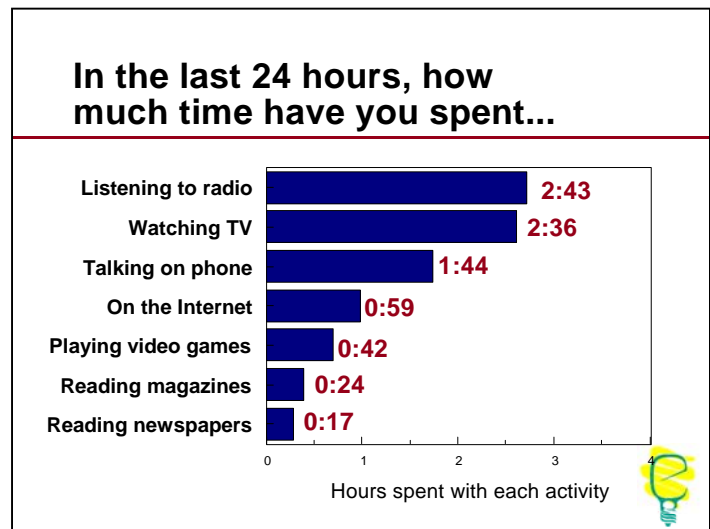
While this survey does not necessarily show that today's youth is under *more* of a time-crunch than previous groups, there is considerable evidence to point to a lack of time as a major constraining factor against radio.

Most media time is spent with radio

We asked how much time people spent with different media in the last 24 hours. On average, radio had the most usage (2 hours, 43 minutes), just nosing out television (2:36).

One remarkable finding is the enormous amount of total media usage-time. We asked about time spent with radio, TV, on the phone, on the Internet, playing video games, reading magazines, and reading newspapers. While acknowledging that some of the times can be shared (for instance one can listen to the radio while one reads the newspaper), the total average daily usage time for these seven items is over *nine hours!*

Our 12-24s reported that the Internet is used on average for one hour per day. It is also noteworthy that newspapers play a very small role in the lives of today's young people (0:17).



Young men play video games; young women talk on the phone

It is worth noting the difference between the young men and women in our survey. While most of the findings are reasonably close, two stand out as being very different. Women report spending over two hours on the phone in the last day. This amount is more than one half-hour greater than the time reported by men.

Meanwhile, the young men in the sample report spending far more time playing video games. That girls and young women spend much less time playing video games is a phenomenon that is well documented in other studies.

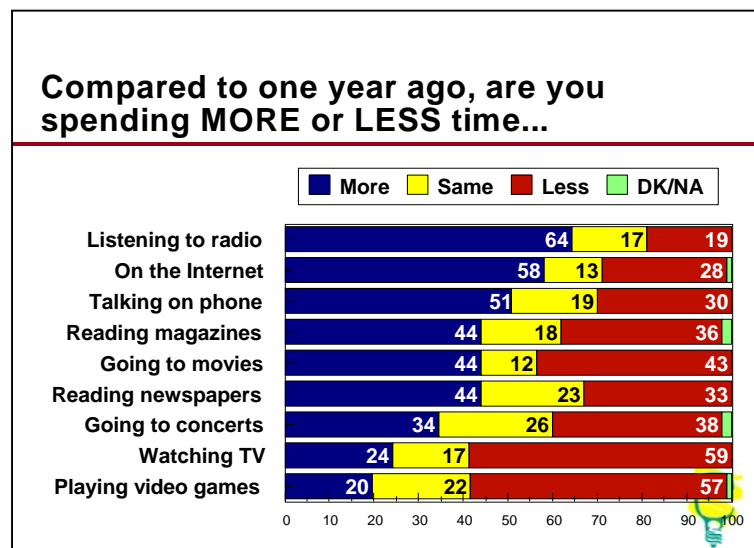
Radio also enjoys the most positive momentum

In order to gauge the direction of usage for various media and entertainment options, we asked for each of nine items whether these young men and women were spending more or less time doing each compared to one year ago.

Of the items we inquired about, radio shows the most positive momentum. Radio has more 12-24s saying that they have increased their usage than does any other entertainment option we looked at, with 64% saying that they are listening more than they were one year ago.

One should note how poor the momentum is for television. Just under 60% of respondents said that they are watching less TV as compared to one year ago. As we have seen from the Edison Media Research/Arbitron Internet studies, most Internet usage is at night – TV's Prime Time. As such, it makes sense that the increases in Internet would be accompanied by losses for television.

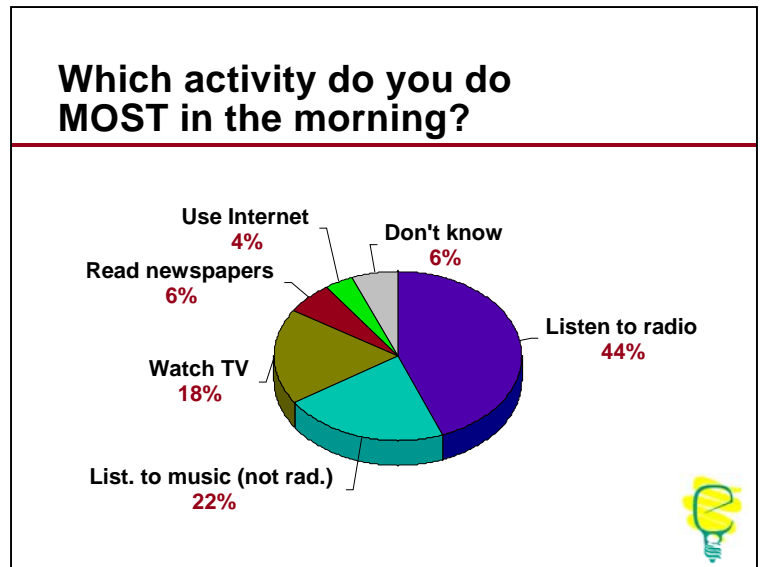
Now, one might be wondering at this point how the ratings for radio could be going down while at the same time so many young people are saying that they are listening more. The key here is to remember that 12-24s have always exhibited this behavior. These are the years when most people discover radio and when music becomes more important to them. They should be listening more to radio, according to historical evidence. What is clearly happening today is that they are increasing their listening by smaller increments than previous generations. In other words, radio listening is still going up, but not as fast as it has in the past.



Radio is 12-24's dominant medium in the mornings

Just under three-quarters of the 12-24s we interviewed said that they regularly listen to the radio in the morning. This number far outpaces television (38%), newspapers (29%), or the Internet (16%). The only entertainment that appears to come close to radio is listening to music on cassette or CD, with 62% saying they regularly engaged in this activity.

Furthermore, radio is by far the medium that young people say they use the most in the mornings. When we asked what got the most of their time, radio was the option cited by 44% of the sample, twice the result for any other medium.



Internet is 12-24's "most fun way to spend time"

We asked a series of questions where we asked respondents to compare television, radio, Internet, newspapers and magazines. In each case the results were quite fascinating.

First we asked which medium is "the most fun way to spend your time." Perhaps the most surprising result was the poor performance of television. Only 24% picked TV, while Internet actually won, edging out radio 31% to 30%.

Obviously, the Internet would have been far lower even two years ago. It stands to reason that much of its performance on a factor like this would be taken from television. It will be interesting to track a number like this over time.

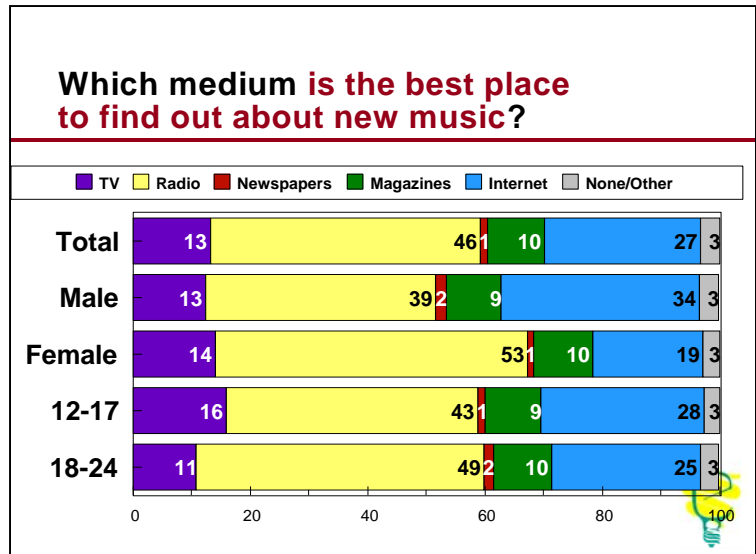
Internet is by far the best medium to learn about products; TV rules for movies

We asked which medium is the best for learning about "new things that you want to buy." Incredibly, 12-24s picked Internet by a considerable margin over television. Furthermore, newspapers, which for years have controlled this perception among the population at large, get only *eight percent*. Clearly, for today's young people the Internet fills that informational need.

When it came to learning about movies, television ruled. A dominant 56% said that TV is the best place to learn about movies, with newspapers trailing badly at 25%.

Radio is still the source for learning about new music, but watch out for the Internet

Another intriguing finding came from the question: “Which medium is the best place to find out about new music?” Radio was the top choice, with 46% picking this traditional source of new music information. Impressive, though, was the performance of the Internet. Fully 27% said that the Internet was the best place to find out about new music! This from a medium that barely existed a few years ago and where audio is still a new aspect of the service. One has to believe that most of the gains for the Internet come at the expense of radio.



When we look into the numbers, we see that young men were nearly as likely to say that they learn about new music from the Internet as from radio (34% to 39%, respectively). This is a finding that should cause great concern for radio over the long term. On virtually every measure we considered, young men exhibited greater dissatisfaction with radio than did young women. One extremely likely explanation for this effect would be that there are so few stations that target young men. While Top 40 plays to young women (and typically only researches females) very few markets have radio stations attempting to appeal to younger males. The radio industry is practically begging young men to explore the Internet instead to hear about the music that they like – and the young men are doing just that.

TV “isn’t as cool as it used to be”

In order to test the hypothesis that young people aren’t listening to radio because it is “uncool”, we asked, “Which medium isn’t as cool as it used to be?”

Television is the medium tagged with this problematic image (33%). Only 14% of the respondents said radio.

While radio may no longer be the *coolest* medium, there is no strong evidence that radio is stigmatized in any way. Radio listening is not going down because radio is “uncool”.

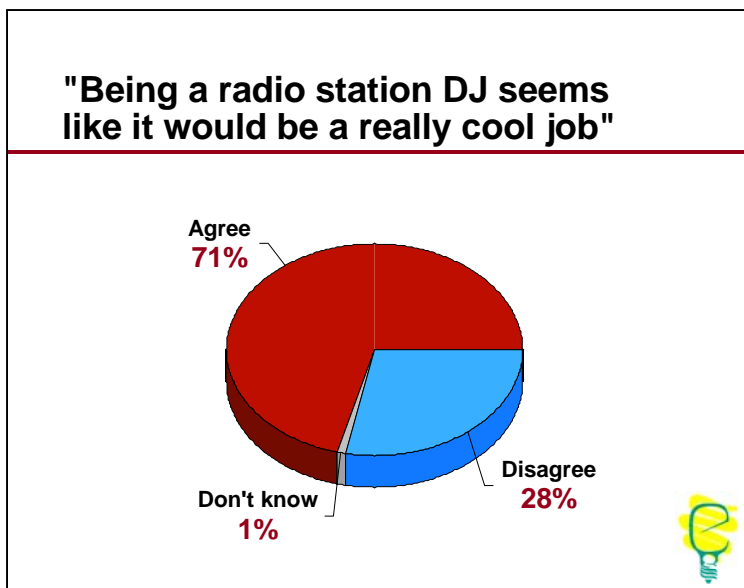
Young people watch an enormous amount of MTV

Fully 85% of our sample watches MTV, and they report watching an average of 4.25 hours per week. Clearly, MTV has some negative pressure on radio listening.

One aspect of MTV that should be particularly of concern to radio is that this channel proudly targets the 12-24 demographic. Of course, very, very few radio stations around the country would say their target is 12-24, and almost no research is done on the 12-17 portion of this group.

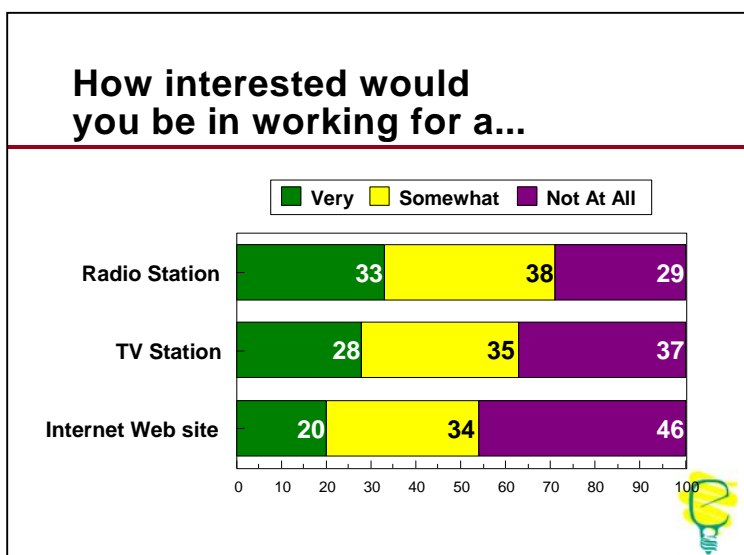
Working in radio shows great appeal

One way we attempted to evaluate radio's "coolness" is to ask whether people would want to work in radio. We found that being in radio actually is very attractive to our respondents.



When we asked if being a radio station DJ seems like a "really cool job", fully 71% said yes. Further, when we asked how interested people would be in working at a radio station, 33% said they would be very interested. This number was higher than that for working at a television station (28%) or working at an Internet Web site (20%). Again, radio clearly is not "uncool" for these young people.

There are many anecdotes floating around the radio industry today about how young people just don't show up on the doorstep dying to work in radio. Perhaps that is because the Internet is just so high profile that they don't think to go to the radio station. Radio should consider recruiting at job fairs and high schools. Kids would want to work in radio – perhaps they just don't know how or aren't thinking of it.



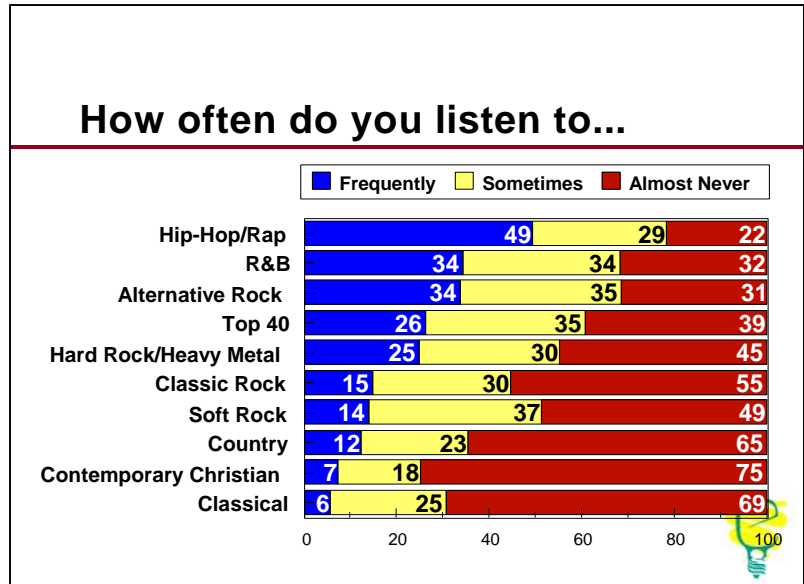
Hip-Hop and Rap rule

Clearly, one of the factors affecting radio listening must be the fact that 12-24s' favorite kind of music is one that is extremely polarizing to older listeners, namely Hip-Hop & Rap.

We described 10 general kinds of music and asked the respondents how often they listen. Hip-Hop & Rap (one item) basically demolished any other music type. Just under half of all 12-24s said that they listen to Hip-Hop & Rap frequently (49%). The next closest music types were R&B and Alternative Rock tied at 34%.

Hip-Hop & Rap proved equally popular for young men and young women, and was only slightly more popular with 12-17s than with 18-24s. While it is much more popular with African-Americans and Hispanics, Hip-Hop & Rap is still by far the most popular music among Whites.

This finding shows a tremendous vulnerability in the traditional radio obsession with 25+ listening. The preference for Hip-Hop and Rap falls dramatically above the age of 25. Thus, many radio stations, fearful of losing their 25+ audiences, either don't play this music at all or segregate it to the late-night hours when typically only young people are listening. Young people, with their comfort and talents for technology, will find this music if radio doesn't provide it to them.



Music purchasing appears strong

With the advent of streamed audio, MP3, Napster, and other new technologies, many people posit that young people today are being trained to not expect to have to buy music. While this may be a growing trend, there is no indication that today's young people have abandoned the purchasing of music en masse.

Fully 84% of the sample said that they have purchased CDs or cassettes in the last year, and among this group the average number of items purchased is 13.5. Furthermore, far more young people say they are buying more recorded music than say they are buying less (57% to 35%).

Young people prefer recorded music to radio while at home

We wanted to know whether young people prefer listening to CDs or cassettes while they are at home, or whether they prefer radio. We asked about at-home because this is the environment where they can be expected to have the most choice in the matter. We found that our respondents far preferred recorded music to radio. By well over 2-to-1 (68% to 29%) young people say they spend more time with CDs and tapes.

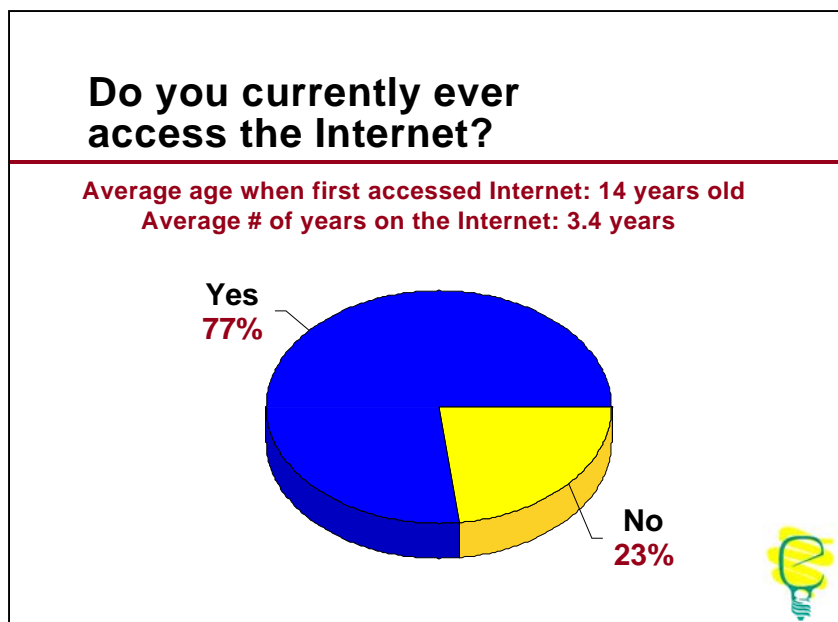
Again, the facts that radio stations generally only marginally target 12-24s and even the youngest targeted stations usually only speak to teens after 8pm could be driving these young people to other media.

Today's youth is very much Internet connected

Our study found 83% of 12-24s with a working computer in their households, 77% currently accessing the Internet, and 65% with their own email addresses. Among the group that is online, on average they have been online for 3.4 years, and they were 14 years old when they first used this new medium.

The location at which they go online most is at home (68%), although 23% say they use the Internet most at school. And they use the Internet a lot – they report more than one hour of online time per day.

Surprisingly, many have access to high-speed connections. Among those who are online, 46% said they have access to DSL, cable modems, ISDN, or other high-speed solutions.



There is a lot of Internet and other high-tech audio usage

Among those who are online, an incredible 64% have listened to music or other audio over the Internet. Additionally, those who have listened report an average of one hour and 20 minutes of listening in the last week! This amounts to a considerable share of media time for those who are streaming audio.

As of today, radio is reasonably competitive for listeners' streaming audio time. Among those who have listened to Internet audio, 50% prefer Internet-only sources but 40% say they listen more to traditional radio stations that are streaming. This will be a key measure to track.

An equally amazing 33% of 12-24s say that they have "burned" their own CDs. Just under 40% have downloaded music files for later playback, and 31% of those online have visited the Napster Web site. Clearly, there is an extreme level of technological proficiency among this young group.

Interest in a "program your own" music Web site is high

Many companies are working towards the goal of a "program your own" Web site, and the research implies clearly that there may well be a market. We described a Web site that allows one to enter his or her tastes and then get a stream that is designed uniquely for them. A full 37% said that they would be very interested in such a product, and 80% were at least somewhat interested. It will be interesting to watch and see if these new Web sites can fulfill their potential.

Chat rooms are being replaced by Instant Messaging

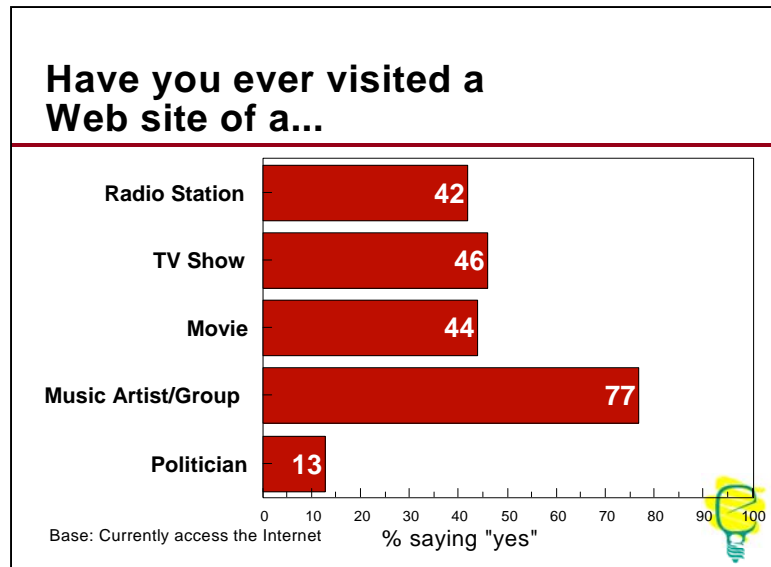
Reflecting data from other sources, we see very positive momentum for Instant Messaging and equally negative trends for Chat Rooms.

Only 16% of those who are online tell us that they frequently visit Chat Rooms, compared to 43% who say they frequently send instant messages. Additionally, only 21% say they are using Chat Rooms more, while 50% say they are Instant Messaging more.

Musical artists' Web sites are very popular; politicians' are not

We asked the group whether they had ever visited Web sites that deal with various products. About an equal number of those online said that they have ever visited the Web site of a radio station (42%), television show (46%), and movie (44%). By far the most popular was Web sites of a musical artist or group, with 77% of those online telling us they have visited such a site.

Far in the back was the Web site of a politician. Only 13% have ever looked at such a site.



Do young people see a future for radio?

One of the most intriguing questions we asked was, "Do you agree or disagree with the following statement: In the future no one your age will listen to the radio because everything will be over the Internet." This appeared to be a pretty strong statement in that it said "*no one your age*" will listen.

Even with this extreme hypothetical, 31% of our sample agreed. A very healthy portion of today's youth believe that the Internet will provide all of their audio entertainment in the future.

Why aren't young people listening to radio more?

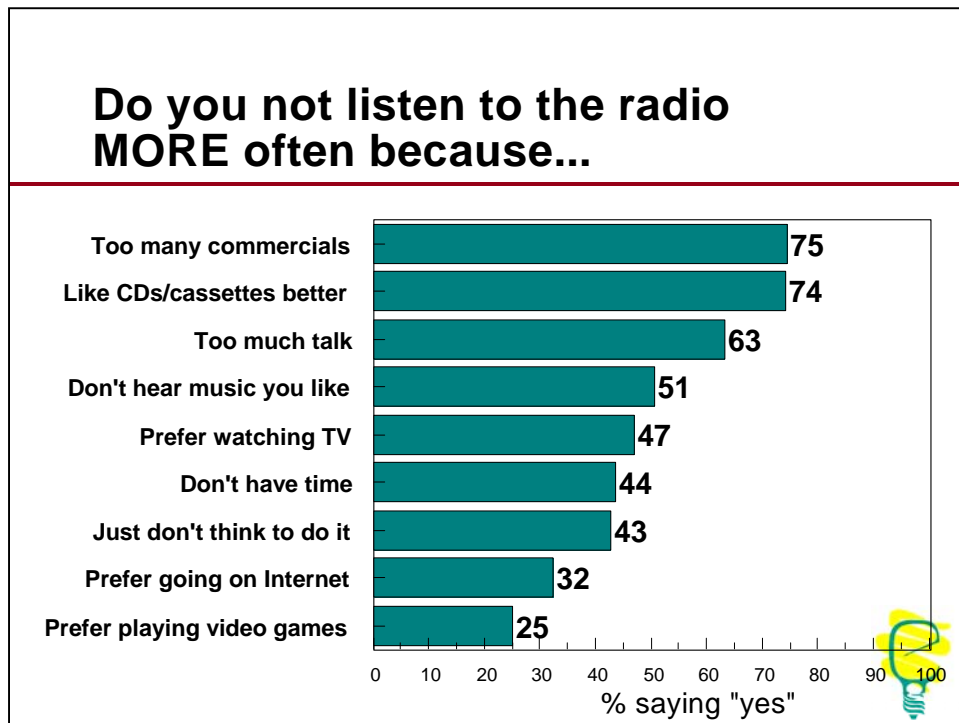
Finally, we put various possible reasons in front of these young respondents to see why they don't listen to radio more. We found support for many different reasons.

By far the two statements that respondents agreed with most was that they don't listen to radio more because there are too many commercials (75% agreeing) and because they like CDs or cassettes better (74%). Of course, these items appear to be related to each other.

From there, the top answers were "Radio has too much talk" (63%), "Radio doesn't play enough of the music you like to hear" (51%) and that they "prefer watching TV" (47%). This last item is clearly related, at least in part, to MTV. The previous item ("doesn't play enough music you like to hear" is quite possibly related to the lack of stations – and again the number was much higher for young men than it was for young women.

Other responses were that they "don't have time" (44%) and they just "don't think to listen more" (43%). This last item may be at least in part related to the fact that radio stations are doing less total marketing today than in years past.

Clearly, radio needs to reflect upon and react to these issues. These young people are the medium's future, and they must be able to expect fulfilling programming from radio.



RECOMMENDATIONS TO THE RADIO INDUSTRY

1) Send stations after these demos

One of the biggest problems for radio is that there are so few stations cultivating the young listener. In most markets only one radio station at most could truly be said to have a 12-24 focus, and even then that focus only fully presents itself at night in most cases.

The issue is even more acute for young men. Younger men seem much more frustrated with the choices they are being given from radio. As a result, radio is increasingly vulnerable to Satellite Radio, the Internet, or other new technologies that plan to provide options to the dissatisfied young male consumer.

With the new system of radio, where clusters dominate most markets, there should be more freedom to send stations after the younger listeners. While this may make less short-term economic sense, such a strategy seems to be in the long-term interest of the radio industry.

2) Co-opt audio on the Internet

Currently there are literally dozens of companies whose business plan states, “We will be the radio provider of the Internet.” These firms believe that the Internet will replace the airwaves as the principal source of audio entertainment.

What if they are half right? Or even one-quarter right? Is radio prepared to take that kind of hit? As this study shows, young people are already experimenting with these new technologies to a great extent. Can radio afford to wait and watch “kids” learn to define audio entertainment without “radio” being part of it?

It gets down to how we define ourselves. If radio broadcasters are in the business of providing audio entertainment and information, regardless of the transmission source, then they will quickly move to co-opt the world of Internet audio for themselves.

Radio already has the best programming available anywhere and the best talent. Further, radio has its own promotion and marketing built in – the competition typically is forced to buy spots on the radio! There is no doubt that the companies that are best prepared to “own” Internet audio are CBS, Clear Channel, and the other major radio ownership groups.

3) Explore co-branded side channels

Despite the fact that radio has all the best audio entertainment today, a big part of Internet audio’s strategy is built on the notion that it can provide more eclectic, less mass-appeal options. This is where radio should step up with Internet-based brand extensions.

The Internet is where music types that don't fit well on your station can find their home. Every Classic Rock station in America takes dozens of phone calls a week from Deadheads looking for more Grateful Dead music. Why not let these nuts scratch that itch with an Internet channel made entirely of Dead music that can only be accessed through your station's Web site? This station would be called "KXXX-Dead.com" and would at least keep the listening in a place where your sales staff can get to them.

If you are a Country radio station, you should think about putting a Classic Country side channel on the Internet instead of on AM. You could also put a channel that only plays the newest Country music – one has to assume that the record companies would support that one. Do you have even a ripple of interest in Americana music in your market? Put one of those on too. The Internet allows you to consider any number of "side-channels".

Internet side channels can usually be run inexpensively. Shows can be voice-tracked and there are service companies that can support the stream. This is a business model that radio *must* explore if it is to successfully hold off Internet audio. For examples, one might want to check out iRIF (a spin-off of WRIF in Detroit found on their main site www.WRIF.com) as well as www.KIISFMi.com (from Los Angeles' KIIS).

4) Consider Industry advertising

Radio must do a better job of positioning itself as a medium to the 12-24s or risk getting lost in the din being created by all of the new technologies.

One option might be to consider Industry advertising. Just as the NBA runs their "I Love This Game" campaign, and the milk marketers ask if we "Got Milk?", radio needs to market itself to today's youth.

Most people are aware of the advertising sales-oriented campaigns that the RAB has produced in the past. Perhaps it is time to build on that model and remind people that not only does radio "get results" – it is just great to listen to as well.

5) Work to accentuate radio's "Cool"

One of the key findings of this study is that contrary to what many people in the radio industry believe, radio is not "uncool" to today's youth. Oh, perhaps the real hipsters think that radio is old-fashioned and out of touch, but the overwhelming majority find radio to be perfectly relevant. The only thing that may have changed is that other media have passed it for "cool".

How does a medium stay "cool"? For one thing, it gets input from the trendsetters. This survey is rare in the sense that it researches 12-17s at all. A survey of radio researchers reveals that virtually no research is done on teenagers (certainly less than 1% of all the research that is performed for the medium). Further, a medium stays relevant and "cool" by *programming* young – as mentioned above something that isn't done too much.

Finally, a medium stays cool by embracing technology. It is imperative that radio work to use the Internet to its advantage, instead of turning a cold shoulder to this vital new power.

6) Program to 6-11s

The NFL has an entire department devoted to marketing to 6-11 year olds. They correctly realize that they must make certain that kids are “trained” to watch football on Sundays and to root for a favorite team. If they are not acculturated to football by the time they turn 12, they may be lost to other sports.

Meanwhile, radio hardly speaks to the group that will make up yet the *next* generation of listeners. The Disney Company should be given credit for Radio Disney, which is certainly helping train the pre-teens to use our medium. More such efforts should be made to reach out to grade school age children, both on the local and national levels.

7) Recruit more aggressively for the industry

Finally, radio will continue to grow and prosper -- will win over the 12-24s -- if it has the best people. For too long radio has depended on its status in the community to bring it new workers. In today’s full-employment economy, radio risks a potential “brain-drain” to the Internet and other new technologies.

Radio needs to show up at job fairs, college campuses, etc. and seek out the best talent. Radio will only survive in its ever-increasing competition with other industries if it has the best people to guide it.

QUESTIONS OR COMMENTS?

I would love to receive any questions or comments you have regarding this report. The data is entirely for public use and my staff will happily get you any cross-tabs or other information you might desire. Just send me an email at Lrosin@edisonresearch.com and we will attempt to immediately answer your question or request.

I am available to present these findings at meetings as well.