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'80s Insights:

An Early Peek at the Format

Everyone in Radio

is Talking About

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'80s FORMAT LAUNCHES CONTINUE UNABATED

In the fourth quarter of 2000, the radio industry was abuzz with seemingly daily announcements about stations switching to an "All '80s format." Early forerunners WXST/Columbus, OH and WXXY/Chicago had been in the format for more than a year, but it was the late 1999 format flip of KYPT/Seattle and its subsequent Arbitron success that seemed to "open the floodgates." By the end of 2000, 20 stations in markets ranked 3 through 54 were airing an '80s format, with an astonishing 13 of those stations adopting it *during* Arbitron's Fall 2000 survey period.

As with previous new formats that took the radio industry "by storm"—Classic Rock, Classic Hits, '70s, Young Country, Smooth Jazz, Rhythmic Oldies, Modern AC, etc.—we anticipate that many statements will be made about the performance of the '80s format that will become "truths." Many of these "truths" will have no basis in truth, but will instead be based on anecdotal evidence or will become the conventional wisdom because they will be made by one of the radio industry's many pundits.

The goal of this report is to provide readers with an early, objective look at the '80s format. We hope that this will allow the industry to develop more realistic objectives for the format. In addition, we hope this objective look will raise issues for the format that will require the development and implementation of programming and marketing strategies to ensure its long-term success. Too often such issues become problems for new formats that are too big to modify. For example, had we found that the "'70s" handle communicated too narrow of a perceptual position earlier in that format's development, perhaps it could have been changed before it was too late.

To complete this report, Coleman has conducted an extensive analysis of 20 '80s stations that existed in markets 3 through 54 as of the end of Arbitron's Fall 2000

survey. We have reviewed the Arbitron performances of each of these stations and analyzed 24-hour music logs for the majority of them. Our general conclusion: the "jury is still out" on the format, as the performances of these stations vary widely, and many of them are so new, it would be premature to reach conclusions about their potential for success.[1]

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[1] For a more complete explanation of the methodology used in preparation of this report, see Appendix I.

THE MAJOR CONCLUSIONS

Subsequent sections of this report will document our conclusions in detail. In summary, those conclusions are as follows:

- **The primary sales demographic for the '80s format is Adults 18-49.** Eighty-two percent (82%) of AQH listening to the format comes from listeners between the ages of 18 and 44 even though only 51% of all radio listening in the markets covered is generated from this age range. This makes it slightly more of an 18-49 format than a 25-54 format. Even though 25- to 54-year-old adults account for 81% of all AQH listening to '80s stations, the Adults 25-54 demographic accounts for a slightly larger share—58%—of all radio listening in markets with '80s stations.

- **The 25-34 cell is the '80s format's "focal point."** Even though 25- to 34-year-olds account for only 19% of all AQH listening in the markets covered by this analysis, '80s stations generate 41% of their audience from this cell.

- **Men and women account for roughly equal portions of the '80s format audience.** Males represent a slightly higher proportion of the audience by a 51% to 49% margin.

- **Presence of format on weaker signals limits its performance.** Of the 20 stations covered in this analysis, 5 are on class A signals that do not provide full coverage of their MSAs.

- **On average, '80s stations have not maintained the audience shares they achieved in their debut ratings period.** The four stations that have been in the format for at least a year have experienced a 31% decline in share from their first ratings book to their fourth.

- **Most '80s stations are taking very similar musical approaches.** Flashback- and Rock-coded titles dominate their music mixes, and virtually all feature an Average Era of 1983 or 1984.
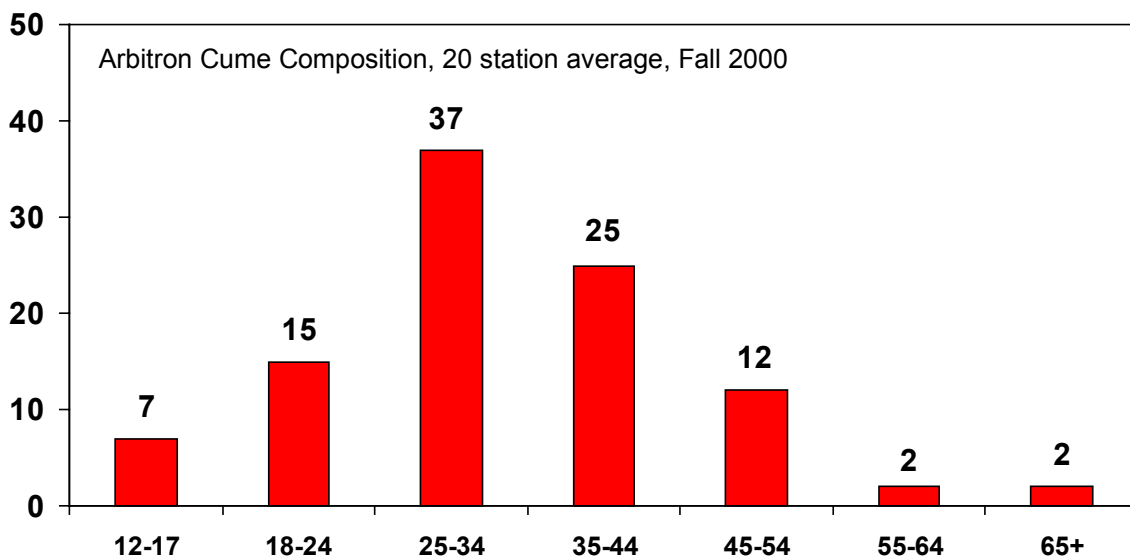
NOTES ON INDICES

Throughout the detailed descriptions of our conclusions in this report, we will refer to two sets of indices that require some explanation. The first is called the **Performance Index**, which Coleman developed because reviewing stations' trends over time can create a misleading picture. This is because average audience shares have been declining steadily in recent years as competition for listeners has intensified. This phenomenon, often referred to as "share compression," has been well documented.

The Performance Index compensates for this because it compares a station's audience share to the average share of the top ten stations in its market. This not only allows us to account for share compression, it also allows for objective comparisons between stations in larger and smaller markets. For example, KIOI/San Francisco has a higher Performance Index than KHPT/Houston even though the former has a smaller audience share. This is because KIOI's 3.8 Adults 18-49 share in the Fall 2000 survey is larger than KHPT's 4.3 share when we consider that the top ten stations in San Francisco have a 3.8 share on average, as compared to the 5.5 average share of Houston's top ten stations.

A second index we will frequently cite is the **Composition Index**. This calculation compares the percentage of listening a given station receives from a segment of the audience with the percentage of all radio listening in a market or across all markets that comes from that segment. For example, if 40% of a station's Average Quarter-Hour (AQH) audience were in the 35-44 demographic cell, yet only 20% of all AQH listening in its market comes from 35- to 44-year-olds, we would report the station's 35-44 Composition Index at 200.

AN 18-49 FORMAT

The 20 '80s-formatted stations covered in this analysis[1] draw the overwhelming portion of their audience from the 18-24, 25-34 and 35-44 demographic cells. In the Fall 2000 Arbitron survey, 77% of all Cume listening to these stations came from these cells, with the largest portion—37%—of their Cume coming from listeners between the ages of 25 and 34.

Arbitron Cume Composition, 20 station average, Fall 2000

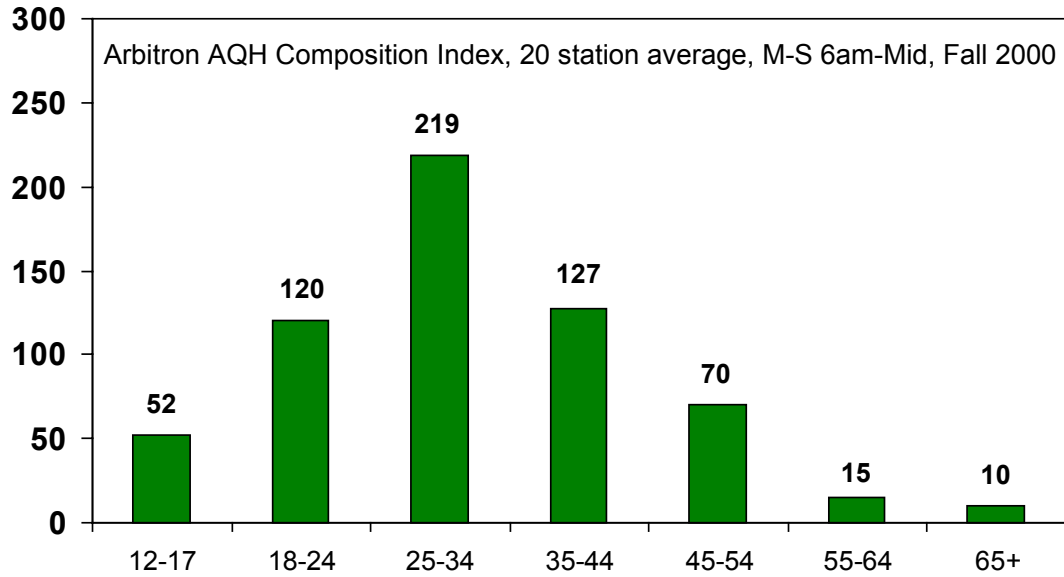| Age	12-17	18-24	25-34	35-44	45-54	55-64	65+
%	7	15	37	25	12	2	2

In terms of AQH listening, the focus on the 18-24, 25-34 and 35-44 cells is even greater. Eighty-two percent (82%) of all listening to these '80s stations comes from these cells even though 18- to 44-year olds account for only 51% of all AQH listening in their markets. This "overperformance" is most pronounced in the 25-34 age cell which accounts for 41% of '80s station listening versus 19% of all radio listening.

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[1] For a complete list of the stations and markets covered in this analysis, see Appendix II.

As a result, the format's Composition Index is highest for the 25-34 cell, where it stands at 219. Listeners in the 18-24 and 35-44 cells are also "overrepresented" in the audiences of '80s stations, as indicated by Composition Indices of 120 and 127, respectively. The format does not achieve a Composition Index above 100 for any other demographic cell.

Arbitron AQH Composition Index, 20 station average, M-S 6am-Mid, Fall 2000

Demographic	Composition Index
12-17	52
18-24	120
25-34	219
35-44	127
45-54	70
55-64	15
65+	10

Men make up a slightly bigger portion of the '80s format audience than women by a 51% to 49% margin. Overall radio listening in markets with '80s stations is evenly split at 50%, resulting in a male Composition Index (102) that is slightly higher than the female Composition Index (98).

Arbitron AQH Composition Index, 20 station average, M-S 6am-Mid, Fall 2000

|	Male	Female
Index	102	98
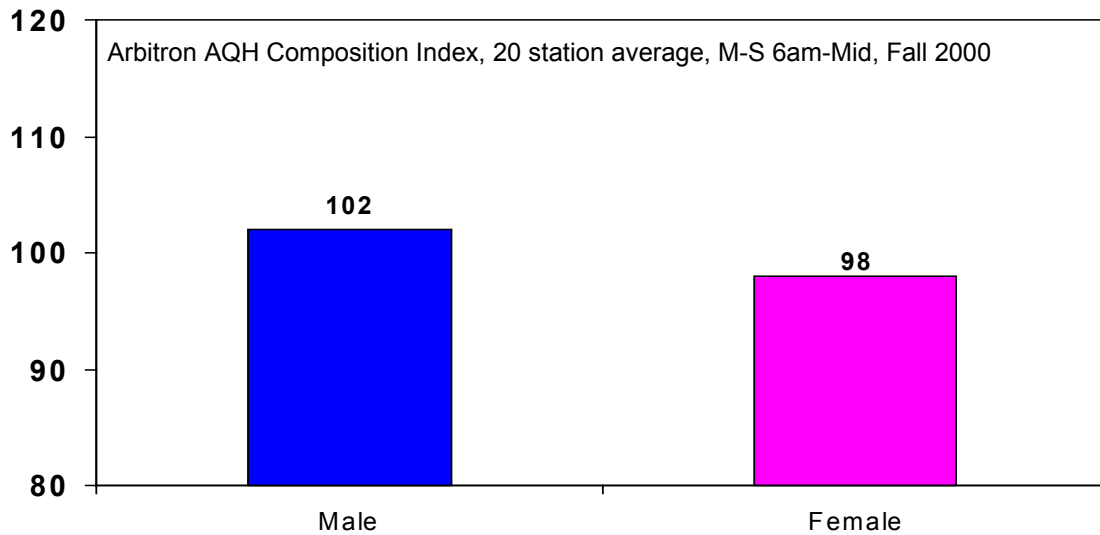
With a high 18-24 composition and relatively low 45-54 composition, we conclude that '80s stations turn in their best sales demographic performances with Adults 18-49. At 81%, the format does have a high 25-54 composition, but the gap between this and the 58% composition of all listening in markets with '80s stations is not as great as the 82% to 51% gap that we observe for the 18-44 composition.

Arbitron AQH Composition, 20 station average, M-S 6am-Mid, Fall 2000
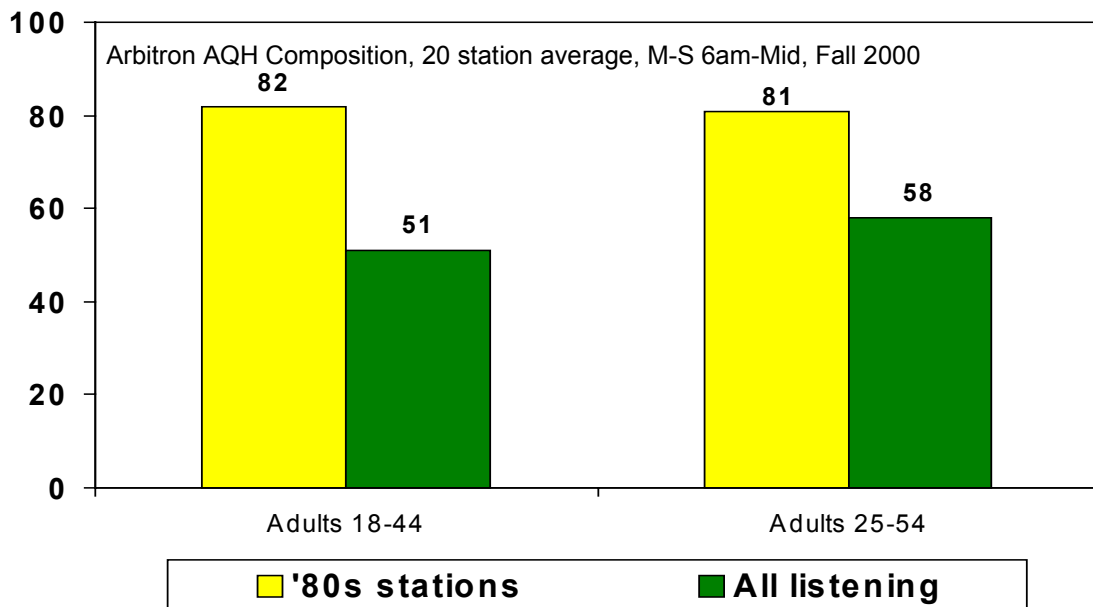
This conclusion is also supported by our finding that—for the weeks that they were in the format—the 20 '80s stations we examined had slightly higher shares with Adults 18-49 than with Adults 25-54 in the Fall 2000 survey. The average share among 18- to 49-year-olds was 3.7, versus 3.5 for the Adults 25-54 demographic.

Part of this higher 18-49 share must be attributed to the slightly higher average shares that exist for this demographic in comparison to Adults 25-54. The average top ten Adults 18-49 station in the markets covered in this analysis had an average AQH share of 5.5 in the Fall book. Among Adults 25-54, the average top ten station had a 5.4 share. As a result, the format achieved a 68

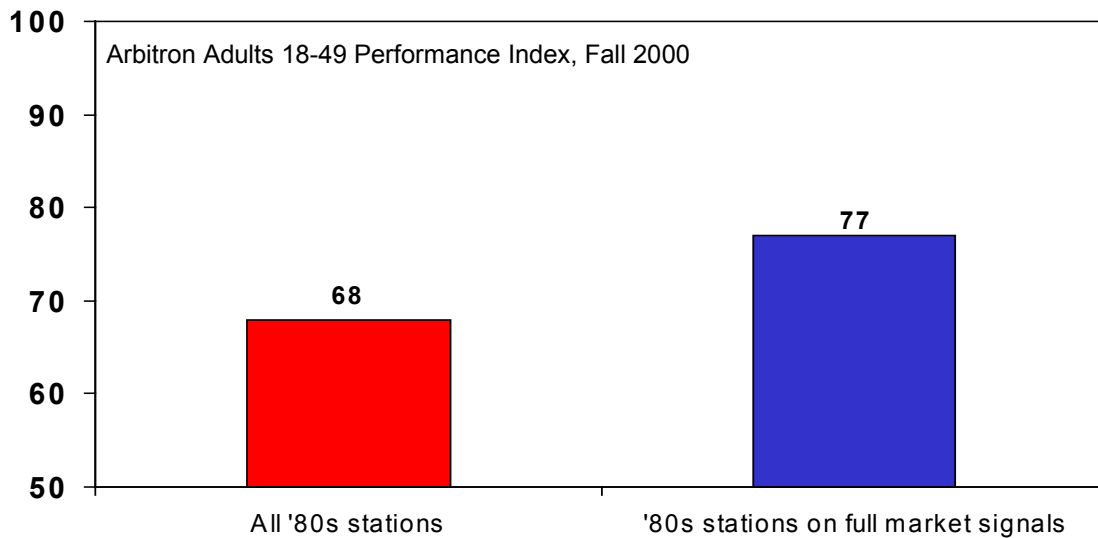Performance Index in the Adults 18-49 demographic versus a 65 Performance Index with 25- to 54-year-olds.

Arbitron Performance Index, 20 station average, M-S 6am-Mid, Fall 2000

	Adults 18-49	Adults 25-54
Performance Index	68	65
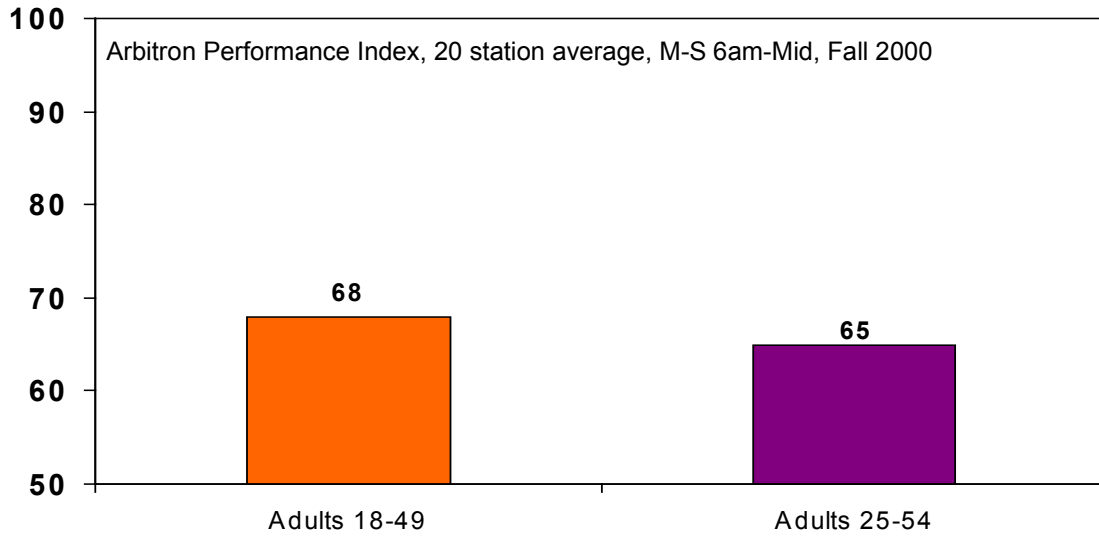
PERFORMANCE STRONGER ON FULL-MARKET SIGNALS

A major limiting factor for the '80s format thus far is its presence on class A signals that do not provide full coverage of their markets. Five of the 20 stations covered in this report—WXXY/Chicago, WMJC/Nassau-Suffolk, KCNL/San Jose, WXST/Columbus, OH and WPTI/Louisville—fall into this category.

When we eliminate the Arbitron data from these markets from our analysis, we find that the average Adults 18-49 share of the remaining 15 stations is a more impressive 4.1. Compared to the 68 Performance Index of the overall group of stations, these 15 have a Performance Index of 77.

Arbitron Adults 18-49 Performance Index, Fall 2000

	All '80s stations	'80s stations on full market signals
	68	77

This 77 Adults 18-49 Performance Index is comparable to the performance of Rhythmic Oldies in Coleman's latest analysis of that format. Coleman's Spring 2000 Rhythmic Oldies Insights report found the Adults 25-54 Performance Index of that format at 72, down from 76 in Spring 1999.

Despite an Adults 18-49 share decline from 10.0 to 7.4 from the Summer 2000 survey to the Fall 2000 survey, KVMX/Portland, OR's 123 Performance Index in the Fall book is the strongest of all 20 stations we analyzed.[1] The only other '80s stations turning in Performance Indices at or above 100 were WMXQ/Jacksonville (120) and KIOI/San Francisco (100). Of the five class A signals, the strongest performance was turned in by KCNL/San Jose, which has a Performance Index of 68.
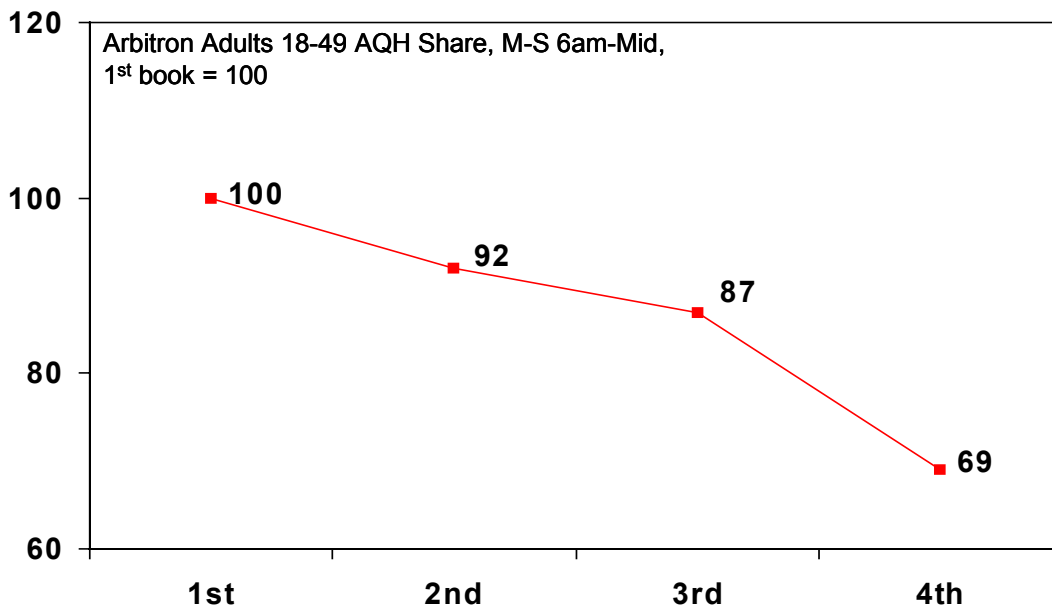
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[1] For a complete list of each station's Fall 2000 Performance Index, see Appendix III.

ABILITY TO MAINTAIN SHARE IN QUESTION

Only four stations—WXXY/Chicago, KYPT/Seattle, KCNL/San Jose and WXST/Columbus, OH—have been in the '80s format long enough to have a four-survey Arbitron track record thus far, making conclusions about the format's "staying power" somewhat suspect. The early indicators, however, are not particularly positive.

The five stations (KVMX/Portland, OR joins the other four) that have had two full surveys in the format experienced an average Adults 18-49 share decline of 8% from their first Arbitron book to their second. This decline continued into the third book, as the four stations with that long of a track record experienced another 6% share decrease. From the third survey to the fourth survey, the decrease was far more significant, as the average Adults 18-49 share of these four stations fell another 21%.

Arbitron Adults 18-49 AQH Share, M-S 6am-Mid, 1st book = 100

| Survey	Value
1st	100
2nd	92
3rd	87
4th	69

These declines mean that the pattern thus far is for '80s stations to enjoy their highest share in their debut Arbitron survey period. On average, their share in their fourth book is only 69% of the share they achieved in their debut book.

CONSISTENT MUSIC APPROACH

Coleman obtained 24-hour music logs of 12 of the 20 stations covered in this analysis and found that most '80s stations are taking very similar approaches to their music mixes. Eleven of these 12 stations have an Average Era of 1983 or 1984, with only KXPK/Denver taking a different approach with an Average Era of 1986.

The unifying factor in the sound of all 12 of these stations is their emphasis on Rock-based versus Pop- or Rhythmic-based music. Each title played on these stations was matched against Coleman's '80s music database, which classifies each title as AC Pop, Alternative, CHR Pop, Flashback, Pop Alternative or Rock. For every station analyzed, either Flashback or Rock emerges as the most heavily exposed sound. On average these two sounds accounted for 78% of the music heard on the 12 stations.[1]

Music Composition by Sound Code, 13 station average, January 2001

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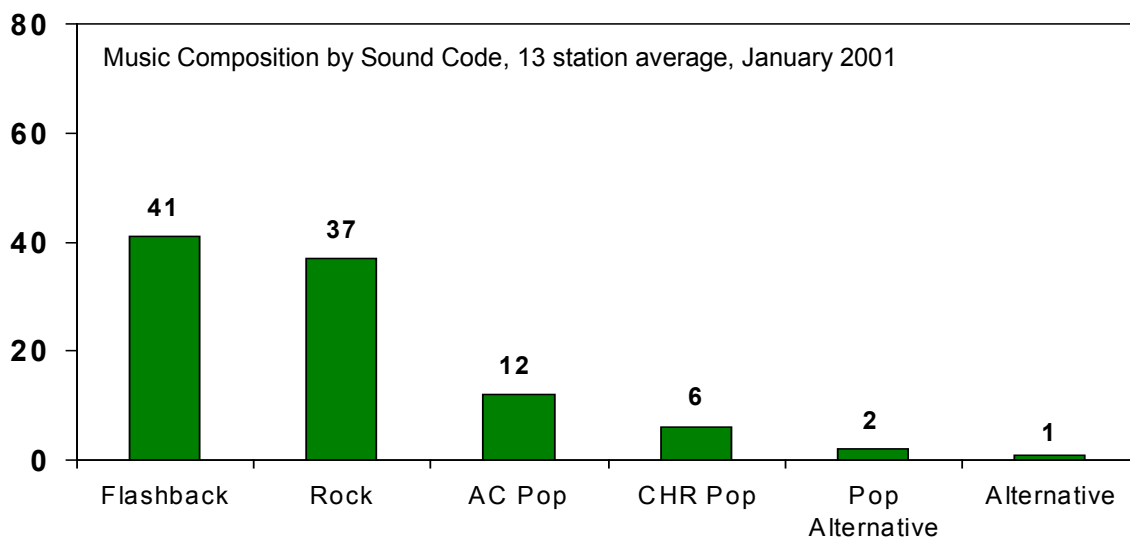
[1] The complete music monitor analysis can be found in Appendix IV.

Exposure of Pop material (from the AC Pop and CHR Pop segments) is one factor that varies from station to station. While, on average, 19% of the music played on these stations is Pop material, this figure ranges from a low of 6% on KXPK/Denver to a high of 31% on KVMX/Portland, OR.

Despite KVMX/Portland, OR's status as the best-performing station in the format, our initial analysis pointed to much higher Performance Indices for stations that do not play much Pop-coded music. When we split the 12 stations into two groups, one consisting of stations with lower Pop content and the other of stations with higher Pop content[1], we found that the latter group had an average Performance Index of 59. The lower Pop content stations performed much better, with a Performance Index of 74.

Closer analysis of this, however, revealed that the Performance Index for the higher Pop content group was skewed by the presence of weaker-performing class A signals, like WXXY/Chicago and WXST/Columbus, OH. When we removed class A signals from our analysis, we found that the performances of the two groups was much closer, with the lower Pop content group maintaining a slimmer 77 to 73 Performance Index advantage.

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[1] For a complete list of station classifications into "higher Pop" and "lower Pop" content group, see Appendix V.

SOME FINAL POINTS

We must stress that the conclusions reached in this report are based on aggregated findings from a large number of stations in very different circumstances. There has been limited analysis of the differences between individual stations, and in many cases, those differences are substantial. Furthermore, the information on many of the stations covered in this analysis is based on—in some cases—as little as two weeks of Arbitron data because some stations adopted the '80s format very late into the Fall 2000 survey.

As a result, we caution readers of this report from applying any of our findings to an '80s station for which they are responsible. For example, just because we find that the stations airing a more Pop-based music mix are performing at a slightly lower level than stations with lower Pop content, this does not mean that a Pop approach is not a better option for a particular '80s station.

Nonetheless, we do believe that this report provides an early, objective "report card" for the '80s format and will serve as an excellent base for comparison to future Arbitron and monitor analysis information. While the early signs suggest that '80s stations can rarely be a dominant format in most markets, we stress that this is a very early look at the format, and more information will be required before a consensus opinion on its performance can be reached.

APPENDIX I: Methodology Details

This analysis is based on Arbitron data for 20 '80s stations that were on the air for at least a portion of Arbitron's Fall 2000 survey period. Except where noted, all data is based on the Adults 18-49 demographic. In addition, all of our analyses are based on the Monday-Sunday 6 a.m.-Midnight daypart.

In cases where stations aired the format in only a portion of Arbitron's Fall 2000 survey period, only data from that portion was included in our analysis. For the calculation of survey-to-survey share changes, we designated a station's "first book" as the one in which the format aired for at least half of the survey period.

Music monitor data is based on 24-hour music logs from late January 2001. Songs reported on these music logs were matched with Coleman's music database. This database includes virtually every song played on American radio and is organized along format lines. For each format, we code every relevant song for three factors: (1) the title's year of release, (2) our subjective assessment of the title's tempo on a one-to-five scale, and (3) our assessment of the texture or musical style to which the title "belongs." While this latter coding is a subjective assessment in the end, it is also based on the objective Cluster Analyses we conduct when completing hundreds of FACT$_®$ music studies each year.

APPENDIX II: Station/Market List

Station/Market	Full Fall 2000	Partial Fall 2000
WXCD/Chicago		●
WXXY/Chicago	●	
KIOI/San Francisco		●
WPTP/Philadelphia		●
KHPT/Houston		●
WCMA/Puerto Rico	●	
KYPT/Seattle	●	
KBZT/San Diego		●
KMSX/San Diego		●
WXPT/Minneapolis		●
WMJC/Nassau-Suffolk		●
WMLL/St. Louis		●
KXPK/Denver	●	
KVMX/Portland, OR	●	
KCNL/San Jose	●	
WXST/Columbus, OH	●	
KISN/Salt Lake City		●
WMXQ/Jacksonville		●
WBZA/Rochester, NY		●
WPTI/Louisville		●

APPENDIX III: Adults 18-49 Performance Index by Station

Station/Market	Index
WXCD/Chicago	54
WXXY/Chicago	33
KIOI/San Francisco	100
WPTP/Philadelphia	37
KHPT/Houston	78
WCMA/Puerto Rico	90
KYPT/Seattle	76
KBZT/San Diego	53
KMSX/San Diego	43
WXPT/Minneapolis	74
WMJC/Nassau-Suffolk	16
WMLL/St. Louis	73
KXPK/Denver	78
KVMX/Portland, OR	123
KCNL/San Jose	68
WXST/Columbus, OH	26
KISN/Salt Lake City	92
WMXQ/Jacksonville	120
WBZA/Rochester, NY	54
WPTI/Louisville	56

APPENDIX IV: Music Monitor Analysis

Overview

Sound Code Distribution By Music Type

	WXCD 1/17/2001	WXXY 1/26/2001	KIOI 1/29/2001	KHPT 1/29/2001	KYPT 1/29/2001	KBZT 1/29/2001	KMSX 1/29/2001	WXPT 1/29/2001	KXPK 1/29/2001	KVMX 1/29/2001	WXST 1/29/2001	WPTI 1/29/2001
AC Pop	7.5	13.2	7.6	10.2	10.9	10.9	19.9	14.3	3.8	24.0	14.0	11.9
Alternative	2.1	0.0	0.0	0.0	0.4	0.0	0.0	0.4	10.5	0.0	0.0	0.0
CHR Pop	8.7	14.9	5.1	3.9	3.0	6.9	9.8	3.7	1.7	6.8	8.7	4.3
Flashback	45.6	42.0	44.3	41.0	41.1	46.5	41.9	20.0	50.9	36.2	48.4	35.6
Pop Alternative	3.3	0.0	3.2	0.0	0.0	0.0	1.4	0.8	11.5	0.0	0.0	0.0
Rock	32.8	29.8	39.9	44.9	44.9	35.6	27.0	60.8	21.6	33.0	28.9	48.2

Average Era/Tempo

	WXCD 1/17/2001	WXXY 1/26/2001	KIOI 1/29/2001	KHPT 1/29/2001	KYPT 1/29/2001	KBZT 1/29/2001	KMSX 1/29/2001	WXPT 1/29/2001	KXPK 1/29/2001	KVMX 1/29/2001	WXST 1/29/2001	WPTI 1/29/2001
Average Era	1984.9	1984.3	1984.0	1983.9	1983.5	1983.8	1984.3	1983.4	1986.4	1984.3	1984.0	1983.6
Average Tempo	3.5	3.5	3.4	3.5	3.5	3.4	3.3	3.6	3.4	3.3	3.5	3.6

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Era Distribution

	WXCD 1/17/2001	WXXY 1/26/2001	KIOI 1/29/2001	KHPT 1/29/2001	KYPT 1/29/2001	KBZT 1/29/2001	KMSX 1/29/2001	WXPT 1/29/2001	KXPK 1/29/2001	KVMX 1/29/2001	WXST 1/29/2001	WPTI 1/29/2001
1996 - 1997	0	0	0	0	0	0	0	0	1	0	0	0
1994 - 1995	1	0	0	0	0	0	0	0	9	0	0	0
1992 - 1993	5	0	3	0	0	0	2	1	10	1	0	0
1990 - 1991	5	1	3	2	0	2	3	2	7	4	1	1
1988 - 1989	11	13	9	9	10	11	11	12	10	10	10	8
1986 - 1987	17	19	15	17	12	14	17	11	12	17	16	16
1984 - 1985	27	26	24	23	25	22	23	18	15	30	28	25
1982 - 1983	21	22	24	29	31	27	25	24	20	19	29	31
1980 - 1981	8	15	10	13	13	14	11	18	7	13	14	13
1978 - 1979	5	3	8	6	9	8	5	12	7	6	3	7
1976 - 1977	1	0	3	0	0	1	1	1	1	0	0	0
1974 - 1975	0	0	0	0	0	0	0	0	0	0	0	0
1972 - 1973	0	0	0	0	0	0	0	0	1	0	0	0
1970 - 1971	0	0	0	0	0	0	0	0	0	0	0	0

APPENDIX V: Higher Pop/Lower Pop Content by Station

Station/Market	Higher	Lower
WXCD/Chicago		•
WXXY/Chicago	•	
KIOI/San Francisco		•
KHPT/Houston		•
KYPT/Seattle		•
KBZT/San Diego	•	
KMSX/San Diego	•	
WXPT/Minneapolis	•	
KXPK/Denver		•
KVMX/Portland, OR	•	
WXST/Columbus, OH	•	
WPTI/Louisville		•