

KEY FINDINGS

INTRODUCTION

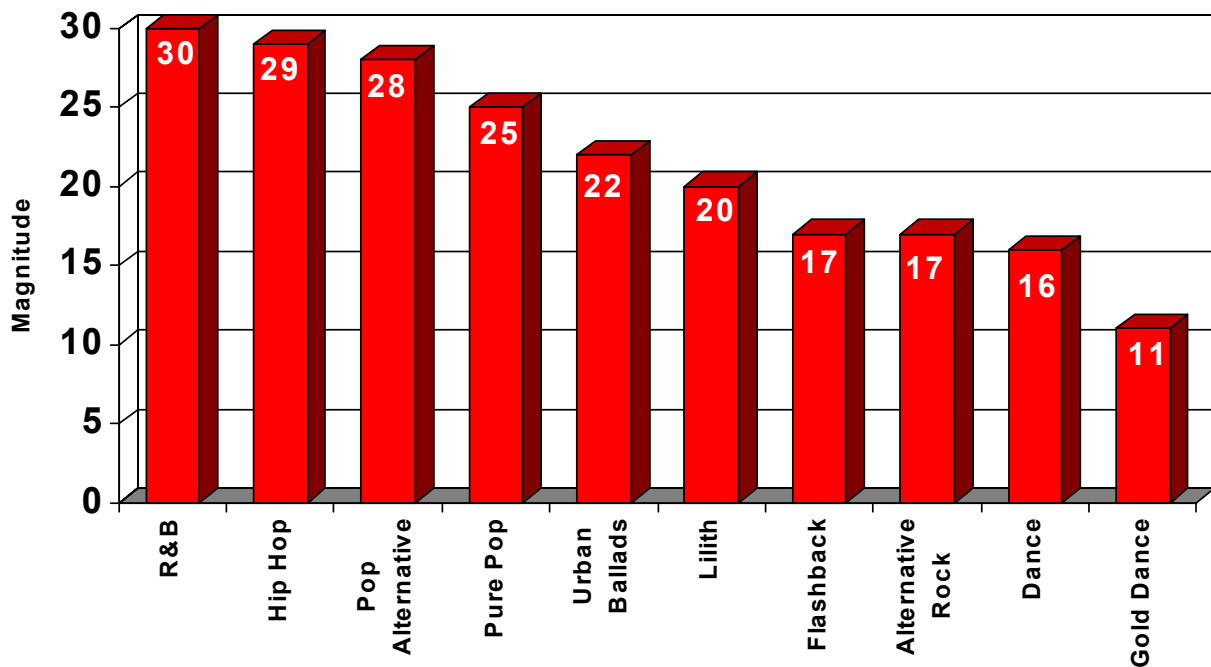
Coleman's "*CHR Segmentation*" study is designed to provide an updated, national assessment of the state of Top 40 music. Its specific goal is to identify various styles of music within and just beyond the CHR music spectrum, provide an understanding of how those styles may and may not work together, and determine the CHR format's level of "ownership" of each of those sounds.

The primary tool used for completing this task is a proprietary clustering technique employed by Coleman in each of its FACT® auditorium music studies. For a complete description of this technique, as well as details on the methodology employed in this study, please see the Appendix of this document.

EQUAL SIZED APPETITES FOR RHYTHMIC- AND ROCK-BASED SOUNDS

A key finding of this study is the roughly equal appetites that exist for Rhythmic- and Rock-based sounds. When we isolate the ten largest, distinct “bodies of taste” within the total sample employed in this study, we find two Rhythmic-based clusters—which we have labeled as R&B and Hip Hop—and a Rock-based cluster—labeled Pop Alternative—at the top of the list in terms of Magnitude. When scoring *individual* songs at *different* points in a music test, 30% of all respondents rated the three songs that make up the R&B cluster very highly. Hip Hop and Pop Alternative, with magnitudes of 29% and 28% respectively, performed almost equally as well as R&B.

THE LARGEST CLUSTERS



In addition to the three clusters mentioned previously, we pinpointed seven other musical genres in this study. For all ten of the clusters isolated, we provide the titles they consist of, as well as a descriptive label. The figure in parentheses next to each label is the size of the cluster, which is the percentage of respondents who gave all three songs in the cluster a high rating on the one-to-five Acceptance score scale.

R&B (30%)

“You Make Me Wanna” – Usher
“All My Life” – K-Ci & JoJo
“No No No (Part II)” – Destiny’s Child

HIP HOP (29%)

“Mo’ Money Mo’ Problems” – Notorious B.I.G.
“I’ll Be Missing You” – Puff Daddy
“Pony” – Ginuwine

POP ALTERNATIVE (28%)

“3 A.M.” – Matchbox 20
“If You Could Only See” – Tonic
“Semi-Charmed Life” – Third Eye Blind

PURE POP (25%)

“Truly Madly Deeply” – Savage Garden
“My Heart Will Go On” – Celine Dion
“How Do I Live” – Leann Rimes

URBAN BALLADS (22%)

“I’ll Make Love To You” – Boyz II Men
“I Believe I Can Fly” – R. Kelly
“Hero” – Mariah Carey

LILITH (20%)

“I Don’t Want To Wait” – Paula Cole
“Sunny Came Home” – Shawn Colvin
“Foolish Games” – Jewel

FLASHBACK (17%)

“Sweet Dreams (Are Made of This)” – Eurythmics
“If You Leave” – Orchestral Manoeuvres in the Dark
“Don’t You (Forget About Me)” – Simple Minds

ALTERNATIVE ROCK (17%)

“Better Man” – Pearl Jam
“Lightning Crashes” – Live
“Plush” – Stone Temple Pilots

DANCE (16%)

“Another Night” – Real McCoy
“Be My Lover” – La Bouche
“Where Do You Go” – No Mercy

GOLD DANCE (11%)

“Back To Life” – Soul II Soul
“Gonna Make You Sweat” – C&C Music Factory
“Everybody Everybody” – Black Box

MOST POPULAR SOUNDS NOT COMPATIBLE WITH ONE ANOTHER

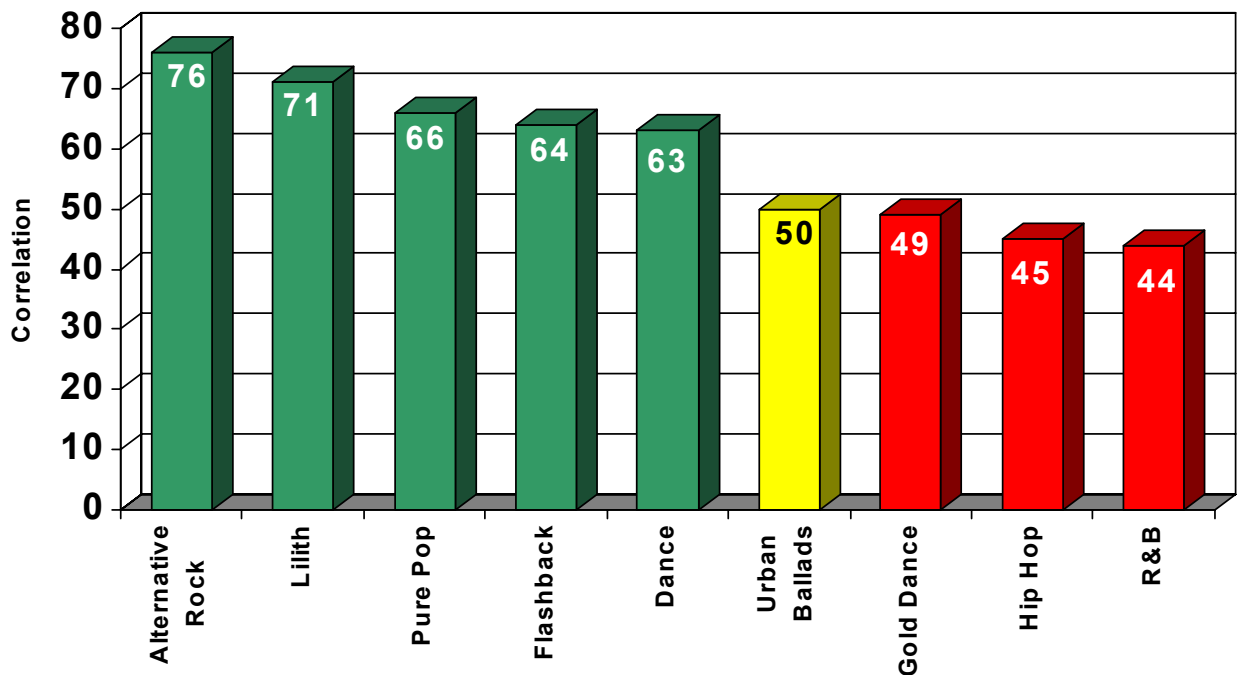
Despite the ratings success of some Mainstream CHR stations over the past year, this study demonstrates the continued incompatibility between the most popular sounds in the CHR format. Such incompatibility continues to support our belief that the vast majority of Top 40 stations need to have a significant “lean” towards either the Rhythmic or Rock “ends” of the CHR “spectrum” to enjoy sustainable music positions in their market.

We make this incompatibility conclusion based on correlation scores, which demonstrate the relationship between how listeners feel about different sounds. When there is a neutral relationship between two sounds—meaning that how listeners feel about one sound cannot be used as a predictor of how they feel about the other—we report those two clusters as having a correlation score of 50 with one another. Correlation scores between the two large Rhythmic-based clusters—R&B and Hip Hop—and the large Pop Alternative cluster fall well below

the 50 neutrality threshold, indicating that listeners who like Pop Alternative tend to have the opposite feelings towards R&B and Hip Hop.

For example, the following graph illustrates how Pop Alternative enjoys strong positive correlation with the Alternative Rock, Lilith, Pure Pop, Flashback, and Dance clusters. There is, however, a neutral relationship between how listeners feel about Pop Alternative and Urban Ballads and a clearly negative correlation between Pop Alternative and the large Hip Hop and R&B clusters.

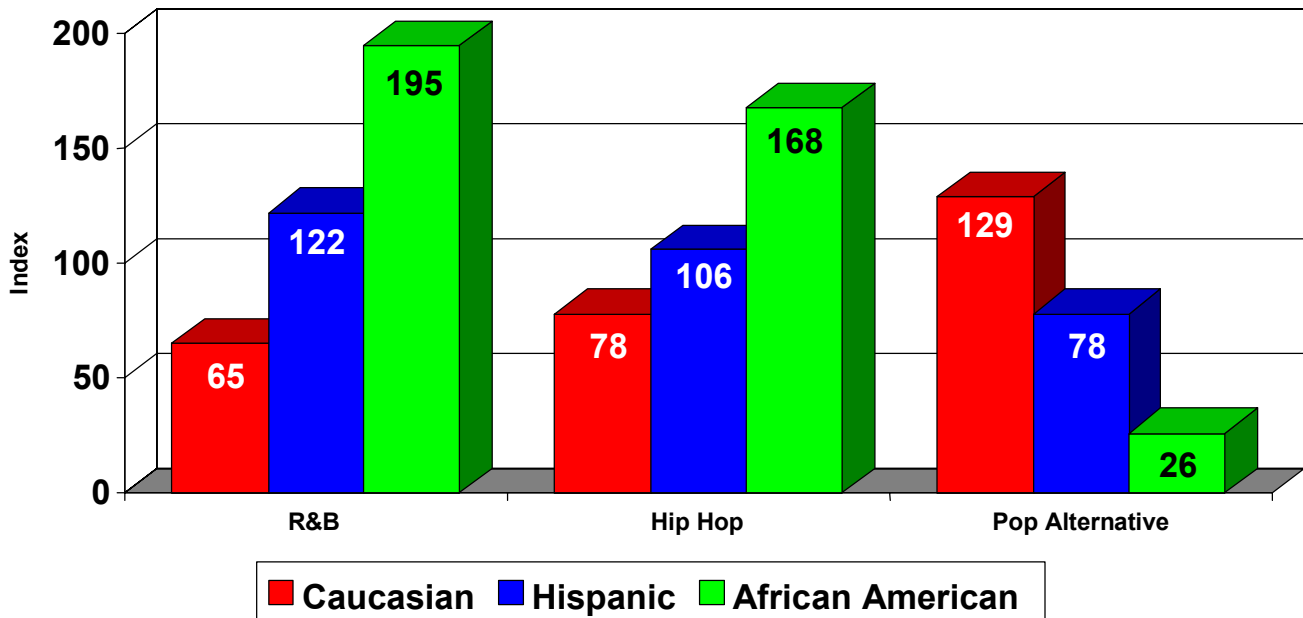
POP ALTERNATIVE COMPATIBILITY



This incompatibility is not terribly surprising considering the significant differences between the types of listeners who are in the Pop Alternative cluster, and the R&B and Hip Hop clusters. For example, when we compare the ethnic composition of the R&B, Hip Hop and Pop Alternative clusters, we note

substantial differences. The following chart employs indexes for such a comparison, which are calculated by comparing the percentage of a given ethnic group that makes up a cluster with that group's representation in the overall sample. (For example, 81% of the Pop Alternative cluster consists of Caucasian respondents, which is 29% greater than the 63% representation of Caucasians in the total sample. Thus, we report an index of 129.)

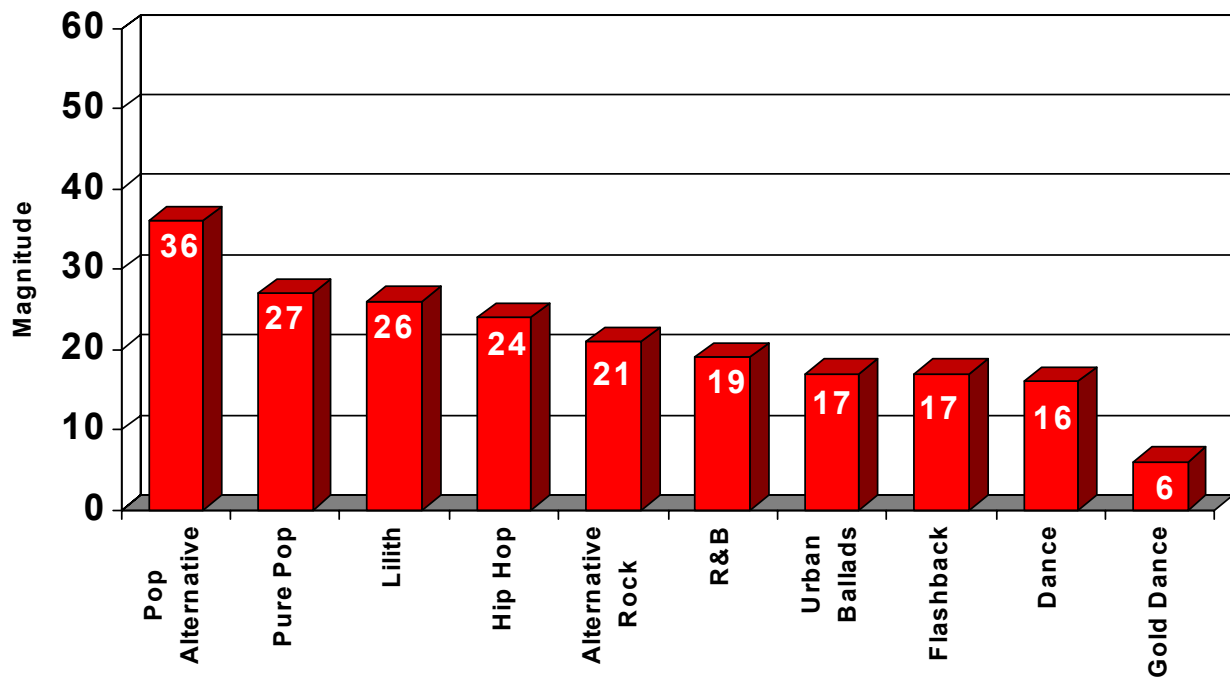
ETHNIC COMPOSITION



BROAD APPEAL OF “BLACK SOUNDS”

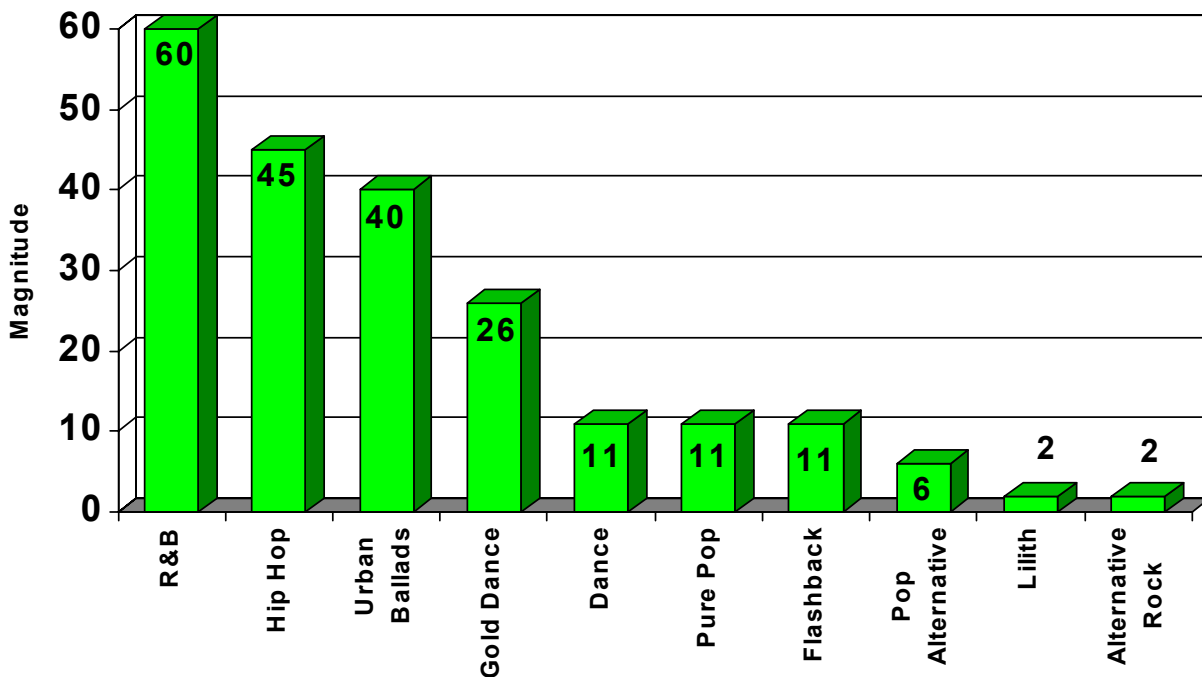
Despite the differing ethnic profiles of the three largest clusters, this study does provide evidence that many sounds cross ethnic lines quite well. Particularly noteworthy is the finding that many sounds traditionally thought of as being targeted towards African Americans actually hold considerable appeal for Caucasian and Hispanic listeners. In fact, as the following graph illustrates, the Hip Hop cluster represents one of the five largest “bodies of taste” among Caucasian listeners, and the R&B cluster performs strongly as well.

CAUCASIAN CLUSTERS



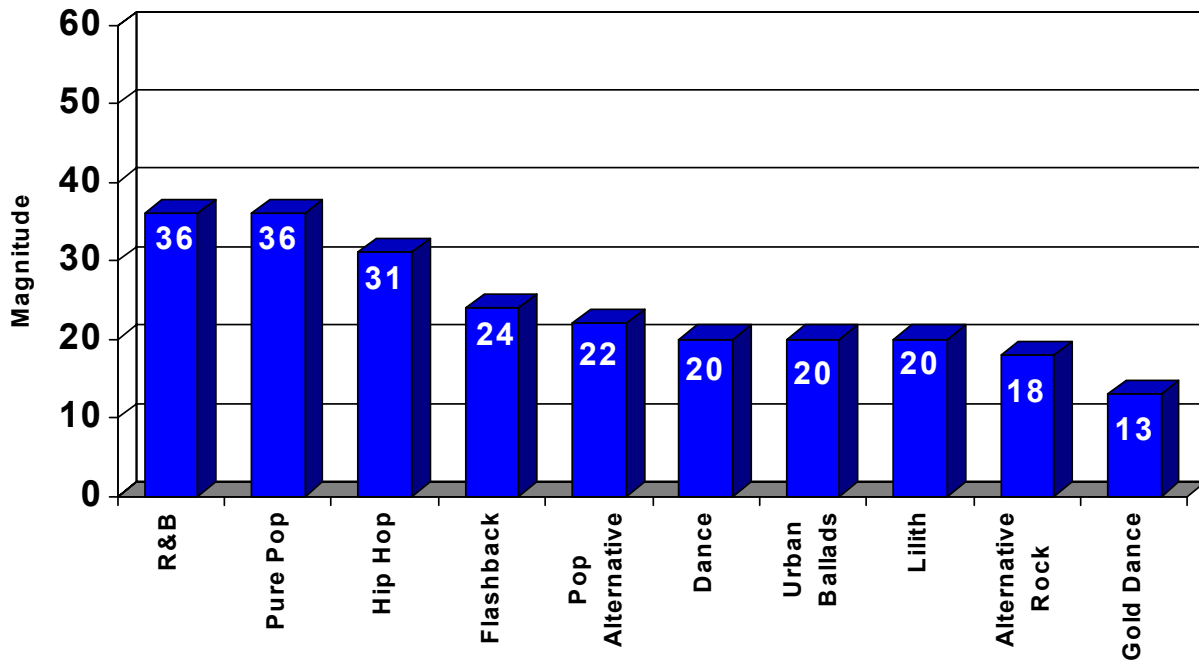
The converse is not true among African-American listeners, however, whose tastes are clearly focused on the Rhythmic side of the CHR spectrum. As the next graph demonstrates, there is a considerable appetite for R&B, Hip Hop, Urban Ballads, and Gold Dance among African-American listeners, but virtually no appetite among them for any of the other musical styles isolated in this study.

AFRICAN-AMERICAN CLUSTERS



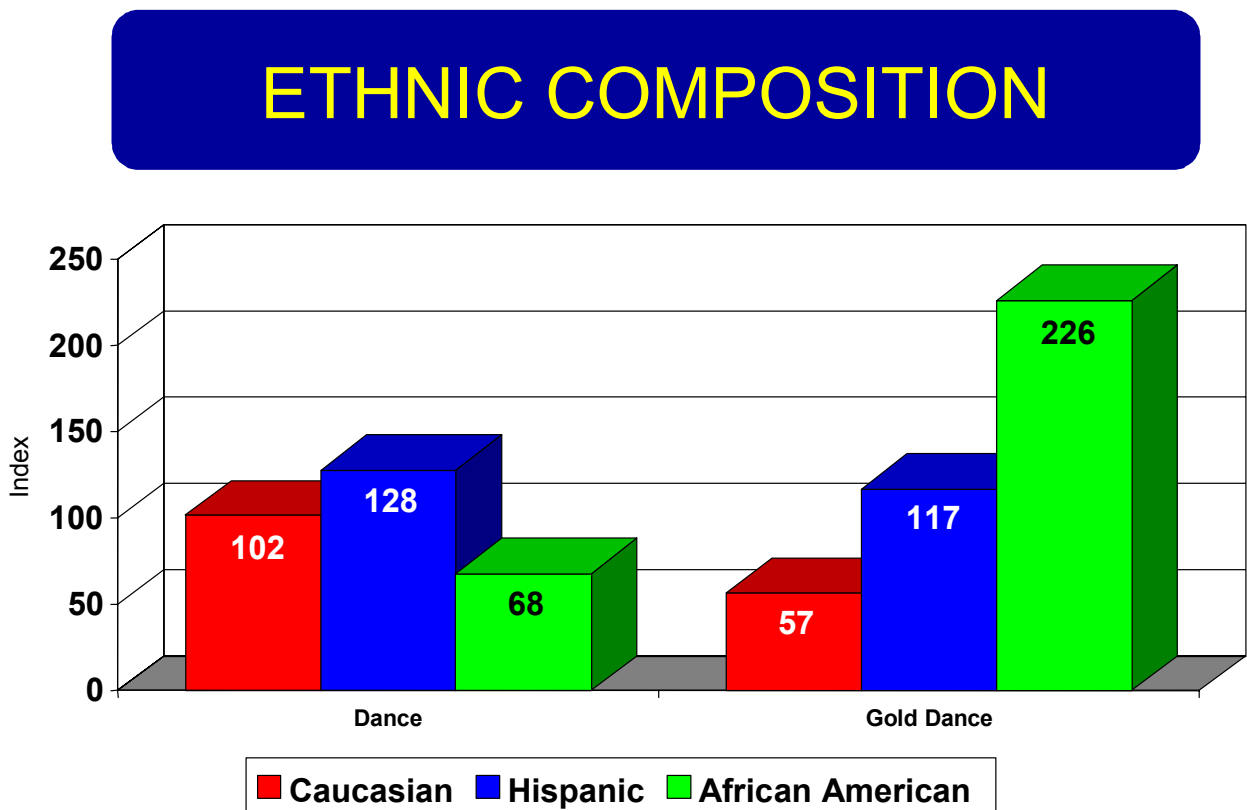
It is noteworthy that Hispanic listeners also have a large appetite for the “traditional African-American sounds.” In fact, their appetite for R&B is the largest of any of the clusters isolated in this study (as it ties with Pure Pop). Also interesting is the finding that Hispanics appear to have much more interest in R&B and Hip Hop than they do for any of the Dance-based sounds.

HISPANIC CLUSTERS



DIFFERENT APPEAL FOR DIFFERENT KINDS OF DANCE

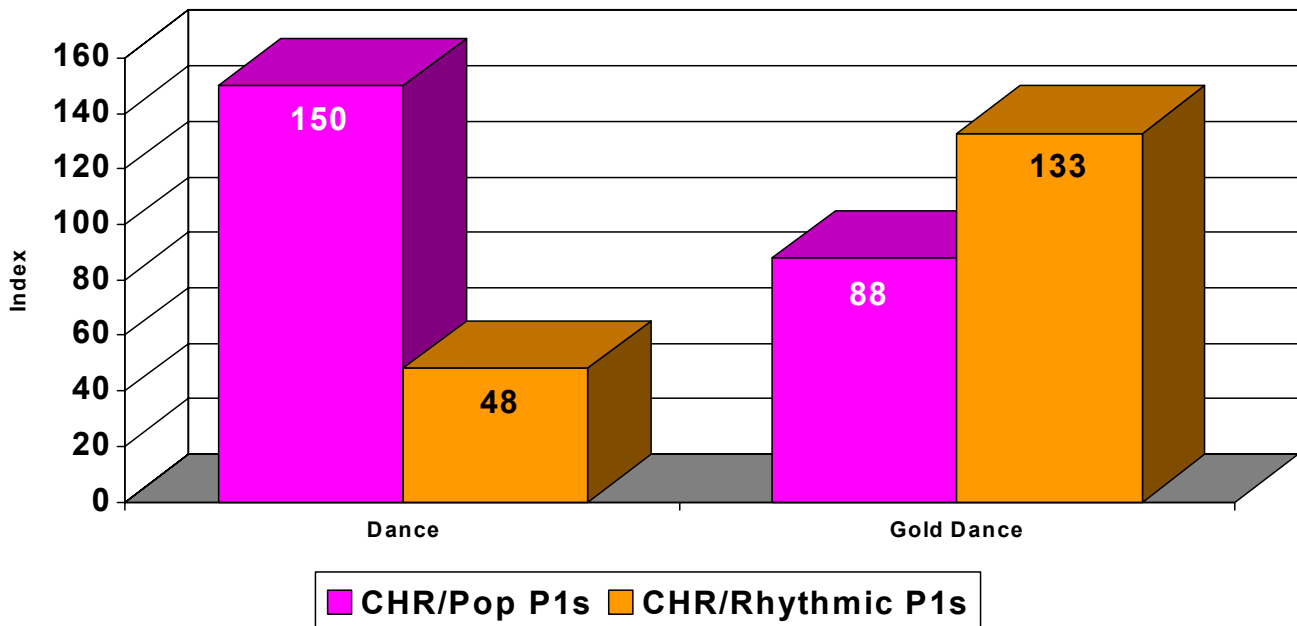
When we analyze the appeal of Dance—which is generally rather small relative to the other musical styles covered in this study—we detect significant differences between the clusters we labeled as Dance and Gold Dance. Specifically, the appeal of Dance is apparently fueled primarily by Hispanics and—to a lesser degree—Caucasians, while African Americans are not very likely to be found in the Dance cluster. Conversely, African Americans are the driving force behind the Gold Dance cluster. This sound also holds considerable appeal for Hispanics, but very little appeal for Caucasians, as the indexes in the following graph illustrate.



As a result, we observe that the appetites for Dance versus Gold Dance differ significantly depending on whether a listener is a P1 to a Pop-based or

Rhythmic-based CHR station. CHR/Pop Core listeners are far more likely to be in the Dance cluster and not very likely to have an appetite for Gold Dance. Core listeners to CHR/Rhythmic stations, on the other hand, are more likely to have an appetite for Gold Dance and are not heavily represented in the Dance cluster.

DANCE-BASED CLUSTERS

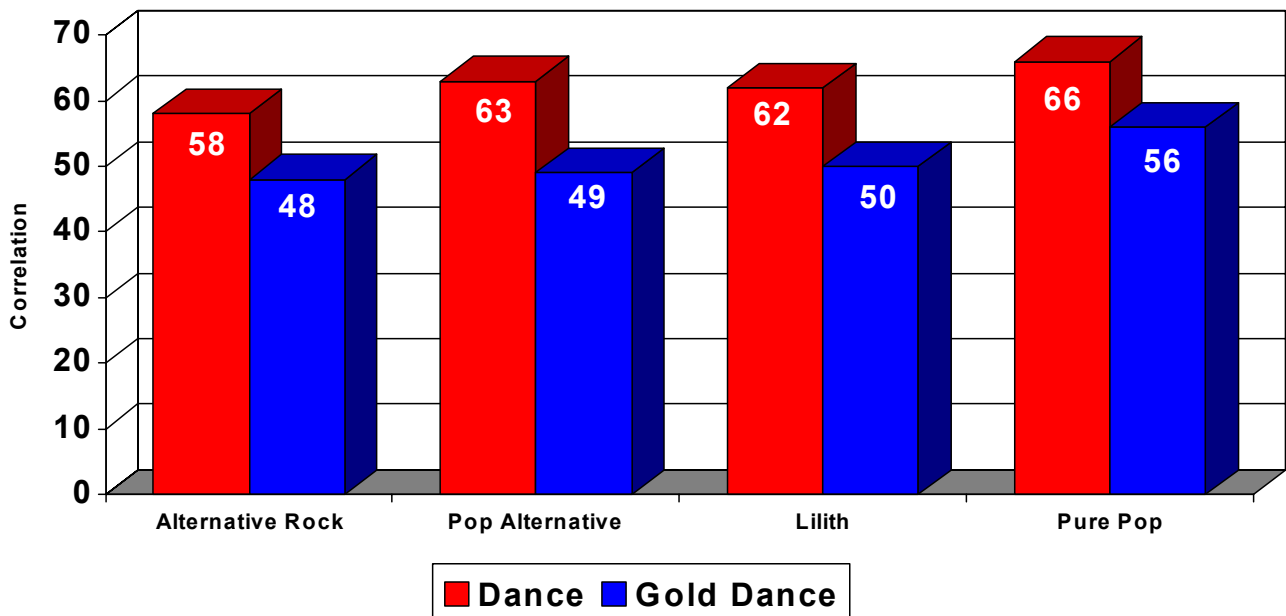


This finding dovetails with some findings regarding the Compatibility of the Dance-based sounds with other sounds. While Dance and Gold Dance are highly compatible with one another (they achieve a positive correlation score of 62), there are significant differences between them when it comes to their Compatibility with Alternative-based sounds.

In general, the Dance cluster enjoys positive correlations with the Alternative-based sounds—especially with the Pop Alternative and Lilith clusters—while Gold Dance does not. Similarly, Pure Pop—which, as we will discuss in a subsequent section is more strongly correlated with Alternative- and Dance-

based sounds than with Urban-based sounds—achieves higher correlation scores with Dance than with Gold Dance. The following graph demonstrates the different Compatibility profiles of the Dance and Gold Dance clusters.

DANCE-BASED CORRELATIONS



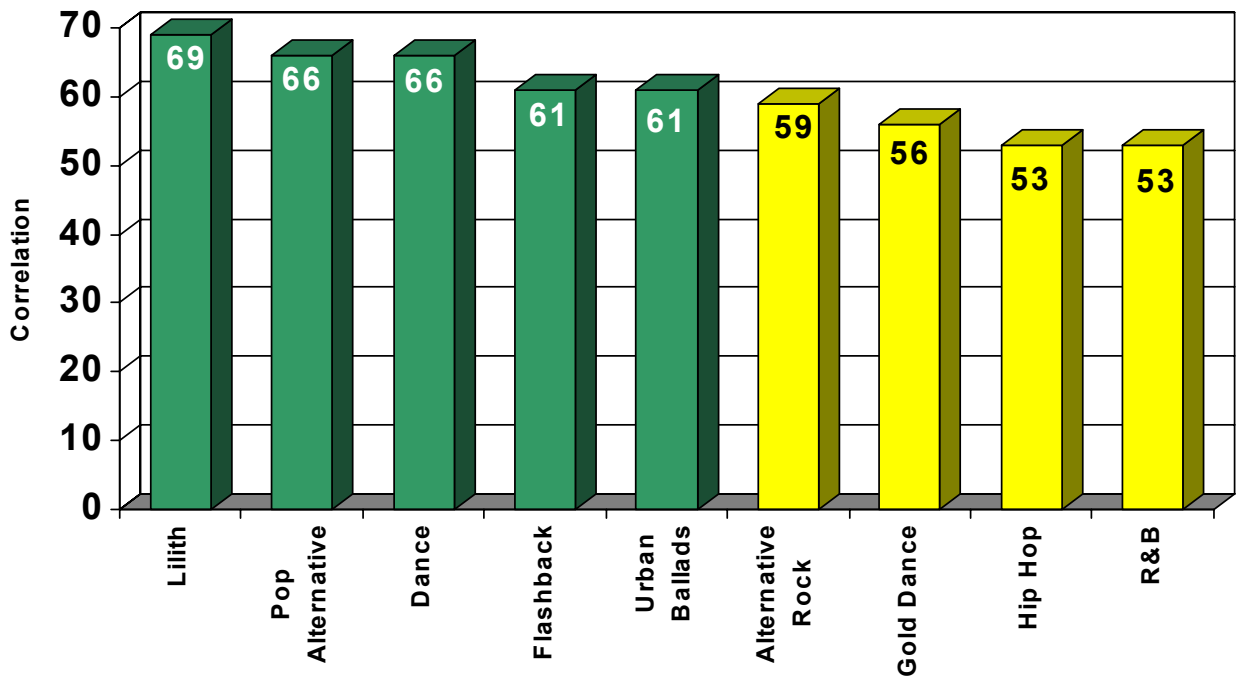
PURE POP DOES NOT FALL PURELY IN THE MIDDLE

A key finding of this study is the presence of a large Pure Pop cluster. As indicated by a Magnitude of 25%, the appetite for this sound is nearly as large as those observed for R&B, Hip Hop and Pop Alternative.

Despite its label, however, Pure Pop is not a sound that can have a role in every type of CHR station. While it does enjoy a positive correlation with every one of the other clusters observed in this study, it clearly is more compatible with some

sounds more than others. Its most positive relationships are with the Lilith, Pop Alternative, Dance, Flashback and Urban Ballads clusters, while it enjoys only marginal Compatibility with Alternative Rock, Gold Dance, Hip Hop, and R&B. The low correlation with Hip Hop and R&B—while not suggesting that Pure Pop has no role—raises the question of how much exposure such product should have on Rhythmic-based CHR stations.

PURE POP COMPATIBILITY



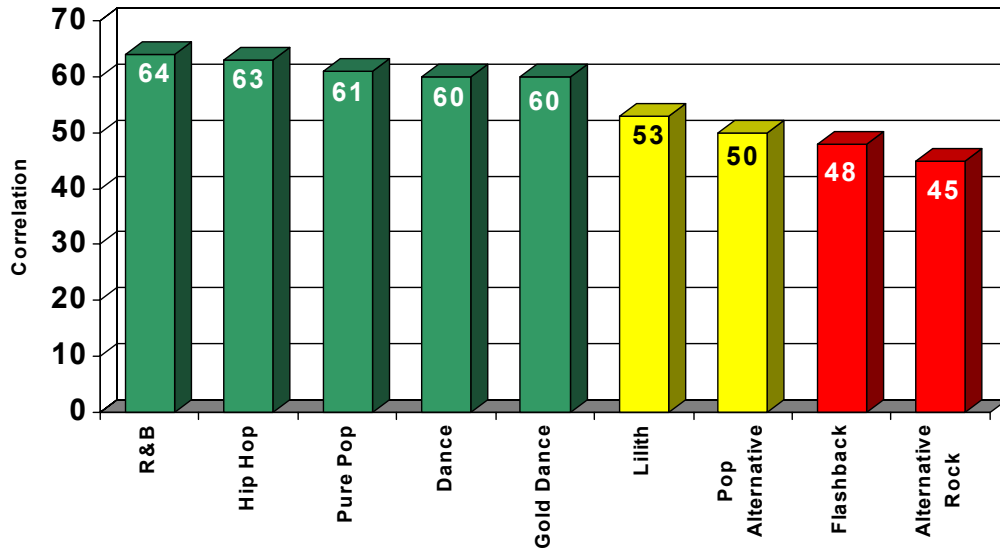
URBAN BALLADS AS A SOURCE OF “DEPTH” FOR RHYTHMIC CHRs

Given the difficulty of playing Pure Pop on some Rhythmic-based CHRs, a question emerges about what product beyond R&B and Hip Hop would “work” on such stations. Fortunately, the answer may lie with the Urban Ballads cluster found in this study.

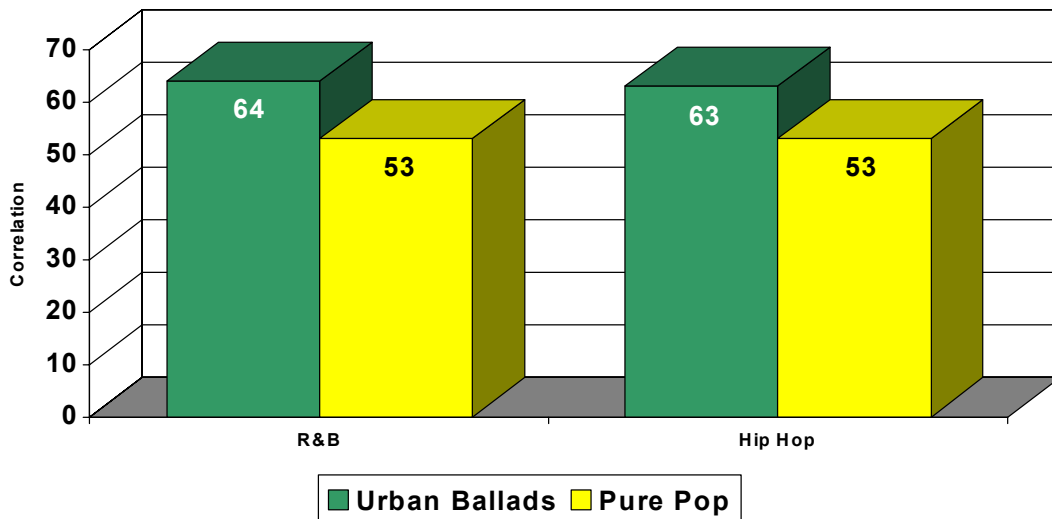
The Urban Ballads sound can deliver two benefits to CHRs that “lean” heavily to the Rhythmic side of the spectrum. First, after R&B and Hip Hop’s high Compatibility with one another, Urban Ballads is the next most positively correlated cluster with these sounds, enjoying correlation scores of 64 and 63 with them, respectively.

In fact, these correlations with R&B and Hip Hop are far stronger than those achieved by the Pure Pop cluster.

URBAN BALLADS COMPATIBILITY

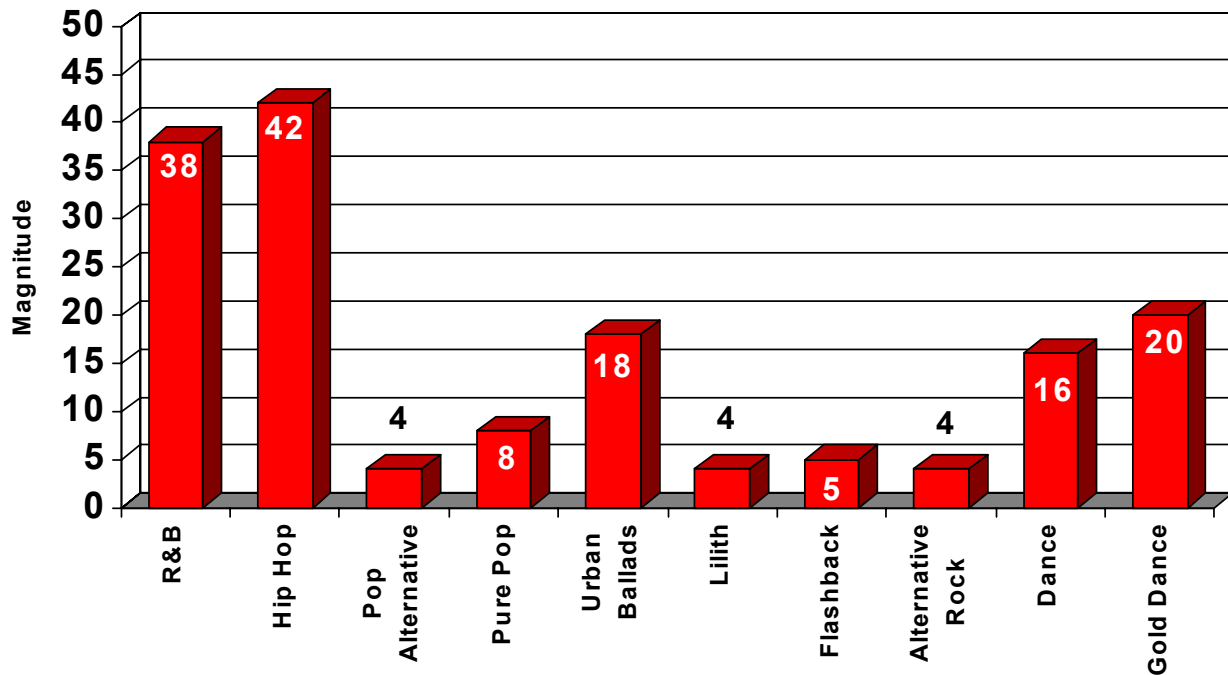


R&B/HIP HOP CORRELATION



The Urban Ballads cluster also offers the benefit of being a style of music that listeners generally expect to hear from CHR/Rhythmic stations. Of the ten styles of music isolated in this study, Urban Ballads is in fourth place in terms of which sounds listeners most strongly associate with the CHR/Rhythmic station in their market, as expressed through “Fit” scores.

CHR/RHYTHMIC FIT

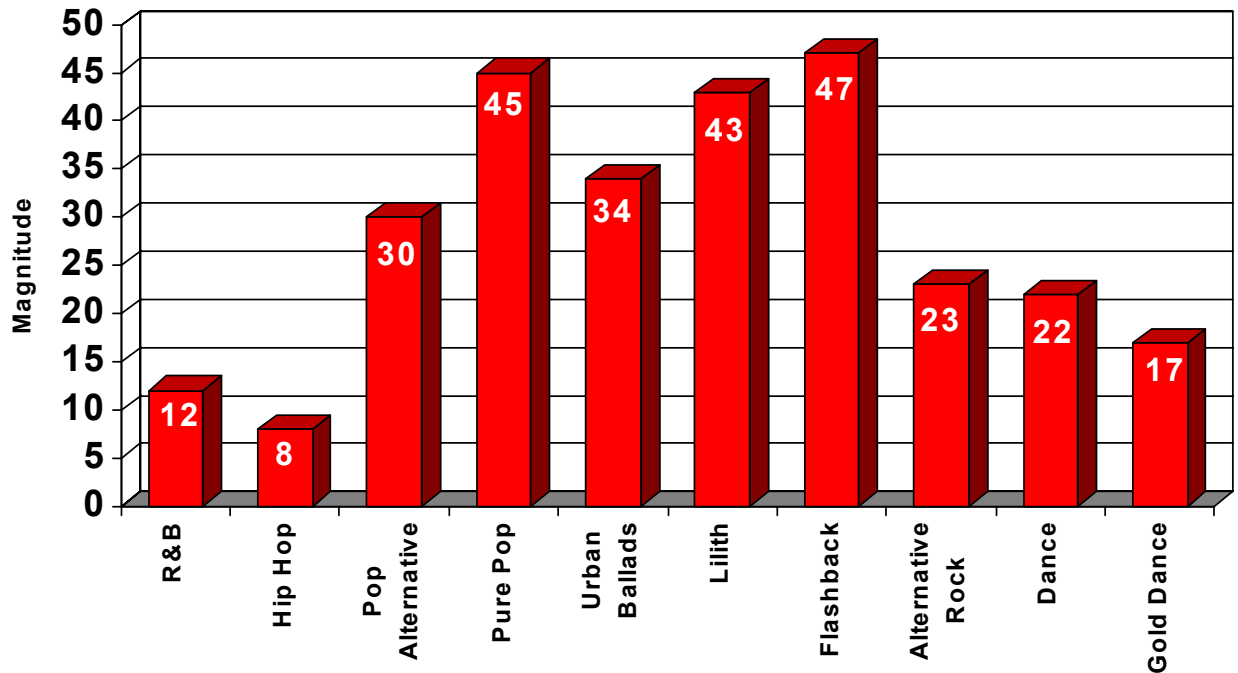


It would appear that CHR/Rhythmic stations would benefit from improving their Fit scores for Urban Ballads, given the stronger performance of these titles relative to Dance and Gold Dance. Currently, Dance and Gold Dance are as strongly associated with the format as is the Urban Ballads sound.

HOT/MODERN AC STATIONS PROVIDE MOST COMPETITION

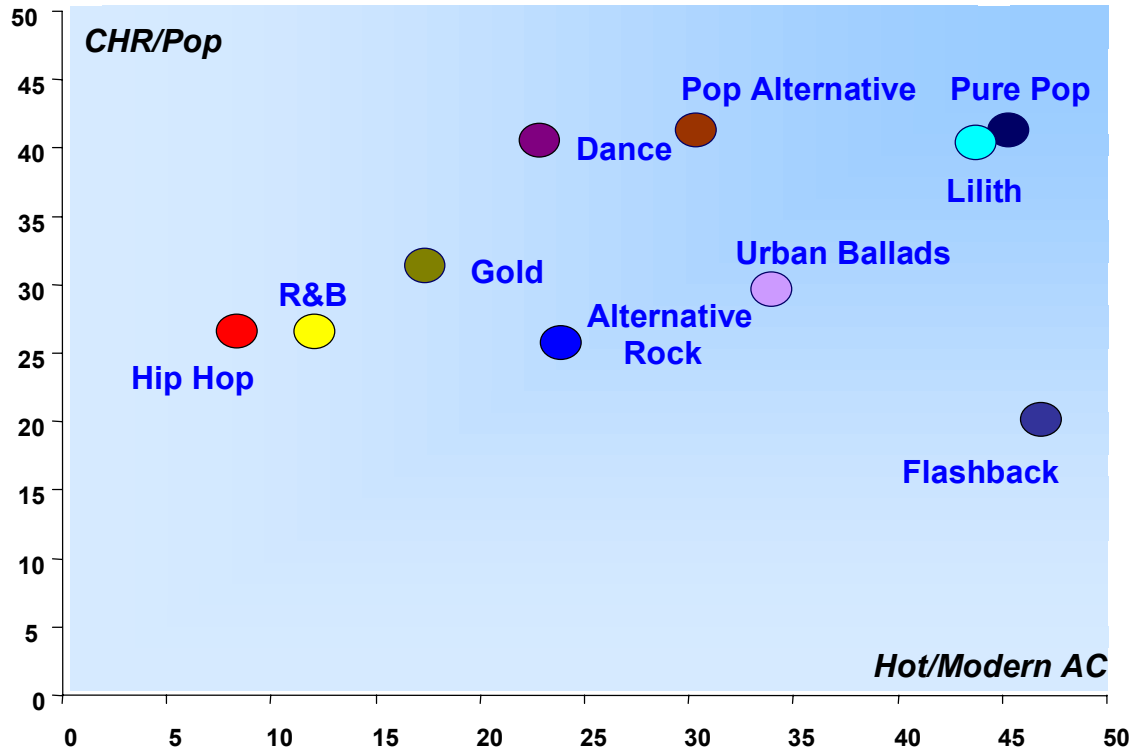
Of the five formats measured for Fit with the styles of music covered by this study, Hot/Modern AC appears to present the greatest threat to CHR in terms of winning association with these musical genres. That Hot/Modern ACs can achieve Fit scores in excess of 40% for a number of the clusters given the relatively low presence of the format's P1s in this study points to a significant amount of "encroachment" by these stations into the CHR format's musical "turf."

HOT/MODERN AC FIT



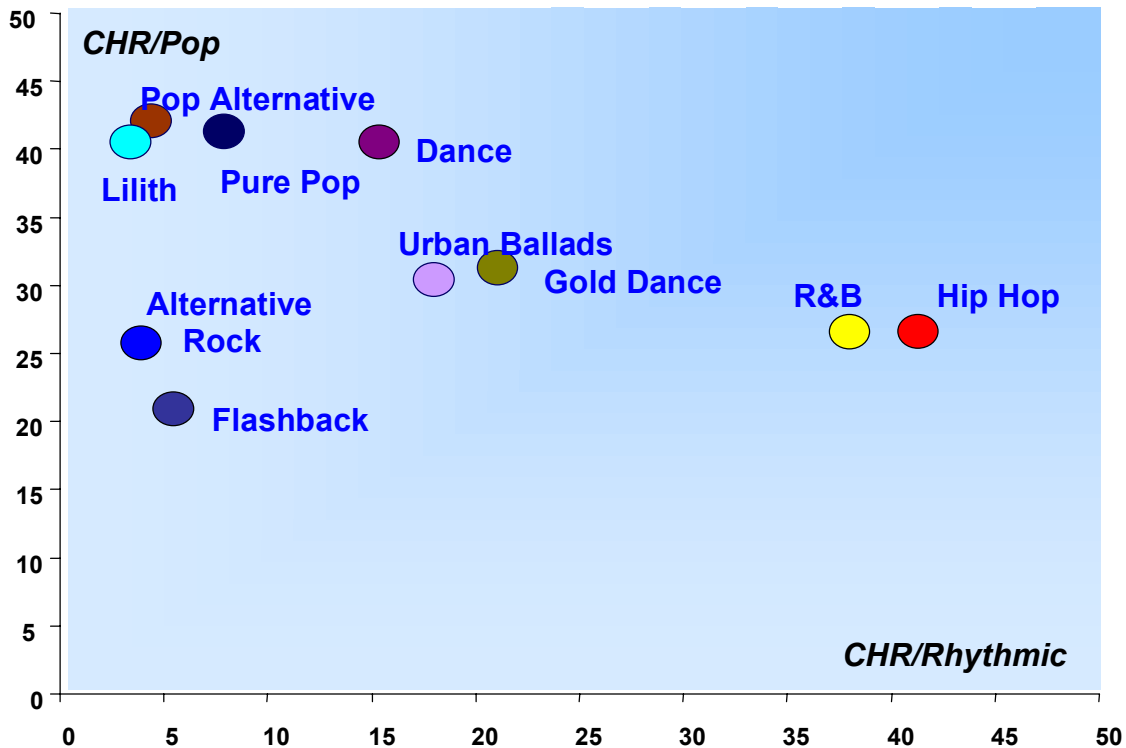
CHR Segmentation
July 1998

Hot/Modern AC is creating the most competition with Pop-based CHRs, as the two formats achieve about the same Fit levels for key sounds such as Pure Pop and Lilith.



CHR Segmentation
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This is much less of an issue for Rhythmic-based CHRs, which are associated with sounds—R&B and Hip Hop, in particular—that are not associated with Hot/Modern ACs at all. In fact, CHR/Rhythmic’s signature sounds are not even a competitive point with Pop-based CHRs. The styles of music that the two “strains” of CHR compete more directly over are Urban Ballads and Gold Dance.



Not surprisingly, CHR/Rhythmic’s greatest competition appears to come from Urban-formatted stations, which are almost as strongly associated with R&B and Hip Hop as are Rhythmic CHRs. Given the much larger presence of CHR/Rhythmic P1s relative to Urban P1s in the total sample, the high Fit scores Urban achieves for R&B and Hip Hop are impressive. It is noteworthy that neither format—particularly in relation to the other—seems to have taken ownership of Urban Ballads or Gold Dance. This suggests that an opportunity may exist for Rhythmic-based CHRs that focus on R&B and Hip Hop to develop some “depth” to their musical products and differentiate themselves from Urban stations.

CONCLUSIONS

We believe this dramatically depicts how CHR continues to demonstrate a significant degree of fragmentation despite its role as a mass appeal format. While the format's audience possesses a strong appetite for both Rhythmic- and Rock-based sounds, it is quite apparent that different segments of the audience are driving the appetites for different music styles. This finding mirrors what Coleman has found in its numerous individual market studies for our CHR clients.

Thus, it seems apparent that the concept of Mainstream CHR—while seeming to “make sense” to the instincts of many radio programmers—is less of a viable option than it was in the past. While it is certainly possible that Mainstream CHRs can continue to perform well according to Arbitron, it appears unlikely that such stations can sustain clearly-defined musical positions over the long term, particularly if they are challenged by focused competitors. CHR-formatted stations that are strongly and clearly defined as being sources of Rhythmic-based music or of Rock- and Pop-based music are less likely to suffer serious consequences if subjected to competitive attacks.

While Coleman generally advocates very focused music products for our CHR clients, we recognize the need for even Top 40 stations to offer more product breadth than just one or two key musical styles. Fortunately, this study offers some guidance as to where CHR stations can turn to add some depth to their music mixes. For CHRs that focus on Pop Alternative music, options appear to lie in the musical styles labeled as Lilith, Alternative Rock, Pure Pop, and Dance. R&B- and Hip Hop-based CHRs should look first to Urban Ballads and Gold Dance as sources of “musical breadth.”

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All the conclusions of this study, of course, should be verified at the local level by research projects designed to address the specific needs of individual stations. Audience appetites and competitive situations do vary from market to market, making it likely that local market research findings could differ from those of a study like this one which is national in scope.

APPENDIX

METHODOLOGY

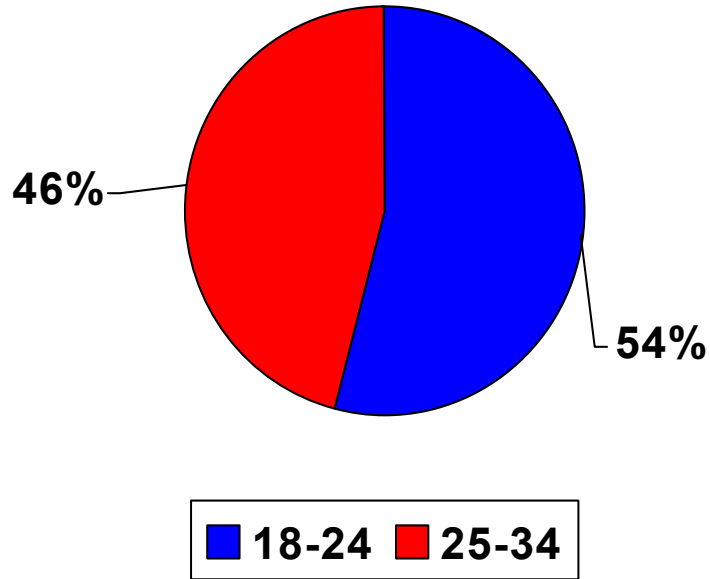
Listeners in the Top 40 Arbitron-ranked radio markets participated in a telephone-based version of a Coleman Fit Acceptance Compatibility Test. The Fit Acceptance Compatibility Test, or FACT[®], is Coleman's auditorium music testing service. Much as FACT[®] respondents would normally do in an auditorium setting, these listeners evaluated music hooks over the phone utilizing "traditional" music test measures. Such measures include Familiarity (on a yes/no basis), Acceptance (on a one-to-five scale where 1 equals "Dislike A Lot" and five means "Like A Lot") and Burn (on a "Tired Of"/"Not Tired Of" basis). In addition, listeners provided Fit data—a standard feature in FACT[®] studies that provides Coleman clients with data on listeners' musical expectations of their stations as well as their stations' main competitors.

Because of the limitations of the telephone-based methodology, only 85 song hooks were tested. To develop the song list, Coleman culled data from numerous FACT[®] studies completed over the past six months. In addition, major CHR format consultants and programmers submitted song lists containing five to eight titles each from what they perceived to be the major "sounds" within and just beyond the format's boundaries. Thus, the final song list represents a marriage of research "science" and programming "art."

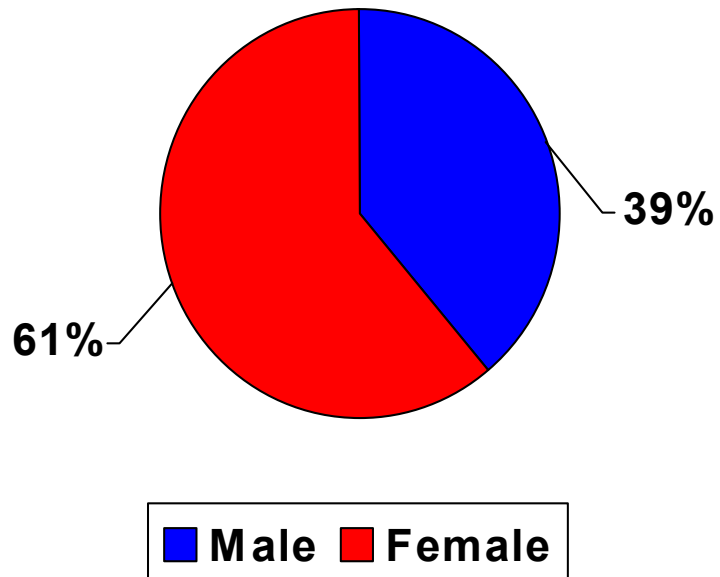
THE SAMPLE

In May 1998, 249 interviews were completed with 18- to 34-year-old CHR Cume listeners distributed by sex, age cell, P1 status and ethnicity as described in the following graphs:

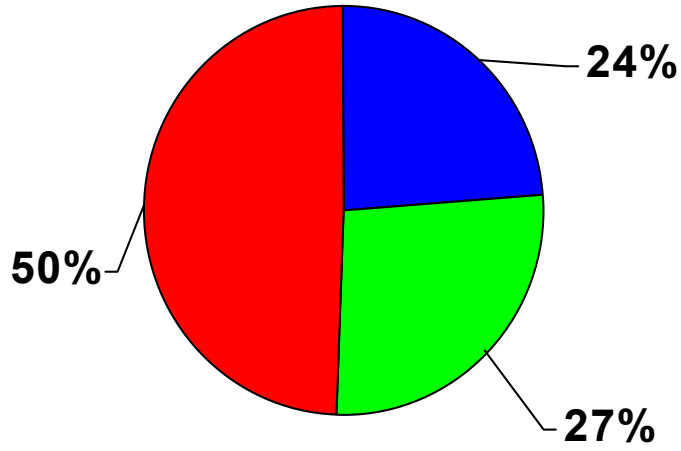
Age Distribution



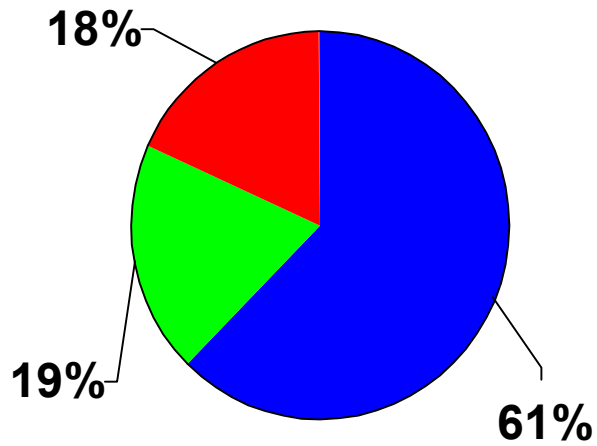
Sex Distribution



P1 Distribution

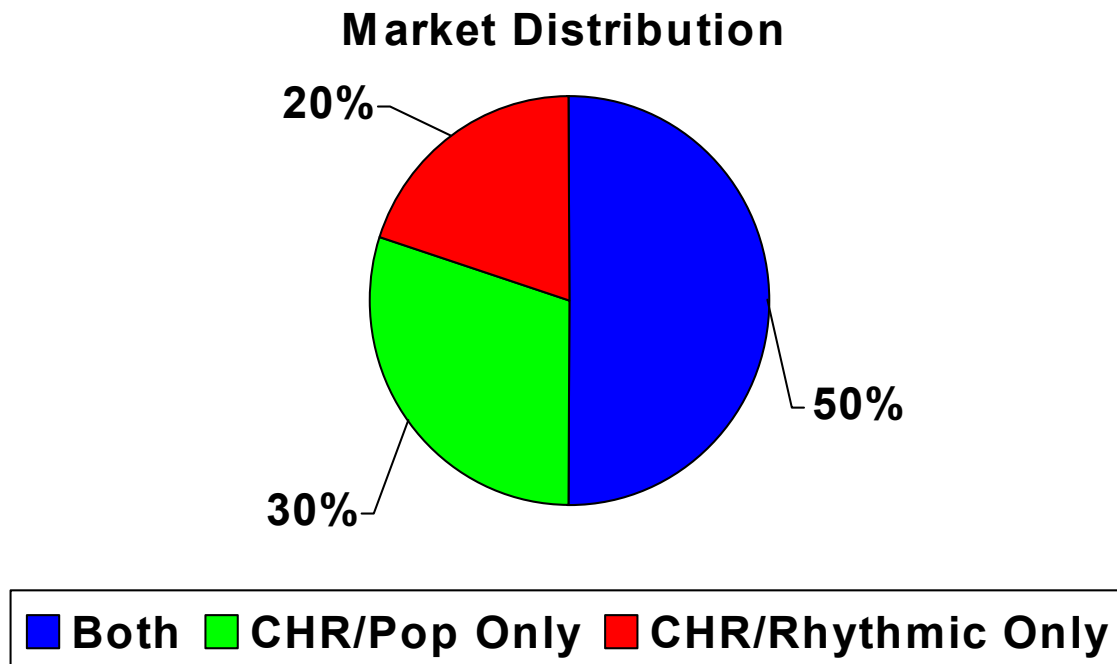


Ethnic Distribution



All of the previous sample composition figures are within 10% of quotas that were established by Coleman prior to the fielding of this study. These quotas were designed to match the national profile of the CHR audience, as measured by Arbitron. Please note that the preceding sample figures do not always add up to 100% due to rounding.

In addition, quotas for “market type” were established, to ensure appropriate representation of listeners from markets that have both CHR/Pop and CHR/Rhythmic stations and markets that have only one of these types of CHR stations. The composition of the final sample according to market type is described in the following graph.



A NOTE ABOUT CLUSTERING

The primary research technique employed in this study is Cluster Analysis, a concept Coleman introduced to music testing with its 1991 launch of FACT®. In a non-technical manner, we will attempt to explain how Cluster Analysis works in this section.

The goal of Cluster Analysis in music testing is to identify specific musical styles or “bodies of taste” within a music test sample. To do this in this study, Coleman utilized a proprietary computer program that took all 85 songs tested and put them in every three-song combination possible. This yielded 98,770 total three-song combinations. Then, each of these combinations was analyzed by the software, which located only those combinations meeting two key criteria:

1. There is strong statistical correlations between how people scored each song in the combination.
2. There is a large number of people in the sample who independently scored each of the songs in the combination very highly on the one-to-five Acceptance score scale.

Those combinations meeting both criteria were then considered as candidates for designation as clusters.

Three-song combinations that were considered potential clusters were then reviewed by the staff of Coleman, who—relying on subjectivity and Cluster Analysis findings in previous individual market FACT® studies—selected those three-song combinations that most appropriately represented distinct sounds within and just beyond the CHR music spectrum.

It should be stressed that although they also contain three songs each, clusters are very different from the montages that are frequently used in various types of radio programming research. Montages, by design, represent preconceived ideas about what makes up various musical styles. Clusters, however, are based on how listeners rate individual songs interspersed throughout the music test. Thus, the clusters form “naturally” in that they are based on the statistical

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relationships between how different songs are scored, and, therefore, are not based on a researcher's or programmer's beliefs regarding the existence of various musical styles.

In addition, readers of this study should be aware that the names we have given each cluster are for descriptive purposes only, and are wholly subjective. It is important that when considering the clusters we have designated, readers focus on the individual titles that make up a cluster, and not its name or label.

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