

# Radio Redux

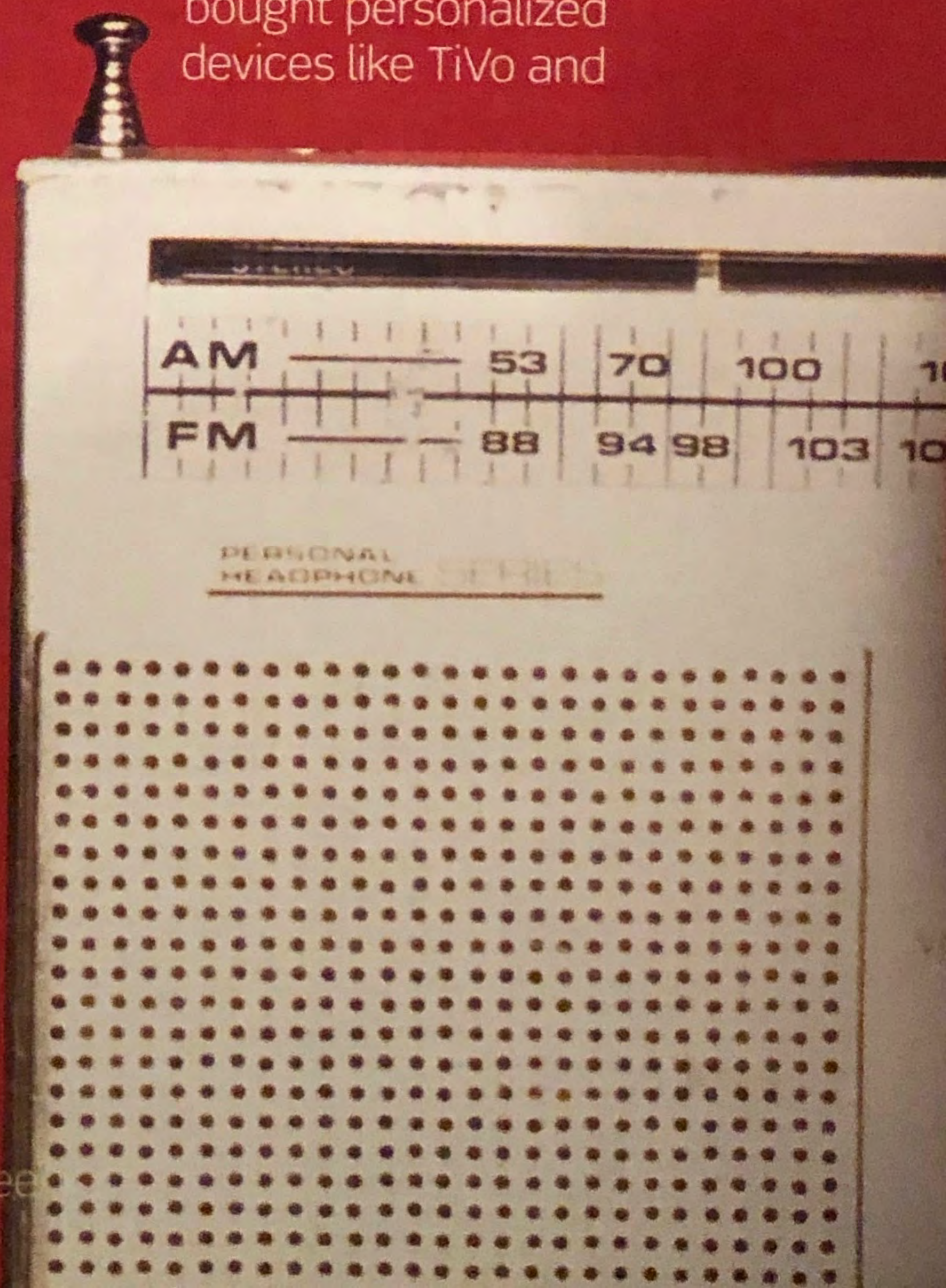
**Video may have killed the radio star, but radio was smart enough to realize the threat iPod and other customized music machines posed.**

For years, radio was the place people turned to for new music. It made rock 'n' roll cool and introduced countless bands to a wide audience, more than they could have ever reached through touring or other promotions.

But then, in 2001, Apple released the iPod, and a new music revolution was born. The digital music player weighed just 6.5 ounces and held about 1,000 songs. Future versions were smaller, such as the mini—and even smaller, with the new Nano model. It still holds up to 1,000 songs, but is only 3.5 x 1.6 x 0.27 inches and weighs just 1.5 ounces.

Radio, it seemed, was in danger. According to the *Washington Post*, four formats (news talk, adult contemporary, pop hits and black-oriented programming) account for more than half of all radio listening in the nation. For decades, radio programmers have targeted and broadcast their stations and shows to the same four audiences.

But now, personalization is the key with technology. Even older listeners are embracing the trend. According to a survey by the Arbitron ratings company and Edison Media Research, half of Americans 55 and older have bought personalized devices like TiVo and





## *Not thriving? Internet radio*

Several years ago, many radio stations added the capability to listen in real time over the Internet, allowing workplace and travel access to your favorite hometown DJs. However, it hasn't caught on quite as quickly as the iPod or satellite radio.

It's not that people aren't using the Internet—they are (in the past five years, the percent of Americans using the Internet increased to 80 percent). Yet at the same time, the percentage of people listening to Internet radio raised from 5 to just 15 percent, according to a Arbitron/Edison study.

iPods—and a whopping 90 percent of younger people have as well. These same users are said to buy and trade a variety of music, opting not to simply download hit songs and call it a day.

iPods are huge, and they have teens to thank. The study found that about a quarter of American teens own an iPod or other portable MP3 player—which is a higher percentage than in any other age group. iPods aren't the only handheld music offerings, but they are the most popular, due to their sleek design, hip marketing efforts, unique ear pieces and more.

## *Out of Satellite*

But iPod isn't radio's only challenge. Two major companies, XM Radio and Sirius, have been providing fee-based radio programming since 2001 and 2002, respectively. People dig it: by 2004, XM had more than 2.5 million subscribers, and Sirius had more than 700,000.

When shock jock Howard Stern announced plans to broadcast exclusively on satellite radio channel Sirius in 2006, 22 percent of his

listeners pledged to follow. Yet many radio stations don't view satellite as a major threat.

"If the American public wants satellite radio, I think that's great," said Jeff Smulyan, Chairman/CEO of Emmis Communications.

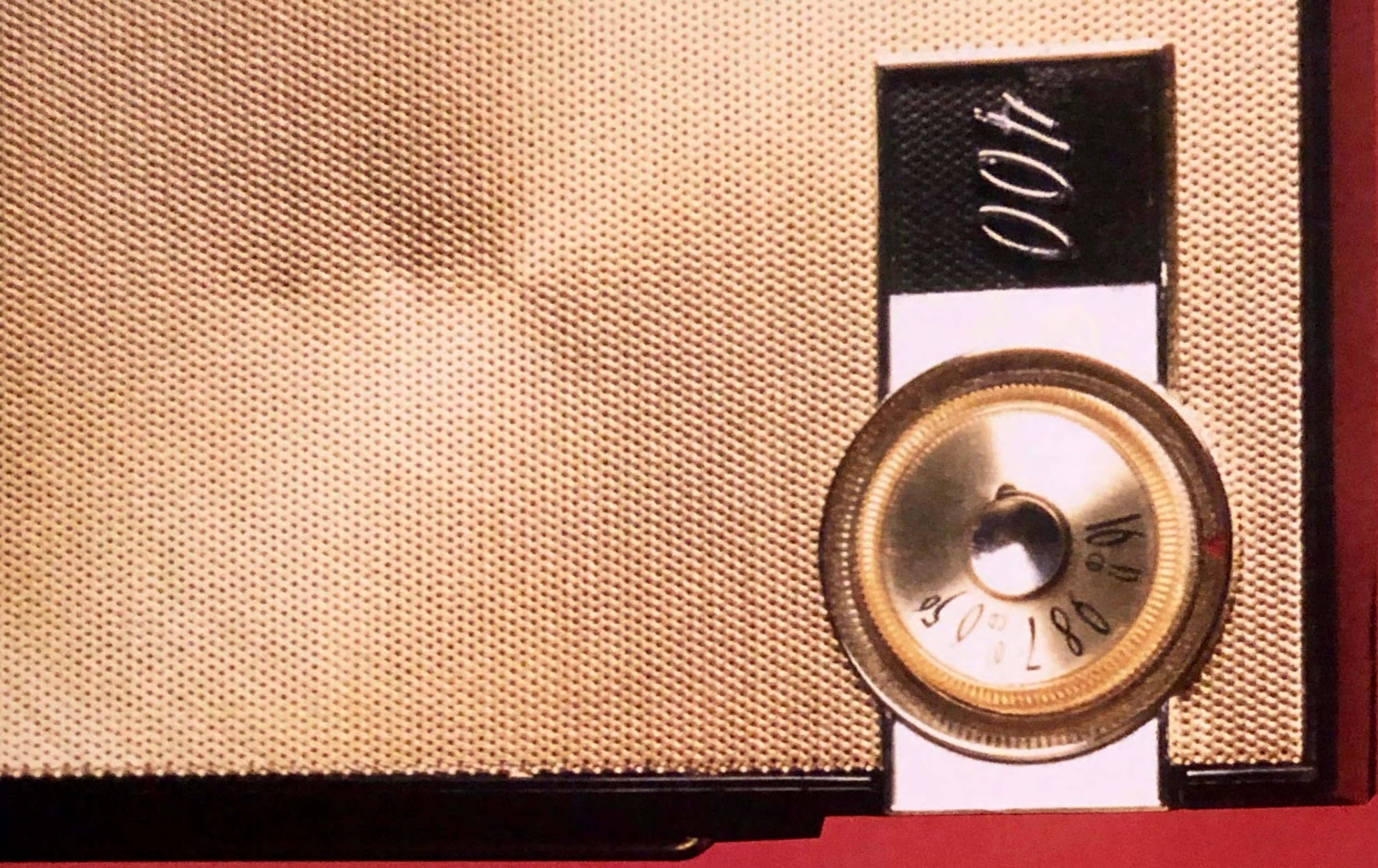
Emmis is an Indianapolis-based media firm that owns radio, television and magazine operations, including 23 FM and 2 AM domestic radio stations serving the nation's largest markets. "The key is, at the end of the day, we're still going to reach hundreds of millions of people every week," he said.

However, Smulyan was less forgiving when it came to handheld players.

"Despite the buzz surrounding satellite radio, I believe iPods are a bigger threat, because you have a larger number of people with an alternative source of music," he said. "I can remember when people were predicting the death of radio after 8-tracks came out. Despite continually evolving technologies, nothing has replaced the local information and local personalities we give our audiences. We know our communities, and we respond to their needs."







### *Changing Rhythms*

Smulyan may have a point. An Arbitron/Edison survey found that 8 in 10 Americans said they would not listen to broadcast radio less even as they pick up other technologies like the iPod.

But radio industry members remain cautious. Some stations even recently

gave away iPods loaded with music and promotions, not unlike the 1960s promotions where stations gave away FM receivers to build acceptance of—you guessed it—FM radio.

In 2004, Infinity Broadcasting, one of the nation's largest radio outfits, converted an AM station in San Francisco to a podcast, ad-free format where listeners could upload their songs to the station, who would then pick the favorites and air them. The station's Web site promised to "give voice to your vision" because you were "out there creating, riffing, ranting and raving."

Similarly, Infinity launched JACK, a random mix format started in Canada that is now broadcast on 18 stations in the United States. JACK replaced pre-existing stations such as New York's WCBS-FM and Chicago's 104.3, both oldies stations. Most regular radio stations rotate less than 100 songs at a time; JACK stations have more than 1,200 in play.

You're as likely to hear '80s songs as you are The Killers on JACK, which is a

### *iClothing*

iPods are such a phenomenon that clothing is now being designed to incorporate them. In this year's Magic Marketplace fashion trade show in Las Vegas, clothier Kenpo showed off a line of light and heavy-weight outdoor jackets with iPod controls on the outside sleeve. The company has a license with Apple and offers its jackets with a fabric insert and a built-in chip so that consumers can change their iPod controls on the outside of the sleeve while the player is inside. Men's jackets were available for the first time at Macy's in November, 2005 for prices starting at \$275.



weird format—but one that works. KCBS in Los Angeles jumped from No. 16 to No. 4 with adults aged 25-54 and doubled its average quarter-hour listenership after switching to the JACK format.

JACK's not the only radio station on shuffle. There are more than 70 stations using that format—oddly enough, most using men's names like Bob, Mike and Max.

### *On the Horizon*

The Arbitron/Edison survey found that iPod listeners already listen to less broadcast radio than others do. Also, 35 percent of people say they love their iPod and 40 percent claim to love their satellite radio. (In fact, one in five Americans told Arbitron/Edison they plan to subscribe to one of the two

satellite services, XM or Sirius, in the next year).

But just 19 percent who took the survey declared their love for on-air radio. And now that iPods can be used at home, at work, in the car and numerous other places, it isn't hard to understand why.

Yet there is time for radio to rebound—the same study found that only 20 percent of Americans own an iPod, subscribe to satellite radio or listen to Internet radio—and 95 percent of Americans listen to the radio at least a little. So don't turn off that car radio just yet. <<

