

Country Leads Into 2011

Arbitron's "Radio Today 2010" makes it official: Country was America's number one format during the past year.

Two thousand, six hundred and twenty-six U.S. radio stations program country music full-time, and country remained the nation's top-rated format as of fall 2009, with a 13.4 12+ share. And it's not only number one nationally, but in most dayparts and among most age groups.

Country gained in national audience share for the second straight year and reached more than 64 million consumers each week, second only to AC.

Country ranked number one in the growth of college-education attainment and in increased affluence (\$50,000-plus in household income) between spring '02 and fall '09, was the undisputed leader in many states, and was broadcast on more terrestrial radio stations than any other format — including nearly twice as many FMs.

Some storm clouds did appear on the horizon when Arbitron released the 2010 edition of "Hispanic Radio Today," showing country with a 5.3 share in diary-based national averages but only a 2.3 in PPM panel stats. And PPM appears to be treating country stations that are alone in their markets a lot more kindly than in PPM metros with two country stations.

But very attractive Hispanic demos await the country leader who can attract Latinos in those markets. Fifty-three percent of country's 12-plus audience is female and 48 percent is male; 19.9 percent is 25-34, 18.5 percent is 45-54, and 17.9 percent is 35-44.

The total (ethnic + non-ethnic) audience for country is 53 percent/47 percent female/male, but the audience skews older, with the largest cell being 45-54 (20 percent), followed by 35-44 (16 percent) and 25-34 (15 percent).

Two percent of country's audience is black and just 7 percent is Hispanic, so it would seem that a challenge for the format in the near future will be to grow younger by appealing to a more diverse audience without losing the traditional, upper-demo core.

Fortunately, country's superstar artist base has been shifting for the last few years, with little polarity, low levels of dislike and burn, and extremely high positive passion across all segments of the target audience as exciting new performers like Miranda Lambert, Lady Antebellum, Zac Brown Band, Billy Currington, Luke Bryan, Josh Turner, Blake Shelton, Carrie Underwood, and Jerrod Niemann produce exciting songs that are testing at the same levels as longtime music and concert-ticket sellers as Alan Jackson, Toby Keith, Brad Paisley, Tim McGraw, Reba McEntire, and Kenny Chesney.

The output of this new class of country acts is rapidly displacing the previous high-water mark in the history of the format, the "Class of 1989," as the current favorites of narrow segments, both male and female, from 18-34 to 45-54.

Country's audience favorites, as ranked in a December 2010 A&O online gold and recurrent test, by average net positive:

Josh Turner/Your Man 80.6 percent

Trace Adkins/You're Gonna Miss This 75 percent

Toby Keith/You Shouldn't Kiss Me Like This 74.4 percent

Alan Jackson/Remember When 74.3 percent.

Brad Paisley featuring Alison Kraus/When I Get Where I'm Going 73.7 percent

Billy Currington/Good Directions 72.7 percent

Brad Paisley/He Didn't Have To Be 72.3 percent

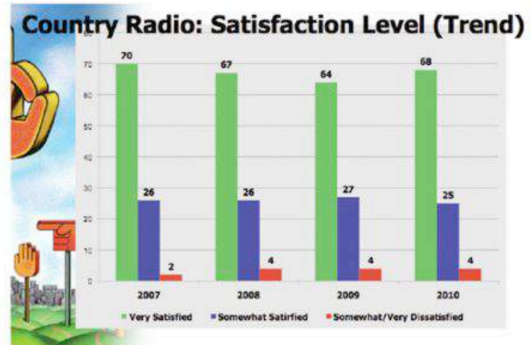
Joe Nichols/Gimme That Girl 72.2 percent

Billy Currington/People Are Crazy 71.2 percent

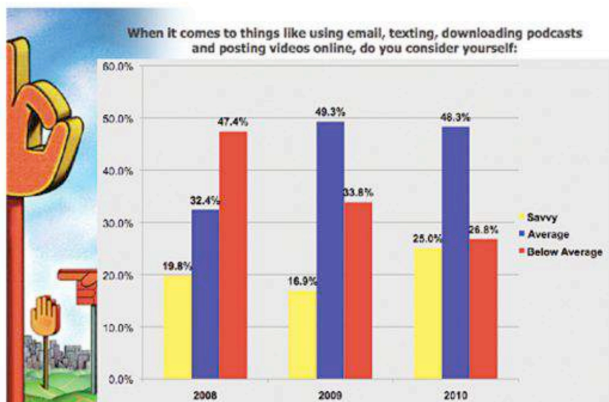
Jo Dee Messina/Lesson In Leavin' 71 percent

Each year, Albright & O'Malley measures preferences and attitudes of our client stations' listeners as a part of an annual "Roadmap" perceptual study. In 2010, we surveyed 8,867 people at stations from all sections and market sizes throughout the United States and Canada.

Respondents who reported listening daily for more than two hours and for between one and two hours has been holding steady for the last several years, but there has been some erosion in daily usage by folks who listened for under one hour daily. Satisfaction levels, after slipping slightly last year, recovered in the latest report. Those who were less satisfied singled out song repetition and high commercial loads as their reasons for feeling that way (see graph below).



These country listeners now consider themselves as being about average in adopting digital technologies (see graph next page).



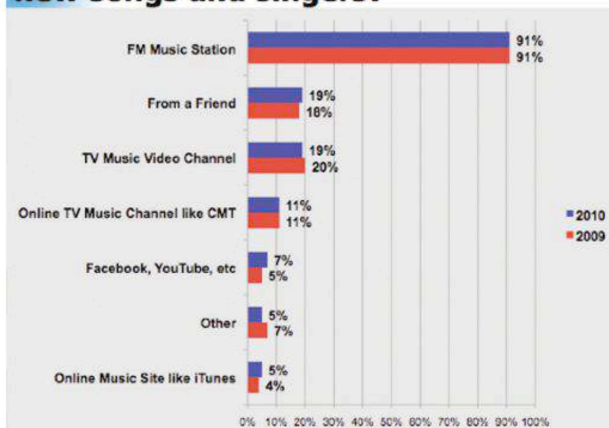
Almost six in 10 respondents report having listened to a local country station online in the last six months, and the amount of time they spend listening is growing: One third listen for an hour or less online per week, 25.9 percent listen one to three hours per week, 11.1 percent say they listen for three to five hours weekly, 6.6 percent listen for six-10 hours, and 11.1 percent listen online for more than 10 hours each week. Twelve percent say they never listen to local country radio online.

Three out of four respondents use a computer to hear local country stations online, while about 10 percent listen on iPods and MP3 players, 6 percent on cellphones and smartphones, and 20 percent on other devices. So it's become increasingly important to a significant portion of our audience that country radio stations be available online on all platforms — and that online listening increases the amount of time these folks spend with their favorite country radio stations.

Listeners also have specific expectations of a country station's website: Sixty-three percent say they want to buy concert tickets early, 59 percent look for country music news, 54 percent want discount coupons, 46 percent want info on things to do in town, and 45 percent cite CD reviews and songs to download.

The "Roadmap" survey also found that FM radio remains the primary source of new music discovery for today's country music radio audience (see graph below). **INK**

Where do you most often discover new songs and singers?



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AS PART OF OUR FOCUS ON FORMATS, POLLACK MEDIA GROUP'S JEFF POLLACK PROVIDES SOME CROSS-FORMAT INSIGHTS.

As we all look forward to improving conditions in 2011, the two biggest trends this year, regardless of format, will be the PPM and the growth of digital.

The PPM is the biggest radio research project in history, and we're learning a lot about how people really use radio. The problem is, we know what they're doing, but we don't always know why.

Still, we're gaining a lot of valuable information that is just as applicable to diary markets as it is in PPM markets. There are few, if any, tactics being adopted by stations in PPM markets that won't also help you win in the diary, and stations that realize this will have an advantage — for a while. But soon those that don't adopt PPM-friendly tactics will be at a competitive disadvantage.

The other key word is *digital*. Every company realizes that radio has to do a better job of getting digital dollars. Online is now a bigger market than radio, so why isn't radio aggressively focusing on getting a big share of it? Local advertising dollars are leaving traditional media for digital sources. With the PPM, we now know that virtually every station has a much higher cume (better reach) than we previously thought, so we have the power to drive a lot of eyeballs to other platforms.

And digital encompasses a lot more than a website. A successful digital strategy also includes social media, database marketing, texting, and mobile apps. We have to realize that our stations must be on the same platforms as our listeners, and we must make it easier for listeners to find us on their preferred devices and screens.

Right now we're asked more for guidance on using social media than about anything else. Rates of adoption for Facebook, Twitter, and other platforms may vary by demographic, but stations must be in the lead with these technologies. You don't hang back and wait for them to be adopted by the majority of your listeners, you get out in front of them, then increase your focus on the ones that listeners adopt.

Stations have to be prepared to answer these questions:

- Does your app do more than just stream the station's audio?

You now have real estate on personal devices. Be sure to take advantage of that, without abusing the privilege.

- Are you using your database properly? These are your biggest fans. Are you cultivating a relationship with these fans, or are you just pushing out birthday e-mails and monthly newsletters?

- What are the biggest mistakes you can make with social media? This isn't the same thing as answering the request line. Listeners have specific expectations about how they want to interact with people, media entities, and consumer brands.

- How can we use digital assets to get more revenue out of our clients, instead of cannibalizing spot revenue?

- What are the possibilities for using location-based services?

- What other strategic partnerships do you need to develop to ensure robust technology, open new revenue possibilities, and provide a steady stream of new content?

Jeff Pollack is chairman/CEO of Global Media & Entertainment for Pollack Media Group.