



“THE NATIONAL RECORD BUYERS SURVEY”
presented by Edison Media Research

What’s the most effective radio promotion? Do music videos provide a good return on investment? What’s the impact of the Internet on music purchase behavior? R&R challenged Edison Media Research to find the answers to these and other questions in an attempt to quantify the many factors that go into a music purchase decision and to create a valuable resource for the radio and record industries.

In response, Edison Media Research conducted a national study of 748 interviews of 16 to 40 year olds to take a closer look at the thought processes, influences, and decisions behind a music purchase. The study was conducted in May 2001 and the sample was weighted to reflect the age, sex, and race of 16 to 40 year olds according to US Census estimates.

In this report we present the primary findings from our survey along with our research presentation from the 2001 R&R Convention in Los Angeles. Several articles written by the R&R format editors are also included. These articles look at the survey findings specifically among fans of each of the formats reported in R&R.

I would love to receive any questions or comments you have regarding this report. The data is entirely for public use and I will happily discuss any further analysis that may be of interest. You can reach me at JCharneski@edisonresearch.com or 908.707.4707. I am available to present these findings at meetings as well.

Sincerely,
Edison Media Research

Jayne Charneski
Director of Research



PRIMARY FINDINGS

Radio airplay is still by far the biggest influence on music purchase behavior

It is no secret that radio airplay leads to record sales. But you may be surprised just how effective airplay is – 77% of respondents in our study agreed with the statement “You will not buy a new CD unless you have already heard a few songs from that CD you like on the radio.”

For most consumers, it not only takes radio airplay, but airplay of more than one track before they will purchase a CD. This finding was consistent across age groups. Women are slightly more likely to need to hear a few tracks on the radio before making a purchase than Men (Women 81% vs. Men 74%).

In addition, 55% of respondents said hearing a song on the radio was the *most* influential factor in purchasing music. Friends and relatives followed, with 15% of respondents saying they are most influenced by word of mouth. Music video channels (9%), live performances (6%), and heard or saw it in a store (5%) round out the list of most influential factors.

Most consumers first learn about a new release through radio

When asked how they *first* learned the last CD they bought was available, 37% of respondents said radio airplay, followed by friend/relative (16%). A large number of respondents don't learn about new releases until they are in a store (heard or saw it in store 14%).

This finding is especially important because most consumers do not keep track of when a new CD comes out – even for CDs from their favorite artists. When asked “do you keep track of when a new CD comes out from your favorite artists” OR “do you usually just happen to find out that a new CD has come out” only 35% said they try to keep track of new releases. This number was especially low among 35 to 40s (22%). Most consumers are not proactive in keeping on top of release schedules and instead rely on other sources, especially radio, to inform them about release dates.

Radio could have an even greater impact on release awareness if it were more aggressive in announcing the names and artists of the songs on the air. The majority of respondents in our study (62%) said the radio stations they listen to do not announce the names and artists of the songs they play often enough. Of that majority, 62% said radio should announce song and artist names before or after every song they play while 33% want announcements only for new songs. So announcing the songs and artists would not only



please radio listeners, but would help with record sales – announcements also serve to front sell and back sell records.

Live performances are the most effective radio promotion overall

To help gauge the impact of different promotions, we asked respondents about things radio stations do to promote new releases. Topping the list of effective promotions were local live performances sponsored by a radio station (37% said they are “very effective”) and live in-studio performances (35% said they are “very effective”). These “performance” promotions were especially effective among those liking Alternative or Rock best. Artist appearances in the studio where artists talk to DJs and CD contest giveaways were found to be least effective across our entire sample.

Among respondents who like CHR or Hip-Hop best, “Countdown shows where top new songs are played in order” were the most effective promotion. Nearly half of CHR and Hip-Hop fans feel the music countdowns are “very effective” versus only 30% of the total sample. These findings suggest a blanket approach for all the artists on your roster is not the most effective way to promote to radio.

Music videos have some impact with the younger demos

MTV enjoyed the highest ratings in its history in 2000. Our study suggests its ratings will be exceptionally strong in 2001 as well. Just over half the persons in our sample reported ever watching MTV. Among cable or satellite TV subscribers in our sample, 72% reported ever watching MTV. MTV is enormously popular with the younger demos as 9 out of 10 16 to 24s having watched it. And they watch *a lot* of MTV - on average 16 to 24s watch just over five hours per week.

VH1’s numbers were not quite as strong, with 65% of cable or satellite TV subscribers ever tuning in. VH1 does best among 25 to 34s with 69% reporting they have watched the channel in the past. Respondents who watch VH1 watch it on average about three hours per week.

BET has been watched by 34% of cable or satellite subscribers in our sample, but this number increases dramatically among African-Americans as 93% of African-Americans report having watched BET. And they watch it often – African-Americans who watch BET report watching on average eight hours per week.

BET is also strong among 16 to 24s overall (all ethnic groups), with almost half of the respondents in this demo reporting they’ve tuned in.

CMT has been watched by 31% of the cable or satellite TV subscribers in our sample and is most popular among the 35 to 40s with 37% having watched in the past.



As expected, there were large age discrepancies when it comes to the effectiveness of music videos on music purchase behavior. About one-third of our total sample said music videos are often a new music information source. This number jumps up to 49% among 16 to 24s and then drops down to 24% among 25 to 34s and drops even further to 18% among 35 to 40s.

More than half of 16 to 24s (67%) said they have purchased a new CD as a result of seeing a music video. Again age is a factor as this number drops down to 43% among 25 to 34s and down to 36% among 35 to 40s.

Ethnicity plays a role in the effectiveness of music videos as African-Americans are nearly twice as likely as Whites to be influenced by a music video.

Videos aside, there is still an enormous opportunity with video music channels. TV advertising can sell records. 25% of 16 to 24s told us seeing an advertisement on TV was an influence behind their last music purchase. This number was even higher among African-Americans (36%) and Hispanics/Latinos (39%). MTV in particular enjoys incredible reach within their target demo, which is often the same demo the labels are going after. Instead of spending thousands on music video production, another effective promotion option is to advertise your new release on TV, especially for releases that won't easily find a spot on MTV's limited playlist.

Many parents are buying records based on what their children see on Nickelodeon

Among respondents with children under the age of 17 living in the household, 88% reported their children watch Nickelodeon. Slightly less watch The Disney Channel (86%) and 25% reported their children tune into Radio Disney.

Of the three, exposure on Nickelodeon sells the most records. One in four respondents with children under the age of 17 in their household reported they or their children bought a CD after hearing an artist or group on Nickelodeon. Hispanics and Latinos were most influenced by Nickelodeon, with 30% making a music purchase for an artist who appeared on Nickelodeon compared to 23% of Whites and 28% of African Americans.

One in five respondents with children under the age of 17 in their household reported purchasing a CD after hearing an artist or group on The Disney Channel and about one in ten reported making a purchase after hearing an artist on Radio Disney.



Music magazines have limited influence on purchase behavior

Readership of mainstream music magazines is relatively low among 16 to 40s. *Vibe* was the most read music magazine among the total sample, with 14% of respondents reading it at least sometimes. Among African-Americans, 59% told us they sometimes read *Vibe*.

Only 13% of respondents said they read *Rolling Stone* at least sometimes and even less read *Spin*, with only 9% reading it at least sometimes.

A vast majority of respondents (75%) told us they *almost never* learn about new music from reading music magazines such as *Rolling Stone*, *Spin*, or *Vibe*. Respondents age 16 to 24 were three times as likely as 25 to 34s to say they often use music magazines as a new music source, but the number of 16 to 24s who use music magazines as a new music source is still quite small (14%).

Only 2% of our respondents said reading something in a magazine or newspaper was the biggest influence in purchasing the *last* CD they bought for themselves. But nearly 30% said *in the past* they bought a CD after reading a review or article about an artist or group in a magazine. Older respondents were slightly more likely to have purchased a CD after reading a review or article than younger respondents (35-40s 32% vs. 16-24s 25%).

Initial CDs purchased through Record Clubs would not be purchased otherwise by most

Half of the respondents in our study have been members of record clubs in the past, while one third are currently members. Hispanics and Latinos are twice as likely to be members of record clubs than Whites and African-Americans.

We asked current record club members about the initial CDs or cassettes they acquired when they first joined the club – “Would you have purchased many of those initial CDs or cassettes at full price anyway” OR “would you *not* have purchased those initial CDs or cassettes at full price?” A majority (72%) told us they *would not* have purchased those initial CDs or cassettes if they didn’t belong to the club.

Rap and Hip-Hop rule among today’s 16-24s

More evidence for the “Hip-Hop Generation Gap” emerged in this study. When asked to rate different music types “Hip-Hop and Rap” was the most liked music type among 16 to 24s and was the least liked music type among 35 to 40s. 61% of 16 to 24s gave “Hip-Hop and Rap” a “4” or “5” rating on a 5 point scale where “1” is really dislike “Hip-Hop and Rap” and “5” is really like “Hip-Hop and Rap”. This number drops dramatically among 25-34s (18%) and 35-40s (8%). So there seems to be wall somewhere around the age of 25 when it comes to preference for this music type.



This “Hip-Hop Generation Gap” is also evident in several music purchase intention questions we asked. We asked respondents on an unaided basis, which artists’ upcoming CDs are they likely to purchase. Eight of the top 15 most mentioned artists among 16 to 24s were Hip-Hop and Rap artists. *No* Hip-Hop or Rap artists made the Top 15 among 25 to 34s.

“Dropouts” from music purchasing total 5.5% of 16-40 year-olds

5.5% of respondents in the study have not purchased a single CD or cassette in the last 12 months but are actively downloading music from the Internet. Downloaders between the ages of 16 and 24 were twice as likely to report purchasing less music since they began downloading than persons in the older demos. This 5.5% adds up to a tremendous number of music purchasers who are lost if one thinks about this figure in terms of total population.

Some good news - of the downloaders in our study, 22% said they are purchasing *more* CDs since they began downloading and 60% said downloading has not changed their music purchase behavior. But again, that 5.5% number means a huge chunk of potential consumers is no longer available.

We also asked downloaders “if music was not available for free anywhere on the Internet, would you be willing to pay for it?” 37% of downloaders said “Yes” they would pay for it. In general, the older the downloader, the more willing they are to pay for music over the Internet. 52% of 35-40s said they were willing to pay vs. only 30% of 16-24s.

We also asked respondents several questions about Napster, which was still operating at the time of this study. We asked which statement about Napster comes closer to your view: “Napster should be allowed to operate free of charge” OR “Napster should not be allowed to operate unless musicians are compensated”. Just over half of respondents were in favor of artist compensation and 41% said Napster should operate free of charge. This finding suggests the record industry should think about how they are “framing their argument” when it comes to file sharing sites like Napster. Most people do want *artists* to be compensated; it is the *record labels* they don’t want to give their money to.



About Jayne Charneski

Jayne Charneski is a Director of Research at Edison Media Research. Charneski is an expert in music research, regularly conducting projects regarding music preferences both in the U.S. and in Europe for Edison's radio and record industry clients. Charneski oversees dozens of projects and directs all of Edison's research for Internet companies including Launch.com, AOL, and Yahoo! Charneski is a frequent speaker at industry conventions and is often quoted as a research expert in industry trade publications including Radio & Records, Billboard, Airplay Monitor, FMQB, and Gavin. Charneski was featured by CNN as a leading researcher of music trends.

Charneski previously served as a researcher for the 1996 Presidential Primaries and General Election at the Voter News Service, a consortium of the CNN, CBS, ABC, NBC, and FOX News networks responsible for projecting all elections for broadcast. Charneski is a graduate of Albright College.

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About Edison Media Research

Edison Media Research conducts survey research and provides strategic information to radio stations, television stations, newspapers, cable networks, record labels, Internet companies and other media organizations. Edison Media Research is the fastest growing market research company in America over the past five years according to *Advertising Age*. Edison Media Research works with many of the largest Radio Ownership Groups and also conducts strategic and perceptual research for a broad array of companies including AOL, Yahoo!, CBS, CNN, Entertainment Weekly, Sony Music, Island Records, Maverick Records, The Cleveland Cavaliers, The Orlando Magic, Princeton University, The Blackstone Group and Time-Life Music. Edison Media Research also conducts research for successful radio stations in South America, Canada, and Europe.

