

Will 25-54 Myopia Kill Radio?

Fundamental changes are needed to save viable adult formats

By Fred Jacobs

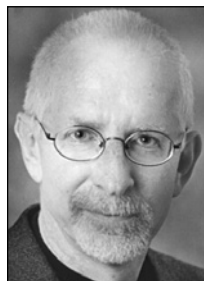
You may feel that's an extreme headline, but if you think the chief problem facing our business is satellite radio or iPods, think again. So much of what is making terrestrial radio vulnerable to other media falls under the heading of "self-inflicted wounds." At the same time that consumers are being bombarded by an array of new media and an incredible variety of choice, terrestrial radio has voluntarily limited its ability to deliver a broad and attractive array of programming options.

True, new formats like Adult Hits or FM Talk are attempting to broaden radio's appeal, but terrestrial radio comes up short because of its long-term singular focus on the 25-54 demographic to the exclusion of just about everyone else.

Radio's refusal to embrace youth-targeted programming has serious implications for the industry's ability to appeal to Generation Y today and in the future. It is also contributing to radio's lack of overall attractiveness to young people.

If you're wondering why there are so few qualified, energetic twentysomethings available for hire at your stations, think about how few truly good programming options we have given them over the years. If they aren't energized by listening to radio, why would they want to work in this business?

The result is not only declining interest in radio among young adults, but among the ad-



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Handing Over Oldies Fans

So consider the Oldies franchise, and how radio operators are in the process of simply handing over these loyal listeners to new media.

For the past several years Oldies stations have frantically added '70s songs (at the expense of the '50s and early '60s) in an effort to down-demo these stations. Even though Oldies listeners were happily listening to their favorite stations before this youth movement began, radio

companies needed to shed 55+ listeners to stay financially viable.

While some of these moves have worked temporarily, they haven't halted the inevitable. These stations are on life support, waiting to become formats that are more congruent with 25-54 demands.

Through this process, our industry is sending a strong statement to listeners about who is welcome — and who is not. Radio's failure to effectively sell audience outside the 25-54 safe zone signals a narrowing of the medium's overall reach, and it makes us even more vulnerable to new-media predators that are only too eager to provide the programming alternatives that terrestrial radio will not.

Satellite radio, in particular, is attractive to the older demos. In fact, a recent International Demographics study of satellite-radio subscribers showed that nearly half are north of 45.

These listeners are increasingly getting the message that their presence is no longer valued in terrestrial radio, and they are actively seeking entertainment alternatives, even if they have to pay for them.

This phenomenon is occurring in terrestrial radio because the tired assumption is "There's no money in 50+." But when you look at the size and wealth of the baby boom generation, it's clear that this generation of 75 million will be in advertisers' sights for the next couple of decades.

According to *Advertising Age*, boomers comprise 39% of the adult population, but they currently account for half of all automobile sales. That number will grow to 53% by the end of the decade. Do you think car companies are simply going to ignore numbers like this, or will they instead allocate significant

dollars toward capturing this growing market share?

Whether it's buying cars, homes, electronics or, yes, satellite radio, these consumers continue to set the tone. As has been the case since the 1950s, they have the numbers on their side and money to spend.

Yet Oldies stations everywhere are endangered, unable to market 50+ listeners, unable to fire up their sales staffs and unable to get past 25-54 advertiser dictates.

What About Classic Rock?

Why do I care about the Oldies format? Jacobs Media doesn't have a dog in this hunt. We don't consult these stations, nor have we ever.

But a couple of times a year, usually in research meetings, someone asks about the future of Classic Rock. The premise is that in a few years Classic Rock may very likely be facing some of the same pressures that have impacted Oldies stations.

The question that is often posed is, how will Classic Rock manage to keep its demos under 55, thus ensuring its long-term marketability to advertisers?

It's noteworthy that when Jacobs Media introduced Classic Rock in the mid-'80s the target listener was 25-34 years of age. Of course, a gold-based format like Classic Rock

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functions generationally. It has journeyed with baby boomers over the past 20 years, aging gracefully with them.

Classic Rock has been a darling 25-54 format, consistently scoring solid ratings while generating great power ratios and, in the process, lots of money. It has truly been a cash cow.

I remember making the claim in 1985 that if you grew up with The Rolling Stones and Led Zeppelin, you wouldn't suddenly wake up at 50 to discover that this music was no longer relevant to you. You never tire of the music you grew up with. Classic rockers continue to be passionate about their music and, in fact, turn their kids on to it every chance they get.

And classic rock bands have held up well too. The fact that in 2005 some of the biggest concert dollars were brought in by the Stones, Paul McCartney, The Eagles, Rod Stewart and Elton John underscores the fact that there's a lot of love and money for classic rock. Only

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well-heeled boomers can afford to go to these shows.

But at the same time Classic Rock fans are aging, and listenership is now touching the 50-year-old mark. In a few years it will clearly near the older edge of the "sweet spot" demographic. What then?

Will Classic Rock become less viable for radio? Will Classic Rock stations attempt to integrate more '80s rock (while dropping the Stones and The Who in the process)? Will radio "fix" another unbroken format, handing over more of its audience to XM, Sirius, iPods and AOL Radio? Only if we don't learn some lessons from the Oldies experience.

A Fundamental Problem

You may be thinking that HD Radio will solve this problem. With all those extra channels, Oldies will triumphantly return to the AM and FM airwaves, Classic Rock will be spared the indignity of having to play Billy Squier songs, and the world will be right again.

That would be convenient, but HD Radio won't change some of the fundamental flaws that have eroded the commerce of our business. And we are many years away from the day when HD Radio hardware will be commonly found in cars and homes. By then Oldies will have become extinct on terrestrial radio and Classic Rock will be an endangered species.

When is radio going to realize that it has a fundamental sales problem? Instead of altering and adapting formats that have strong ratings and loyal audiences, radio needs to rethink its overall sales and marketing focus. Salespeople need to be taught the value of Classic Rock (and other adult formats) and how to market these passionate, loyal audiences.

Terrestrial radio can't afford to relinquish its franchise formats to satellite radio — or any other new media. Again, this is where corporate ownership, the RAB and Classic Rock operators need to be working together, or we will see history repeat itself.

Fred Jacobs is President of Jacobs Media, a Rock consulting firm based in Detroit.

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vertisers that are attempting to reach them. For over a decade we've heard "There's no money in teens," yet turn on MTV or thumb through the myriad magazines that target teens and young adults, and you'll see that the only place where there's no money in teens is in radio.

We've walked away from these consumers, they've walked away from us, and advertisers have followed them to other media. But I'll leave that issue to Steven Strick and Dana Hall to slog through. This is, after all, the Oldies/Classic Rock column.