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Oldies Insights

Winter 2003:

Is Newer Music Helping Or Hurting?

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ANOTHER LOOK, ONE YEAR LATER

One year ago, Coleman took an in-depth look at the Oldies format with its inaugural *Oldies Insights* report. Our primary goal was to understand the relationship between the ratings performance of Oldies stations and the Era of music they offer. In that report, we noted the following:

- Oldies were playing a more contemporary music mix in 2002 than they were in 2000. The Average Era of Oldies stations had evolved from 1965.7 to 1966.7 between 2000 and 2002.
- The 25-54 Arbitron performance of Oldies stations weakened between 2000 and 2002. Their average share dropped from a 5.3 to a 4.9, their average rank dropped from 7th to 8th, and their Coleman Performance Index dropped from 92 to 89.
- Perhaps our most important finding last year was that there was barely any difference between the Arbitron performances of Oldies stations that played an older blend of music and those that played a newer blend. In the Winter 2002 survey, stations with the oldest Era had a Performance Index of 88, compared to the Performance Index of 89 for stations with the newest Era.

The goal of this new, updated report is to see if any of these findings have changed. For Oldies stations continuing to struggle with how contemporary—if at all—they should move their music mixes, we hope this report is insightful.

KEY FINDINGS OF COLEMAN'S *OLDIES INSIGHTS* ANALYSIS

The details on the methodology used in the preparation of this report can be found in Appendix B. Subsequent sections of this report will document our conclusions in detail. Below, we have listed the summary of findings.

- **Oldies stations continue to move their music mixes in a more contemporary direction.** When we split Oldies stations between those airing newer mixes and those taking an older music approach, we observe that the Average Eras of both groups is newer than a year ago.
- **The 25-54 Arbitron performance of Oldies stations continues to decline.** The format's Coleman Performance Index is down 13% since 2000.¹
- **Oldies stations airing newer music mixes do not perform as well as their older-sounding counterparts.** This finding, which is true for both the 25-54 and 35-54 demographics, marks the most significant shift since our last *Oldies Insights* analysis.
- **Newer music mixes do not lead to younger audiences.** In fact, Oldies stations taking an older music approach actually had a slightly younger audience in the Winter 2003 survey than did their counterparts playing more contemporary music.
- **Mid-1966 represents the Era "sweet spot" for Oldies stations.** Few strong-performing Oldies stations air music mixes with Average Eras that deviate far from this sweet spot.

¹ The following section contains a complete definition of the Coleman Performance Index.

- **Oldies stations devoting a large proportion of their music mixes to '70s material generally do not perform well.** The format's strongest performers devote roughly one-sixth of their music content to '70s songs.
- **Heavy exposure of Rock-based material undermines the performance of Oldies stations.** Oldies stations who feature 11% or less Rock content achieve higher audience shares than stations airing more Rock titles.
- **There is no relationship between exposure of Motown and ratings performance.** Audience shares do not differ significantly between Oldies stations that play a lot of Motown and those that do not.
- **High Hispanic-American population composition and Oldies performance are unrelated.** Oldies stations in markets with large Hispanic-American populations perform at roughly the same level as those in markets with few Hispanic-Americans.

COLEMAN PERFORMANCE INDEX

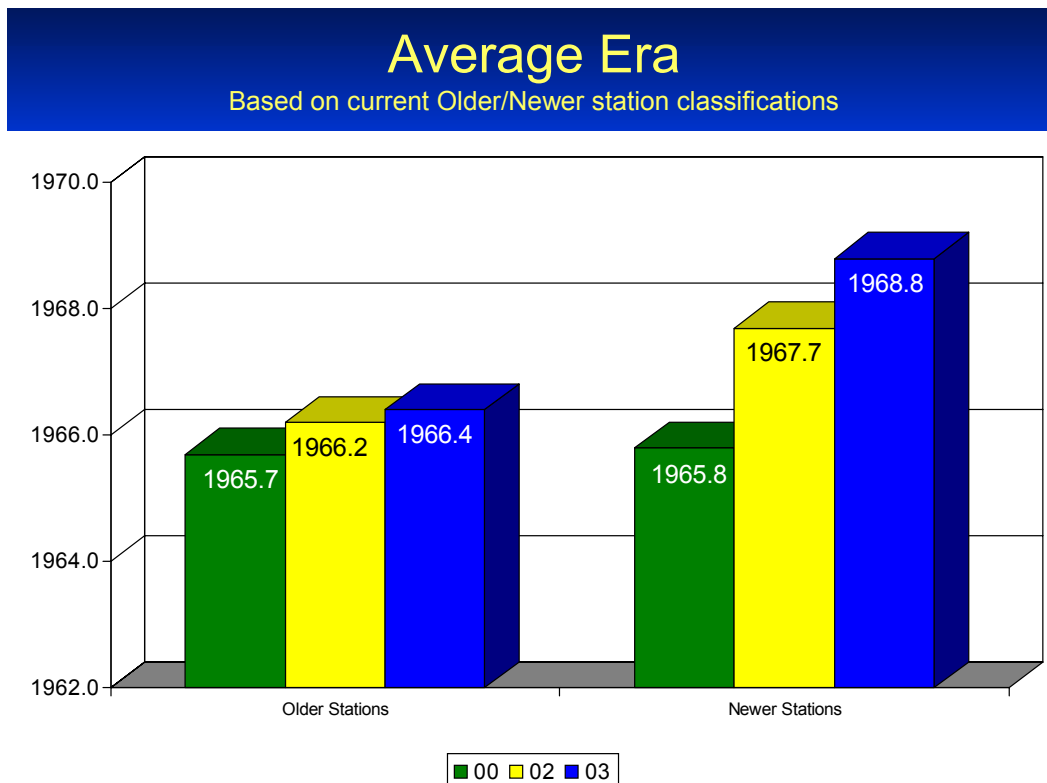
Throughout this report, we will refer to the **Coleman Performance Index**, which Coleman developed because reviewing stations' trends over time can create a misleading picture. This is because average audience shares have been declining steadily in recent years as competition for listeners has intensified. This phenomenon, often referred to as "share compression," has been well documented.

The Coleman Performance Index compensates for this by comparing a station's audience share to the average share of the Top 10 stations in its market. This not only accounts for share compression, it also allows for objective comparisons between stations in larger and smaller markets. For example, KRTH/Los Angeles has a higher 25-54 Coleman Performance Index than KLOU/St. Louis, even though the former has a smaller audience share. This is because KRTH's 3.2 share in the Winter 2003 survey is larger than KLOU's 3.5 share when we consider that the Top 10 stations in Los Angeles have a 3.6 share on average, as compared to the 5.8 average share of St. Louis's Top 10 stations.

ALL STATIONS MOVING MORE CONTEMPORARY

The Average Era of the music played on Oldies stations included in our analysis is 1967.4. This compares to Average Eras of 1966.8 in 2002 and 1965.7 in 2000, indicating how the music mix played on Oldies stations continues to move in a more contemporary direction.

When we divide Oldies stations between those airing more contemporary music mixes and those playing older music mixes, we observe that both groups have become more contemporary.¹ In fact, in 2000, both groups of stations had nearly identical Average Eras—1965.7 for the older stations versus 1965.8 for the newer ones—but the newer station group has become more contemporary at a faster pace. Today, the Average Era of the older station group is 1966.4, more than two years older than the 1968.8 Average Era of the newer station group.



¹ Appendix A includes a complete list of all stations covered in this report, including their classifications for each element of this analysis.

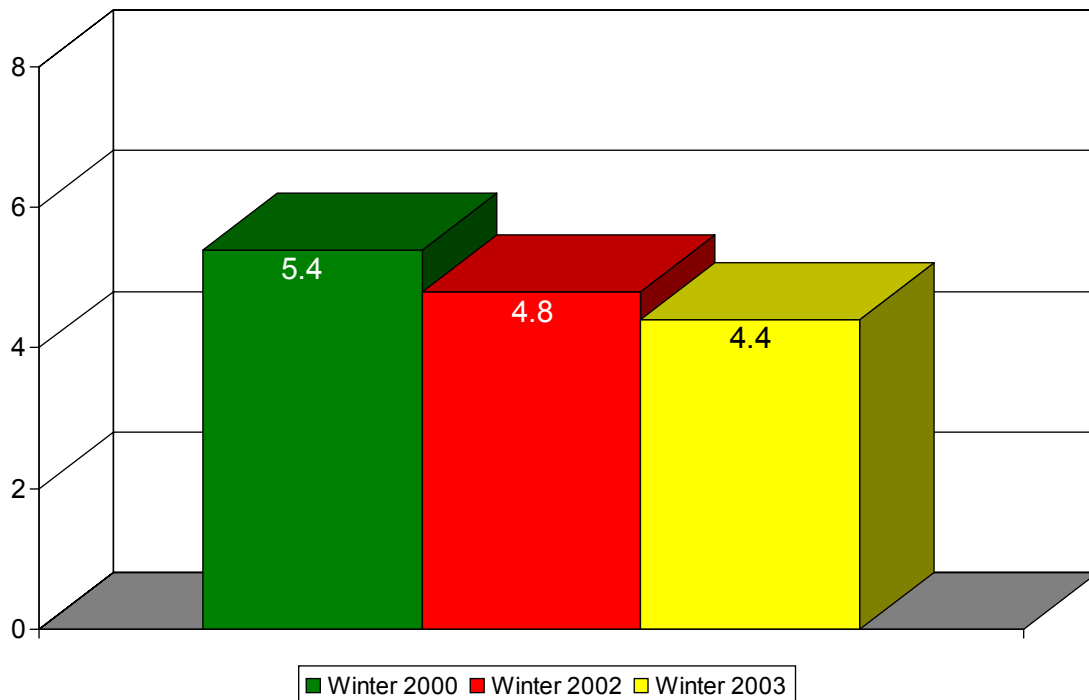
OLDIES RATINGS DECLINE

Before discussing the relationship between Era and ratings performance, we should summarize the performance of Oldies stations overall. Overall, the Adults 25-54 performance of Oldies stations has continued to decline compared to 2000.

In the Winter 2003 survey, the average Adults 25-54 share of the stations we analyzed was 4.4, which represents significant declines from the 4.8 and 5.4 average shares they achieved in Winter 2002 and Winter 2000, respectively. The format's Performance Index has also declined over the same period—albeit at a slightly lower pace—and now stands at 82, versus 94 back in 2000.

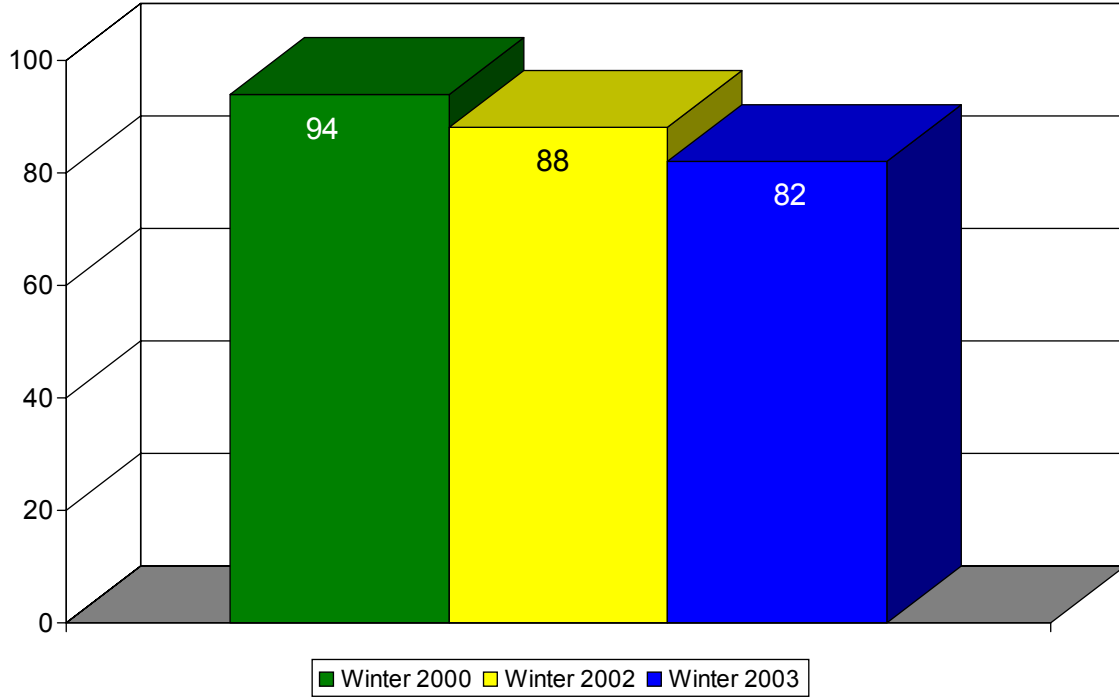
Average AQH Share

Arbitron, Adults 25-54, Monday-Sunday 6 AM-Midnight



Coleman Performance Index

Adults 25-54

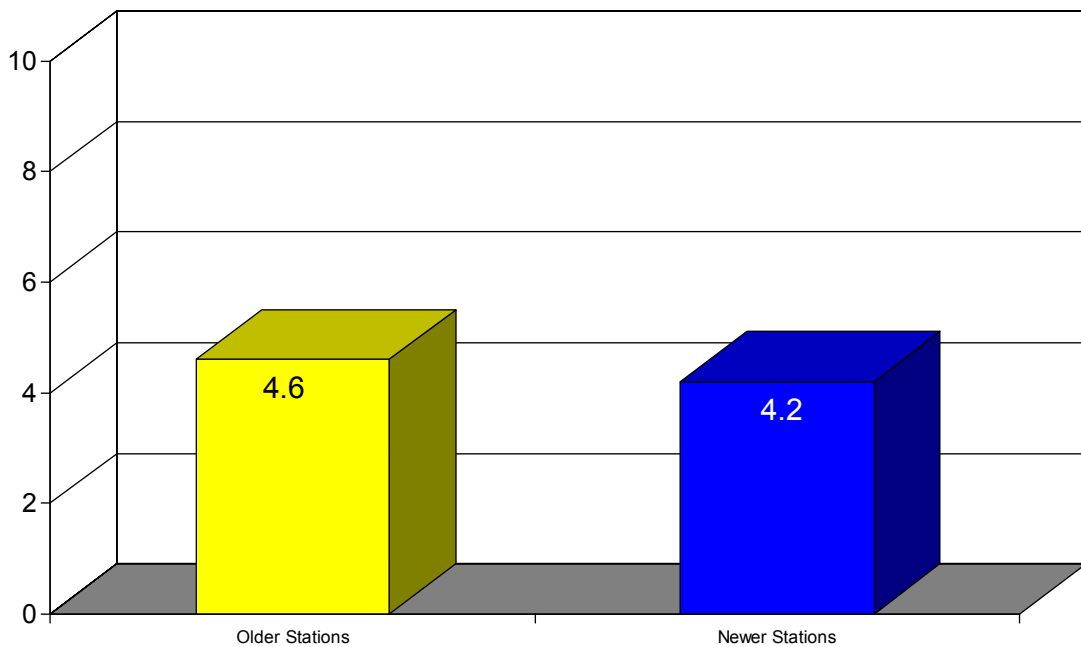


2003: THE PICTURE CHANGES

We find a more dramatic difference between the Adults 25-54 and Adults 35-54 performances of older- and newer-leaning Oldies stations than we did in last year's analysis. Among Adults 25-54, the older music stations (whose music mixes have an Average Era of 1966.4) averaged a 4.6 share in the Winter 2003 survey, as compared to the 4.2 average share of the newer stations (Average Era 1968.7).

Average AQH Share

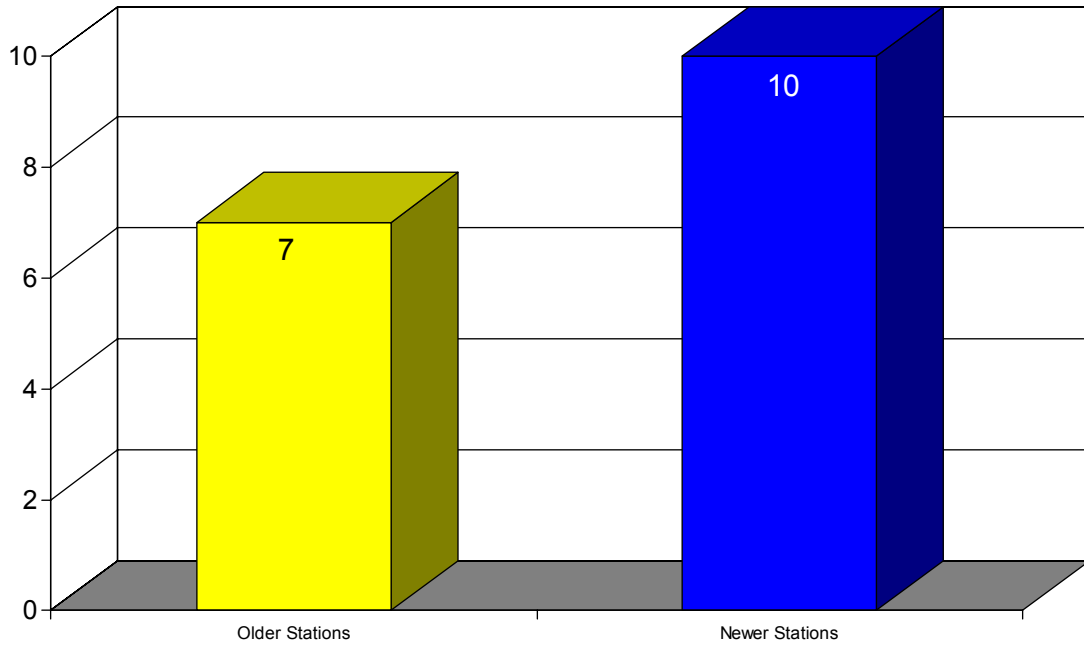
Adults 25-54, Winter 2003



More dramatic than the share differences between older- and newer-leaning stations is the rank difference. Older stations ranked seventh on average in Winter 2003, as compared to the tenth-place average rank of newer stations.

Average Rank

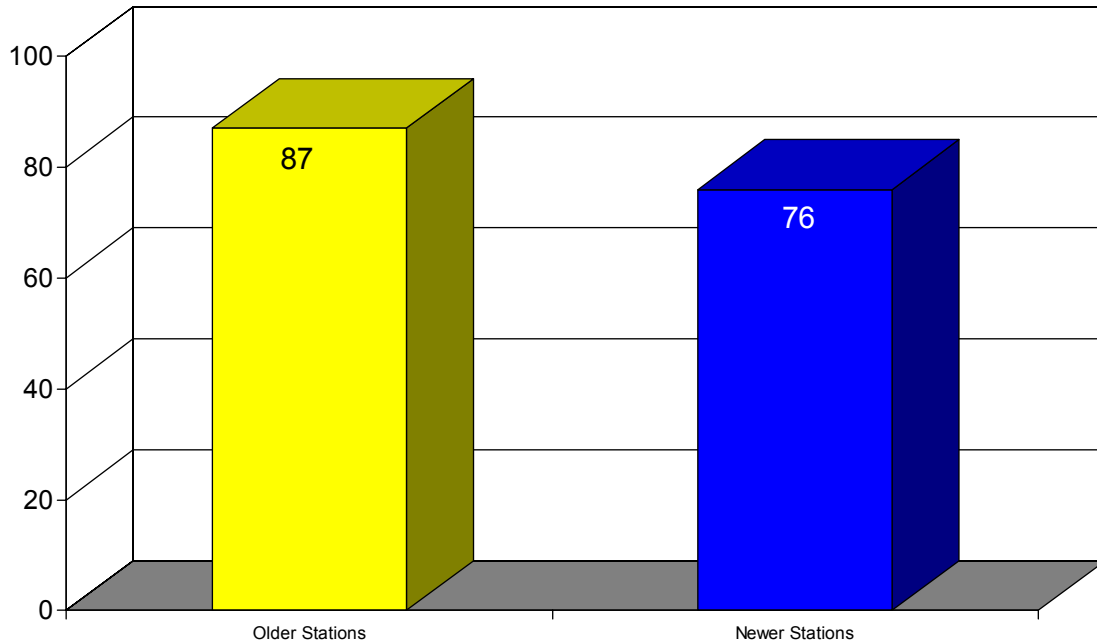
Adults 25-54, Winter 2003



Coleman Performance Index data also demonstrate the stronger performance of Oldies stations airing an older music mix. In Winter 2003, the older stations had an average Performance Index of 87, versus the 76 average of newer stations.

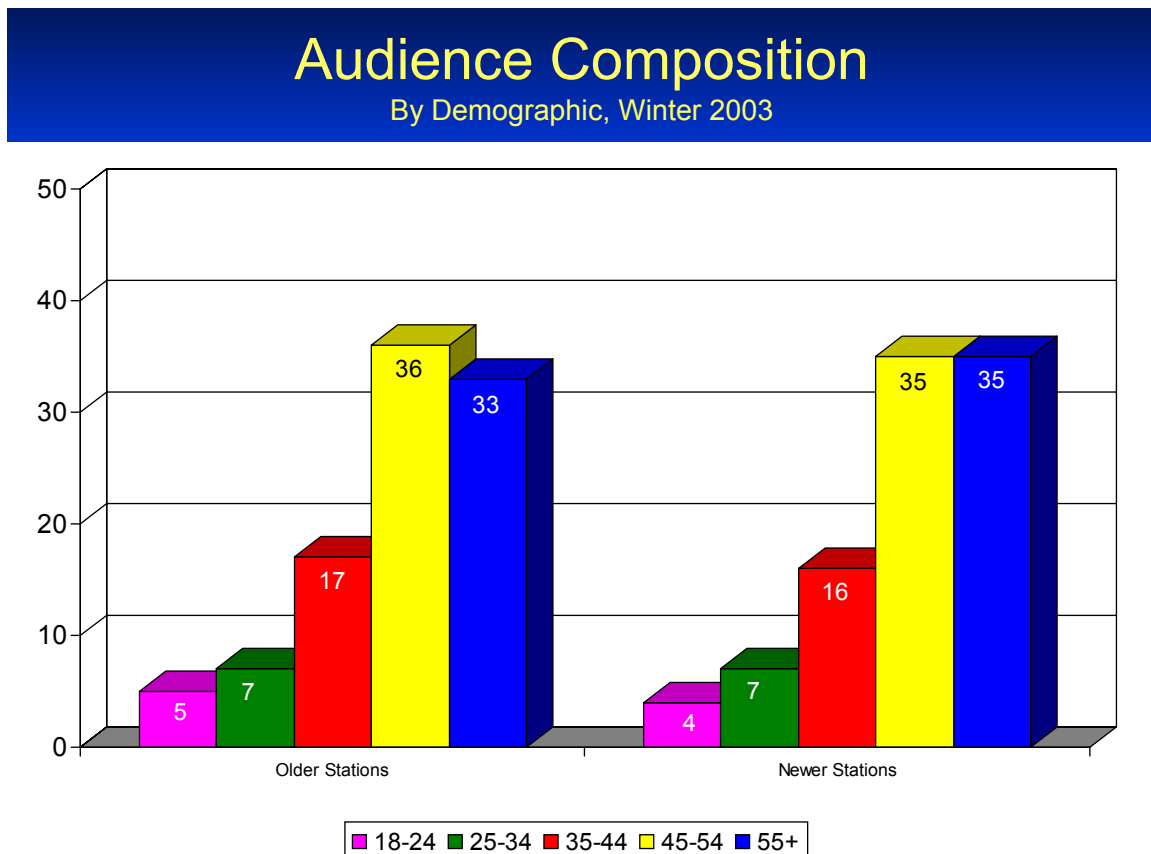
Performance Index

Adults 25-54, Winter 2003



MORE CONTEMPORARY OLDIES STATIONS NOT ATTRACTING A YOUNGER AUDIENCE

Given the fact that stations with older Average Eras perform better among Adults 25-54, it is not surprising that the audience composition of newer stations is not any younger than older stations. Sixty percent (60%) of the AQH audience of older-leaning stations is between the ages of 25 and 54. Among stations that play a newer music mix, 58% of the audience is between 25 and 54. In fact, in terms of overall composition, stations with a newer Average Era actually have more listeners above the age of 54 than stations with an older Era, by a margin of 35% to 33%. From a statistical standpoint, there is really no difference in the composition of older or newer stations. Clearly newer stations are not attracting a younger audience.



While the newer stations are not appreciably older in audience than the older stations, the mere fact that they are just as old, if not actually a little older, is surprising. The answer to this apparent contradiction is that the listeners least likely to defect from an Oldies station are older listeners. While these listeners may not like the newer sound, they are extremely loyal to the Oldies station, so they stay with it. Younger listeners (25- to 54-year-olds) want an Oldies station to be more in synch with their expectations and are less likely to embrace the newer sound that an older audience sticks with. Thus, if an Oldies station gets too new, younger listeners are just as disappointed, if not more so, than older listeners.

FINDING THE ERA SWEET SPOT

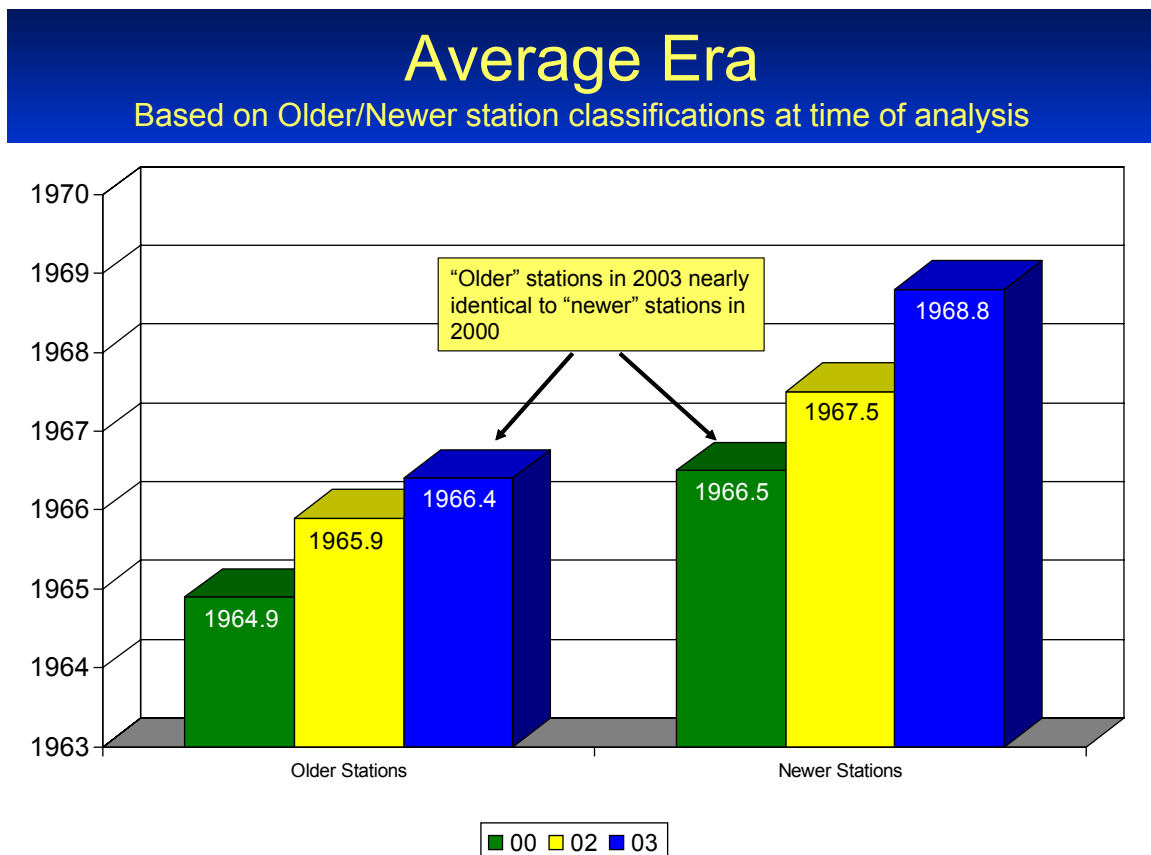
In last year's *Oldies Insights* report we noted that in 2000, newer Oldies stations actually performed better among Adults 25-54 than older Oldies stations:

“What this suggests is that the more contemporary stations did well two years ago, but as more and more stations have moved out of the early '60s to the mid-'60s, the gap has closed. The most contemporary stations today [in 2002] are one year more contemporary than they were two years ago. With an Average Era of 1967.7, these stations may now have ‘reached too far.’ When they were 1966.8 two years ago, they outperformed older stations, but now the oldest are nearly as contemporary as the newest were two years ago. This may suggest that contemporary is better, but too contemporary is not.”¹

This comment led us back to the same area of investigation. If stations that were newer in 2000 (Average Era 1966.8) performed better than older stations in 2000, but by 2002 the difference did not exist, was this a function of just old versus new, or can it be related to a more specific era? Why would the pattern of ratings performance be that in 2000 newer stations did better, in 2002 old and new did the same, and today older stations did better? The answer lies in the fact that the epicenter or average of old and new has been a moving target.

¹Coleman *Oldies Insights* Report, Winter 2002, p. 25

In 2000 these newer stations (with an Average Era of 1966.5) had a Performance Index of 96. Older stations, with an average era of 1964.9, had a Performance Index of 89 in 2000. This suggests that newer stations in 2000 performed slightly better than stations that were older. Closer examination reveals that the Average Era of newer stations in 2000 is almost identical (1966.5) to stations with an older era in 2003 (1966.4). In other words, “older” and “newer” are only relative terms based on the point at which we measured them, and older in 2003 and newer in 2000 are exactly the same thing. Stations that perform best in 2000 and 2003 have an era of 1966.4 or 1966.5. In other words, there seems to be a sweet spot in the performance of Oldies stations, and it is located somewhere between 1966 and 1967.



TOP-PERFORMING STATIONS OLDER THAN UNDERPERFORMERS

Another way of looking at the relationship Arbitron performance and Era is to break stations down into groups of top performers and poor performers. Utilizing the Coleman Performance Index, we took the 12 Oldies stations in our analysis that had the highest Coleman Performance Indices in Winter 2003 and compared them to the 12 stations with the lowest indices.

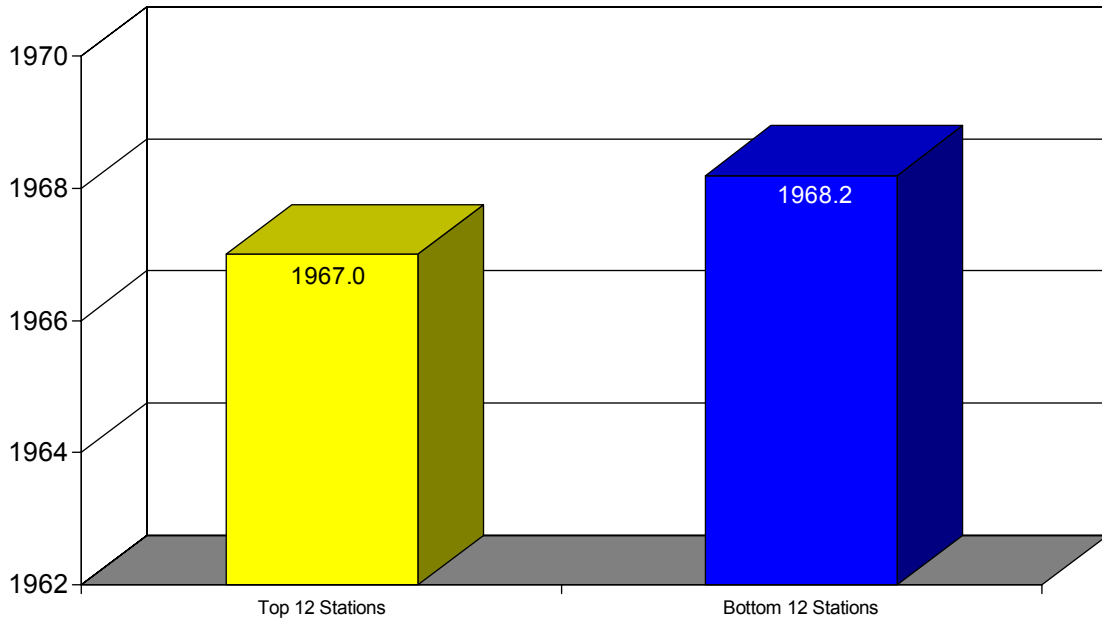
The average Adults 25-54 Performance Index of the top performers is 107. This means that on average, these 12 best stations performed slightly better than the average Top 10 station in their respective markets. The Average Era of these stations is 1967.0.

By comparison, the stations in the low performance group had an average Performance Index of 61. These stations air a more contemporary music mix, with an Average Era of 1968.2.

Taken together with the above data, it seems clear that stations with an Average Era between 1966 and 1967 performed better than any station that is more contemporary. The best performers have an Average Era of 1967, while the oldest stations, which perform better than the newest stations, have an average era of 1966.4. Thus, from whichever angle one examines it, stations in the 1966-1967 range do better than stations that lean toward the late '60s.

Average Era

Adults 25-54, Winter 2003

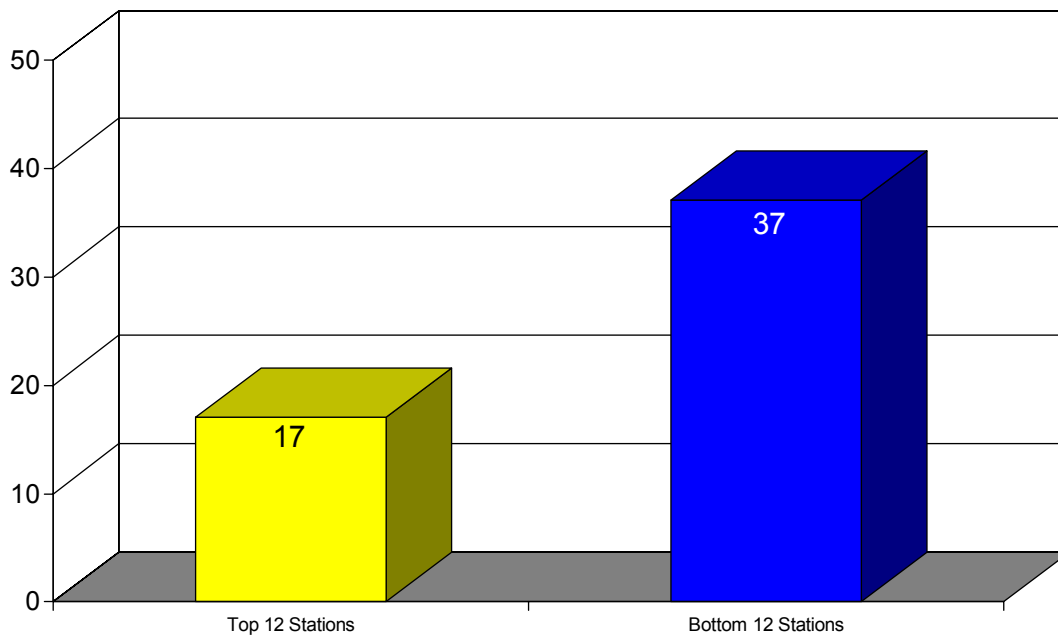


THE IMPACT OF '70s

Average Era data can be deceiving. For example, a station that plays a lot of '70s and '80s along with a lot of '50s could end up having an average era of 1966.5. Yet such a lack of focus could undermine ratings as well. In order to get a better handle on the percentage of '50s and '70s, we looked at these two variables. However, because so few stations play much '50s, we were not able to examine the percentage of '50s on a station and predict performance. Most stations play less than 10%, which is the case today and was also true as far back as in 2000.

However, there is a wide variance in the percentage of '70s music Oldies stations play. We found that there is also a sweet spot in terms of the percentage of '70s a station plays. The stations that performed best in 2000 and the stations that perform best in 2003 featured between 17% and 18% '70s content. The average percent of '70s on newer stations in 2003 is 37%. These stations do not perform as well as stations playing closer to 17% or 18% '70s. In fact, stations with Performance Indices over 95 in 2000 and 2003 both played about 17% '70s music.

Average '70s Content



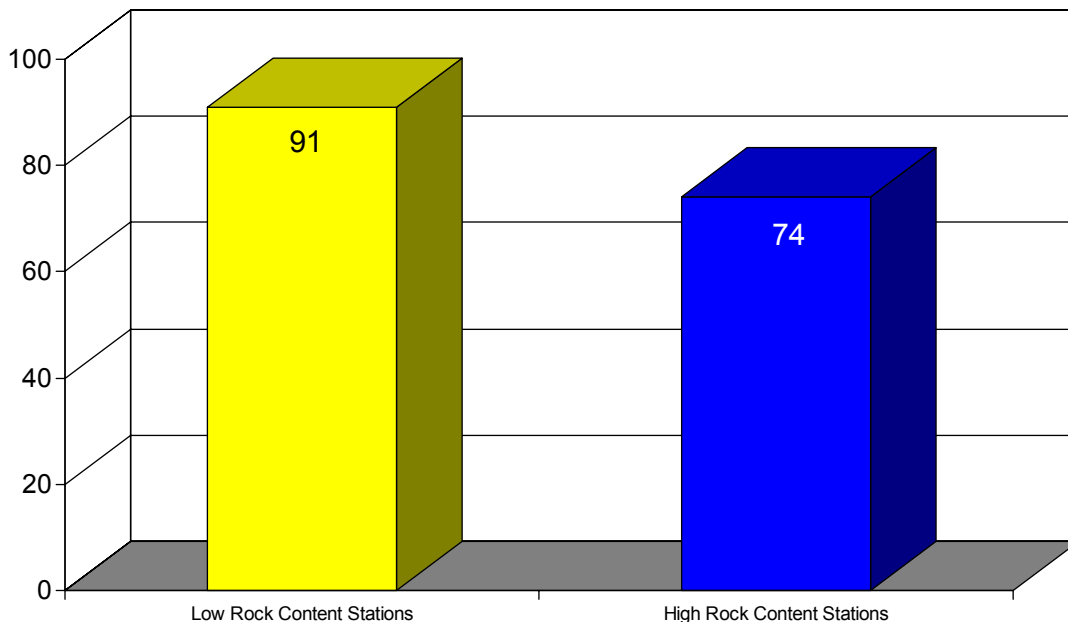
ROCK MUSIC ALSO UNDERMINES SHARE PERFORMANCE

As Rock-based material became more prevalent in the late '60s and '70s, the texture of music available to Oldies stations changed. We also see a strong relationship between the percentage of Rock music on a station and its ratings performance.

Oldies stations that feature high Rock content in their music mixes do not perform as well as stations that expose less Rock material. When we divide Oldies stations into two groups based on Rock content—those with Rock content above and below 11%—we observe a significant difference in their Performance Indices. Those with high Rock content averaged a 74 Performance Index, well below the 82 average for the format. By comparison, the group featuring lower Rock content performed well above average, with a Performance Index of 91.

Coleman Performance Index

Adults 25-54, Winter 2003

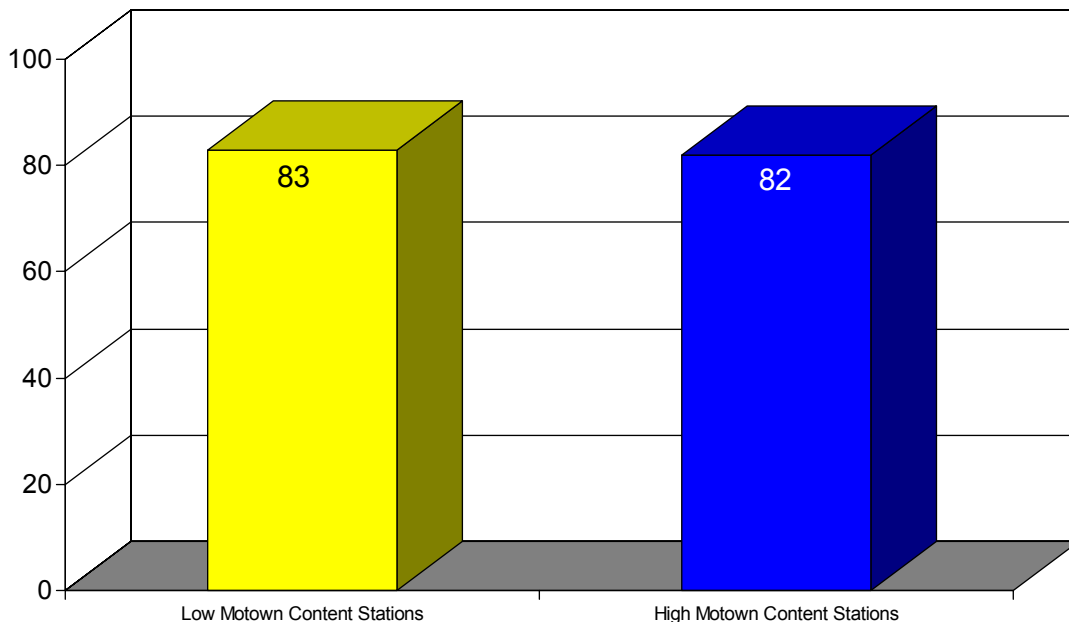


MOTOWN NOT A FACTOR

Another variable we examined is the percentage of Motown on stations. We found that Motown is not a significant factor in ratings performance. Whereas stations with older Average Eras or lower Rock content perform better than those with a newer Average Eras and higher Rock content, stations with high or low Motown perform essentially in the same range.

Much as we did with Rock content, we divided stations into two groups, those that played a lot of Motown and those that did not. Stations with 18% or more Motown performed the same as those with Motown content below 18%. The average Adults 25-54 share of a station with a lot of Motown is 5.5, compared to 5.3 for stations with less Motown. The Performance Indices of the two groups are essentially identical as well.

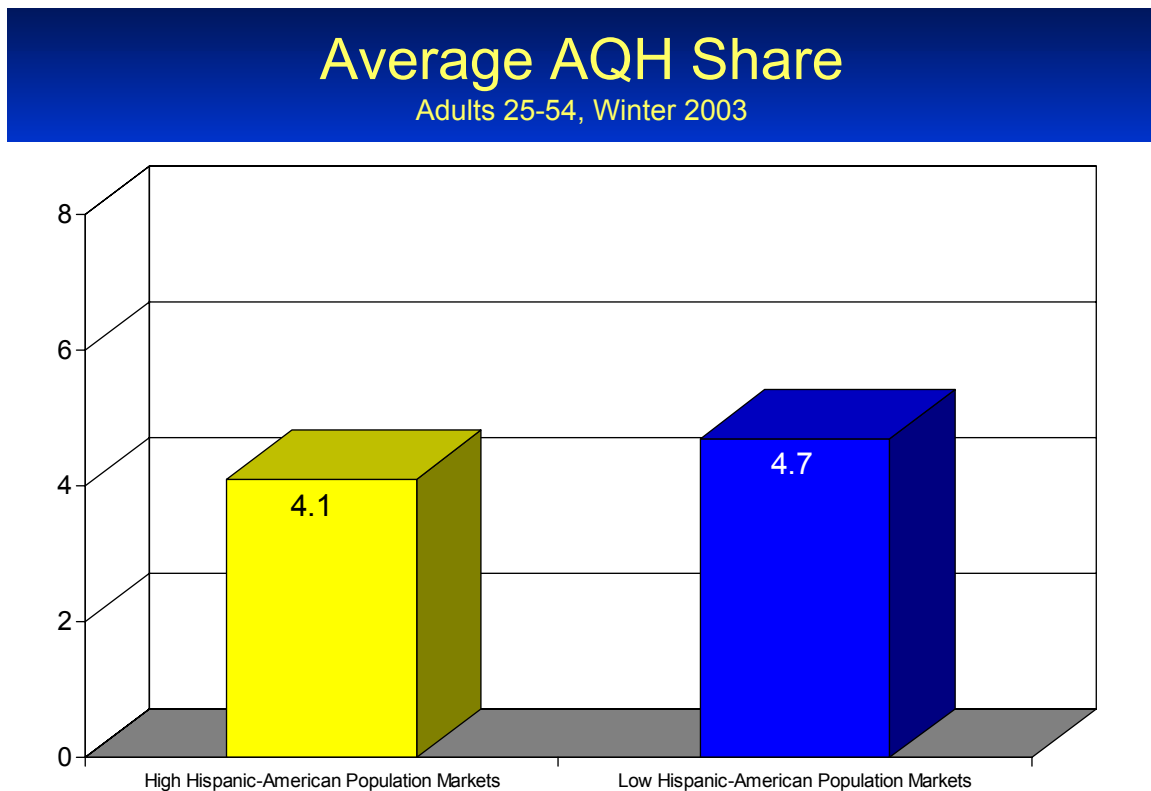
Coleman Performance Index Adults 25-54, Winter 2003



STATIONS IN HIGH HISPANIC-AMERICAN MARKETS DO NOT PERFORM BETTER THAN THOSE IN LOW HISPANIC-AMERICAN MARKETS

Another area investigated is the relationship between the Hispanic-American lean of each market and the performance of its Oldies station. In markets where Hispanic-Americans account for over 15% of AQH listening, Oldies stations have a lower average share than they do in markets with lower Hispanic-American audience composition, but we observe little difference from a Performance Index perspective.

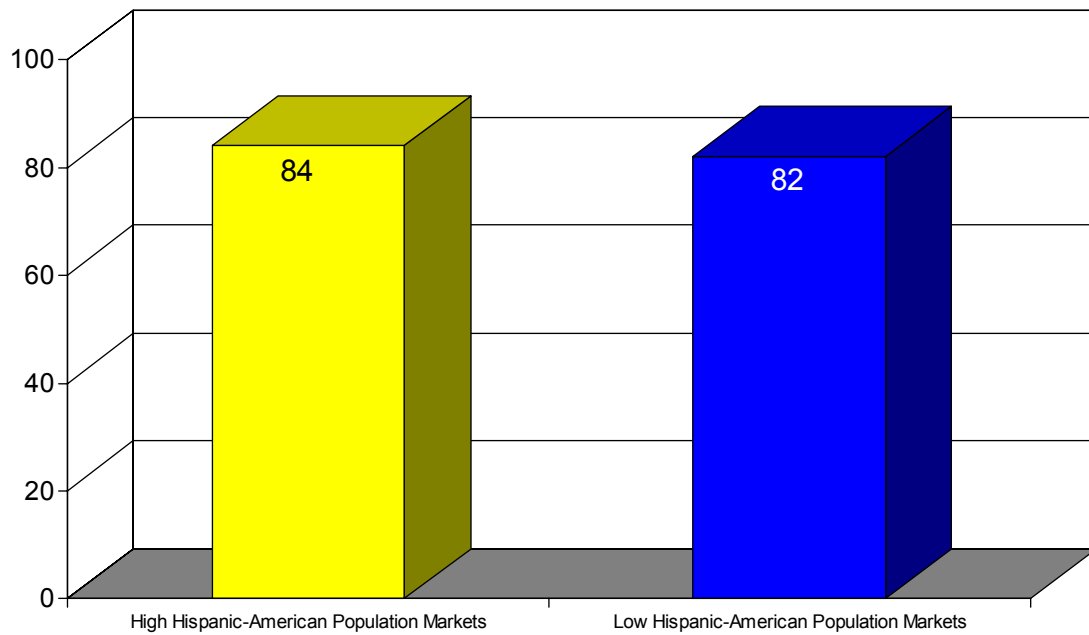
In markets with higher Hispanic-American compositions, Oldies stations have an average Adults 25-54 share of 4.1. In markets where Hispanic-Americans account for lower proportions of the audience, the average share is a 4.7.



We conclude, however, that this difference is largely a function of market size, as markets with high Hispanic-American compositions (at least among the Top 50 markets) tend to be larger. This conclusion is borne out by Performance Index data, which report a two-point difference—84 versus 82—between high and low Hispanic-American composition markets, respectively.

Coleman Performance Index

Adults 25-54, Winter 2003

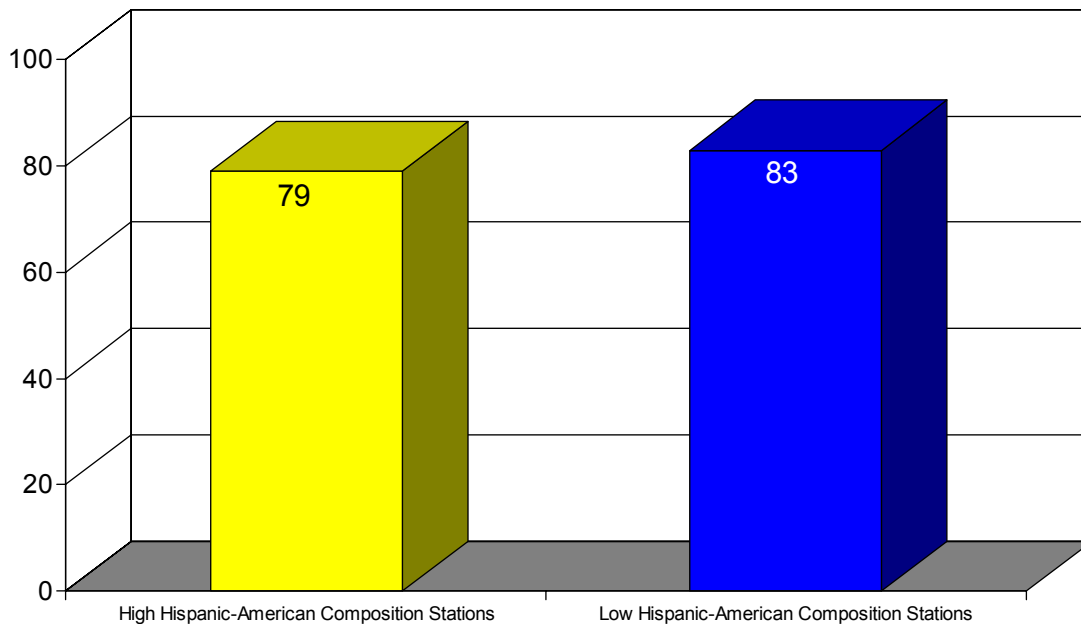


HIGH HISPANIC-AMERICAN AUDIENCE COMPOSITION ALSO NOT RELATED TO OLDIES STATION PERFORMANCE

Not only is a market's Hispanic-American composition not related to performance, the Hispanic-American audience composition of Oldies stations also does not impact their ratings. Stations with 18% or more Hispanic-American AQH composition average an 79 Coleman Performance Index and a 3.8 share among Adults 25-54. Those stations with a smaller Hispanic-American composition average an 83 Performance Index and a 4.6 share. While the stations with lower Hispanic-American AQH composition achieve considerably higher shares, the fact that their average Performance Index is barely any higher demonstrates that they are generally in smaller markets than those stations with higher Hispanic-American compositions.

Coleman Performance Index

Adults 25-54, Winter 2003



CONCLUSIONS

Clearly the most important finding of this second *Oldies Insights* report is the strong relationship between the Era of music on a station and its Arbitron performance. As Oldies stations have contemporized their music mixes, their performance has declined, with the greatest declines observed for the most contemporary stations in the format. That the best-performing stations in the Oldies format tend to play older music mixes validates this conclusion.

Our findings also point to an apparent Era sweet spot for the Oldies format, which has remained consistent since 2000. This suggests that in 2000, stations that played more '50s music undermined their Adults 25-54 potential. Yet stations that moved rapidly away from the '50s and contemporized into the '70s did more harm than good. Oldies stations playing 40% '70s music and having an Average Era of the late '60s do worse today than stations that play 20% '70s and have an Average Era in the mid-'60s. One could certainly justify moving more contemporary in 2000 if a station's Era was 1965 or older, but our analysis clearly suggests that moving too contemporary was a mistake many Oldies stations have made.

Other key findings pertain to the music texture of Oldies stations. Excessive exposure of Rock-based material tends to diminish the performance of Oldies stations, while we see no relationship between the amount of Motown content and audience share.

Lastly, our analysis suggests that stations that aggressively seek out Hispanic-American listeners do not necessarily improve their performances. In fact, those stations that have high Hispanic-American audience composition perform no better—if not slightly worse—than those with lower Hispanic-American compositions. This suggests that strategies designed to overtly attract Hispanic-Americans do not improve the chances of an Oldies station's success.

APPENDIX A: Station/Market List

The table on the following page lists each station covered in this report along with how we classified them for each of the analyses covered in this report. In addition, the table contains each station's Adults 25-54 and Adults 35-64 Coleman Performance Indices for the Winter 2000, Winter 2002 and Winter 2003 surveys. Music monitor data was unavailable for the four stations shown in red; thus, these stations were not included in the classifications for all of our analyses.

Station/Market	Adults 25-54			Adults 35-64			Music Mix		70s Content		Rock Content		Motown Content		Hispanic Market Comp		Hispanic Station Comp	
	WI00	WI02	WI03	WI00	WI02	WI03	Newer	Older	High	Low	High	Low	High	Low	High	Low	High	Low
WCBS/New York	111	96	86	152	148	128	•		•			•	•			•		•
KRTH/Los Angeles	88	79	89	111	118	124		•		•		•	•			•		•
WJMK/Chicago	93	85	75	104	102	84	•		•		•		•			•		•
KFRC/San Francisco	95	92	56	113	92	73	•		•		•		•			•		•
KLUV/Dallas	46	98	110	60	140	135		•		•		•			•			•
WOGL/Philadelphia	66	93	74	93	117	103	•		•			•	•				•	•
KLDE/Houston	75	72	70	117	92	100		•		•		•			•		•	•
WBIG/Washington	88	86	71	119	112	94		•		•		•			•		•	•
WODS/Boston	82	104	80	113	134	118	•		•		•		•			•		•
WOMC/Detroit	102	94	106	142	121	145		•		•		•			•		•	•
WMXJ/Miami	62	67	72	85	93	113		•		•		•			•		•	•
KBSG/Seattle	96	104	89	121	126	110		•		•	•				•		•	•
KOOL/Phoenix	133	128	120	156	182	152		•		•		•			•		•	•
KQQL/Minneapolis	73	84	68	100	107	85	•		•		•		•			•		•
KOCL/San Diego		62	62		94	86	•		•		•		•			•		•
WQSR/Baltimore	109	104	57	142	139	104	•		•		•		•			•		•
KLOU/St. Louis	86	82	60	105	92	69	•		•		•		•			•		•
WRBQ/Tampa			83			128	•		•		•		•			•		•
KXKL/Denver	104	100	81	123	122	97		•		•		•			•		•	•
WWSW/Pittsburgh	97	82	92	130	110	141	•		•		•		•			•		•
KKSN/Portland	129	104	92	155	136	123		•		•		•			•		•	•
WMJI/Cleveland	135	126	148	180	186	190	•		•		•		•			•		•
WGRR/Cincinnati	93	86	69	143	125	87	•		•		•		•			•		•
KCCL/Sacramento			62			95										•		•
KOLA/Riverside	135	114	111	178	155	150		•		•		•			•		•	•
KCMO/Kansas City	83	78	86	110	116	130		•		•		•			•		•	•
KONO/San Antonio	105	111	116	143	162	153		•		•		•			•		•	•
KODJ/Salt Lake City	106	78	92	131	105	118										•		•
WRIT/Milwaukee	75	68	63	103	100	89	•		•		•		•			•		•
WWBB/Providence	90	102	108	154	153	169	•		•		•		•			•		•
WODB/Columbus			31			56	•		•		•		•			•		•
WWMG/Charlotte	116	87	77	161	123	115		•		•		•			•		•	•
WSHE/Orlando	80	55	84	118	83	105	•		•		•		•			•		•
KQOL/Las Vegas	71	88	89	115	131	178		•		•		•			•		•	•
WWSO/Norfolk	127	116	82	179	145	108										•		•
WGLD/Indianapolis	87	85	97	125	133	148		•		•		•			•		•	•
KEYI/Austin	72	52	55	121	105	88		•		•		•			•		•	•
WMQX/Greensboro	100	105	84	139	160	128		•		•		•			•		•	•
WTKL/New Orleans	87	93	70	141	132	105		•		•		•			•		•	•
WMAK/Nashville	97	81	75	135	113	127		•		•		•			•		•	•
WTRG/Raleigh	103	84	70	127	91	85		•		•		•			•		•	•
WDRC/Hartford	69	84	94	91	131	127		•		•		•			•		•	•
WKLQ/Jacksonville			91			136										•		•

APPENDIX B: Methodology Details

This analysis is based on Arbitron data for 43 Top 50 market Oldies stations from the Winter 2000, Winter 2002 and Winter 2003 survey periods. All data are based on the Adults 25-54 and/or Adults 35-64 demographic and the Monday-Sunday 6 a.m.-Midnight daypart.

Music monitor data is based on 24-hour music logs from February 2000, June 2002 and March 2003. 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," known as a "Sound Code." 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 FACTSM music studies each year.