

stations. Based on the best estimates available,<sup>5</sup> 1994 radio revenues of about \$9.6 billion will consist of \$7.9 billion in local revenues and about \$1.7 billion in national revenues. Exhibit 3 shows the growth of radio revenues in the last 24 years. Local revenues have been growing, in real terms, three to four times faster than national revenues since 1982-84. Radio revenues as a whole have been growing almost 5% per year above the rate of inflation.

**THE FUTURE'S BRIGHT TOO.** The investment banking firm of Veronis, Suhler & Associates in their recent "Communications Industry Report" predicted that "local radio billings will rise at a 7.3% compound annual rate over the next five years, hitting \$12.7 billion in 1998."<sup>6</sup> Most near-future estimates predict real growth of about 4% annually on top of 3% inflation. At this rate of real growth, in 1994 dollars, radio will be a nearly \$20 billion business by 2014. Not adjusted for inflation, radio will be a \$40 billion business in 2014. These numbers actually reflect less growth than historically occurred in the last 20 years.

**RADIO SEVERELY UNDERPERFORMS TELEVISION AS A NATIONAL AD MEDIUM.** From all national advertising sources, in 1992, television and cable national advertising revenue totalled over \$20 billion or 71% of total television advertising revenue.<sup>7</sup> A national advertiser on television can get 99% national reach and a reliable

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<sup>5</sup> Various estimates reported throughout 1994 in Radio & Records.

<sup>6</sup> Reported by Radio & Records.

<sup>7</sup> Television & Cable Factbook, 1994, p. I-13 (Table Prepared for Advertising Age by Robert J. Coen, McCann-Erickson Inc.)

demographic profile with a prime time network show. With a cable network, like ESPN, Lifetime or MTV, an advertiser can target a specific demographic. National radio cannot offer any of these advantages. A national advertiser can only buy a patchwork quilt of radio stations at no exact time with differing formats that can only cover 70% of the country at best.

**HOW TO MEASURE THE EFFECT OF SATELLITE DARS ON TERRESTRIAL RADIO -- A FANTASY.** The time is 2014. National radio via Satellite DARS began operations 10 years ago. Amazingly, 50% of households are able to receive it. Amazingly, 20% of the listening in these households is to Satellite DARS, giving it a 10% national listening share. Amazingly, no new national advertisers have shown up to take advantage of this new system. Satellite DARS is "stealing" its 10% share of national advertising from terrestrial radio. Meanwhile, over the last 20 years (1994-2014) national's share of radio advertising has reversed its downward trend and has maintained its 17.5% of the now \$40 billion industry. Satellite DARS is able to grab \$700 million of this \$40 billion market from terrestrial radio. The NAB asks for federal subsidies to offset this less than 2% loss of revenues.

At this point in the fantasy, the NAB will maintain that I have forgotten to take into account their 10% loss of listenership on a local level -- that, in fact, they're going to lose \$4 billion to Satellite DARS in 2014 and become only a \$36 billion industry. Let me address this.

**LOCAL COMMERCIAL RADIO DOES NOT SERVE 30% OF THE LISTENING AUDIENCE IN THE AVERAGE MARKET.** The Arbitron listening shares of

local radio stations in an average market add up to only 70%. The remaining 30% is divided between "non-listed" stations, which are mainly non-commercial, and "below-the-line" stations, which are from outside markets. Exhibit 4 shows how, in general, the large markets "lose" less listening than the small markets. Here are some examples of markets with high percentage (over 20%) listening to non-commercial stations: Ithaca, Raleigh, Lansing, Tallahassee, Morgantown -- as you would expect, where there are lots of educators, faculty and students, commercial radio does not serve a substantial part of the population. Here are some examples of markets with high percentage (over 30%) listening to out-of-market (below-the-line) stations: Trenton, Stamford, Reading, Frederick, Manchester, Ann Arbor -- as you would expect, smaller markets geographically near big markets offer fewer radio formats. It's obvious that advertisers will not pay commercial stations to reach these "non-listed" listeners. What is also true is that there is little value for the larger market advertiser to reach "below-the-line" listeners in the adjacent smaller market -- for example, it does little good for most Washington D.C. sponsors to reach extra below-the-line listeners in Frederick (50 miles away) or Hagerstown (75 miles away). They simply will not pay to reach a population that has little likelihood of shopping outside its own market. So, in effect, local radio advertisers pay a rate based on 70% of the listening population.

**THE UNDERSERVED 30% WILL BE THE EARLY USERS OF SATELLITE DARS.** Satellite DARS programming will be a system of narrowcast formats encompassing many more choices than are typical in a local radio

market. The early adopters of compact discs were classical music fans. Logically, early adopters of Satellite DARS will be the fans of classical, jazz, folk, blues, bluegrass, etc. who are totally underserved by commercial radio today. These are the "non-listed" listeners who average 16% in the 263 Arbitron markets. Another set of logical early adopters of Satellite DARS are those who are already listening to out-of-market (below-the-line) stations. These are the 13% of the average market who have already "voted with their ears" against their local radio station choices. They are analogous to the early subscribers to cable TV who felt limited by their local TV choices.

**RETURN TO THE MEASUREMENT OF SATELLITE DARS' EFFECT ON LOCAL RADIO.** My contention is that the 10% share of national audience that Satellite DARS will achieve if successful by 2014 will be part of the 30% of the "lost" radio listeners. In other words, it won't cut into the local commercial radio audience at all. It's interesting that this view prevails in Canada:

[T]he advent of satellite radio broadcasting isn't viewed as a threat to Canada's terrestrial broadcasters.

"There is no opposition to satellite [DAB] in Canada. We believe it will have limited applications," said [Michael] Tremblay, [Executive VP of the Canadian Association of Broadcasters], adding, "Radio is local."<sup>8</sup>

**COMMERCIAL RADIO DOES NOT ADEQUATELY SERVE AMERICA'S MUSICAL TASTES.** A 1992 survey conducted by the Census Bureau<sup>9</sup> for the National Endowment for the Arts (NEA) asked adults about their

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<sup>8</sup> Radio & Records, Oct. 14, 1994, at p. 60.

<sup>9</sup> American Demographics, Aug. 1994, at pp. 22-27.

musical tastes. See Exhibit 5. Country music was the most liked with over 96 million fans (virtually no percentage change since 1982) -- 52% of those surveyed. Commercial radio does a fine job for country fans with 2,642 out of 9,700 commercial stations in September 1994 (Exhibit 6) broadcasting country music.<sup>10</sup> The NEA found 40% adults liking blues/R&B/soul. Commercial radio devotes a grand total of 242 stations (including 39 R&B oldies) to this music -- less than 10% of the number of country radio stations for about 80% of the fans. For jazz music, commercial radio serves the 63.7 million adults who like jazz (two-thirds of the number of country fans) with just 43 stations. Classical music at 44 stations for 62.5 million fans is almost as bad. 30% of American adults like bluegrass and over 20% like contemporary folk music -- for those fans, commercial radio is not an option at all.

**FORMAT CHOICE IS ESPECIALLY LIMITED IN THE NON-METRO AREAS.**

In our original application, Primosphere submitted an FM signal study of the U.S. prepared by the engineering firm Jules Cohen & Associates. A copy is attached hereto as Exhibit 7. The study found that more than 20% of the U.S. population (nearly 60 million people) had access to fewer than 10 FM signals. Geographically, almost 80% of the land area of the U.S. is covered by fewer than 10 signals. What makes the sparse actual signal coverage even worse for 20% of Americans is an extreme lack of format choices. In an analysis of non-Arbitron surveyed areas (approximately 67 million persons live in such areas), nearly 1,800 out of less than 4,700 functioning stations played country music (Exhibit 6). Various

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<sup>10</sup> M Street Corp.

forms of the adult contemporary format were ranked 2, 5 and 11 on the format hit parade with over 1,000 stations. Thus, over 60% of all non-Arbitron market stations play only two formats: country and adult contemporary. For the more than 67 million persons living in non-Metro areas, there are exactly three commercial jazz stations and three commercial classical stations. Even rock stations in all forms account for less than 2% of the listening choices.

**SMALL MARKET RADIO IS NOT AS "LOCAL" AS THE NAB WOULD HAVE YOU BELIEVE.** Exhibit 8, prepared by M Street Corp., aggregates radio stations that do not originate their own programming for more than 80% of the broadcast day. There are two ways of doing this: simulcasting another radio station's signal or broadcasting a network transmission taken from national satellite programming. 29% of all U.S. radio stations (this includes non-commercial stations too) are not locally originated. There is a steady progression upward of non-originated broadcasting as the market gets smaller. 16% of top 50 market stations are non-original; 37% of all non-Metro stations (an area that comprises about 20% of the U.S. population) are non-original. Attached as Exhibit 9 is a quotation from a recent article in Radio Ink by Cliff Berkowitz lamenting the loss of localism in small market radio.

**ADVERTISER PREFERENCE FOR THE 25-54 AGE DEMO AND HIGH MAJOR MARKET STATION VALUES GUARANTEES A LACK OF PROGRAMMING DIVERSITY AT THE LOCAL RADIO LEVEL.** The top 5 formats in non-Arbitron markets are all clearly aimed at the 25-54 age demo (Exhibit 6). In these less competitive markets, a radio station owner would be crazy to aim at anything outside the middle. In a major market, adequate

return on investment is the problem. Estimates of \$50-60 million have been placed on the proposed sale by New York City of WNYC-FM. A buyer cannot run a non-mainstream format and hope to earn a decent return even in a \$415 million advertising market like New York. Even a 2% audience share will not generate high enough pre-tax profit. As a result, the most popular "new" format is all 1970s oldies, which aims at a 30-40 age demo. It takes away a little audience from oldies stations, a little from classic rock stations and a little from adult contemporary stations. By the end of 1995, just about every highly competitive major market will have a 1970s station.

**IN CONTRAST, SATELLITE DARS HAS EVERY INCENTIVE TO PROVIDE PROGRAMMING DIVERSITY.** Since Satellite DARS is a system of stations (Primosphere has proposed 23 music and 6 non-music stations), it does not make sense for us to cannibalize our own potential audience. Similar to cable, we want to provide as many differentiated formats as possible that serve as many demographic groups as possible so that consumers will be encouraged both to sample and to remain listening to the Satellite DARS "system." A specialized channel that can aggregate small but demographically targeted audiences nationwide can be successful (for example, MTV has only a .5% audience share and covers only 60% of U.S. households, but is a huge financial success). Satellite DARS has every incentive to serve a pre-teen audience (totally ignored by commercial and non-commercial radio alike), for example, and a post-65 audience (barely served by a "nostalgia" format that plays non-rock "hits" and virtually ignores big band music). Just these two

underserved audiences alone add up to over 60 million persons (30 million age 5-12 and 30+ million 65 and over). Viewers have 35-40 choices on cable. Primosphere would like to provide a comparable number of audio choices at no monthly charge for all Americans.

I believe I've shown that Satellite DARS will augment the current American radio system, and that the NAB's fears are unwarranted (and undocumented). Primosphere believes it can earn a good living from an expanded universe of potential national advertisers, by providing free, varied radio service to those persons who feel that they are unserved by today's radio. Incidentally, the NAB in its own filings doesn't rate the chance for Satellite DARS economic success very highly. No broadcasters, besides Primosphere, were attracted by the "profit motive" to even apply for the spectrum.

We are not looking for a "digital" time advantage over terrestrial radio. Primosphere would prefer to coordinate its system with terrestrial broadcasters going digital in-band-on-channel. Going digital is likely to strengthen the broadcasting industry further by opening up additional revenue streams. "Competition" doesn't have to be a dirty word.

Respectfully submitted,

By Clifford N. Burnstein  
Clifford N. Burnstein,  
Co-President,  
Primosphere Corporation  
(the sole general partner of  
Primosphere Limited  
Partnership)

January 3, 1995

HML-03100

**EXHIBIT 1**

FROM  
INVESTING IN RADIO MARKET REPORT - 1994  
BIA Publications, Inc.

**NATIONAL REVENUE BY MARKET SIZE**

<u>Market Size</u>	<u>National Revenue %</u>
1-20	23.05
21-40	20.55
41-60	19.26
61-80	19.35
81-100	17.40
101-120	18.74
121-140	15.70
141-160	16.74
161-180	13.84
181-200	15.30
201-220	13.45
221-240	11.35
241-262	12.71
257 Markets with available data	16.70

DATA FOR EXHIBIT 1

FROM  
 INVESTING IN RADIO MARKET REPORT - 1994  
 BIA Publications, Inc.

% Local/Nat'l Revenue By Market Size - 1993

<u>RANK</u>	<u>%NAT'L</u>	<u>RANK</u>	<u>%NAT'L</u>	<u>RANK</u>	<u>%NAT'L</u>
1	12	43	20	85	20
2	27	44	20	86	15
3	22	45	20	87	20
4	30	46	22	88	10
5	33	47	16	89	15
6	26	48	20	90	<u>15</u>
7	28	49	20	81-90	<u>15.6</u>
8	23	50	<u>28</u>	91	23
9	33	41-50	<u>21.4</u>	92	15
10	<u>25</u>	51	12	93	20
1-10	<u>25.9</u>	52	13	94	20
11	28	53	20	95	11
12	28	54	24	96	20
13	15	55	18	97	20
14	20	56	11	98	25
15	25	57	20	99	20
16	10	58	--	100	<u>18</u>
17	20	59	15	91-100	<u>19.2</u>
18	15	60	<u>19</u>	101	15
19	20	51-60	<u>16.9</u>	102	--
20	<u>21</u>	61	25	103	25
11-20	<u>20.2</u>	62	20	104	20
21	25	63	15	105	20
22	22	64	20	106	25
23	24	65	18	107	15
24	22	66	20	108	20
25	21	67	29	109	20
26	18	68	10	110	<u>22</u>
27	15	69	30	101-110	<u>20.2</u>
28	30	70	<u>18</u>	111	15
29	15	61-70	<u>20.5</u>	112	22
30	<u>20</u>	71	15	113	20
21-30	<u>21.2</u>	72	20	114	20
31	30	73	30	115	11
32	12	74	24	116	20
33	17	75	11	117	20
34	18	76	11	118	25
35	22	77	20	119	11
36	20	78	22	120	<u>10</u>
37	15	79	19	111-120	<u>17.4</u>
38	18	80	<u>10</u>	121	20
39	25	71-80	<u>18.2</u>	122	20
40	<u>22</u>	81	2	123	11
31-40	<u>19.9</u>	82	13	124	20
41	20	83	13	125	10
42	30	84	15	126	15

<u>RANK</u>	<u>%NAT'L</u>	<u>RANK</u>	<u>%NAT'L</u>	<u>RANK</u>	<u>%NAT'L</u>
127	20	177	15	228	10
128	15	178	10	229	10
129	30	179	28	230	<u>10</u>
130	<u>15</u>	180	<u>10</u>	221-230	<u>11.0</u>
121-130	<u>17.6</u>	171-180	<u>14.3</u>	231	12
131	20	181	13	232	10
132	21	182	15	233	10
133	20	183	15	234	10
134	10	184	25	235	10
135	12	186	15	236	10
136	10	187	12	237	15
137	10	188	15	238	10
138	10	189	15	239	20
139	15	190	<u>15</u>	240	<u>10</u>
140	<u>10</u>	181-190	<u>15.5</u>	231-240	<u>11.7</u>
131-140	<u>13.8</u>	191	15	241	8
141	15	192	17	242	5
142	15	193	15	243	20
143	20	194	15	244	25
144	13	195	12	245	10
145	10	196	13	246	5
146	10	197	20	247	10
147	15	198	15	248	13
148	20	199	14	249	14
149	20	200	<u>15</u>	250	<u>5</u>
150	<u>15</u>	191-200	<u>15.1</u>	241-250	<u>11.5</u>
141-150	<u>15.3</u>	201	12	251	10
151	10	202	15	252	15
152	--	203	15	253	10
153	20	204	15	254	10
154	20	205	15	255	--
155	25	206	15	256	10
156	15	207	10	257	17
157	25	208	20	258	20
158	10	209	10	259	15
159	30	210	<u>20</u>	260	15
160	<u>10</u>	201-210	<u>14.7</u>	261	15
151-160	<u>18.4</u>	211	20	262	<u>15</u>
161	15	212	15	251-262	<u>13.8</u>
162	20	213	10		
163	10	214	5		
164	10	215	20		
165	--	216	10		
166	20	217	10		
167	10	218	12		
168	15	219	10		
169	10	220	<u>10</u>		
170	<u>10</u>	211-220	<u>12.2</u>		
161-170	<u>13.3</u>	221	10		
171	15	222	10		
172	5	223	15		
173	10	224	10		
174	20	225	10		
175	20	226	10		
176	10	227	15		

"THE PAST, PRESENT AND FUTURE OF THE RADIO REP BUSINESS"  
- Bill Burton, Chairman, Eastman Radio

from James H. Duncan, Jr., American Radio 1976-1986 (1986), at  
page B-116:

[T]here are now 14 significant rep firms left broken out in the following manner: Interep with 5 firms; The Blair Company with 3; Katz with 3; Masla, CBS and Eastman.

Blair, Interep and Katz are affectionately referred to as conglomerereps, absorbing a number of other firms over the years with the primary intent of consolidating their services in a more economic fashion. Their stated objective is to make buying easier for agencies and to control more radio dollars....

If you're a big radio station in a big market with big numbers, you may feel that's more than enough reps. If you're one of the 9-10,000 other radio stations, however, you probably begrudgingly wonder how you can ever hope to get any national business.

Since 1986 there has been even more consolidation. Blair is gone and Eastman is now part of the Katz Group.



LOST LISTENING

## SUMMARY BY MARKET SIZE\*

From AMERICAN RADIO 1994,  
James H. Duncan, Jr.

MARKET RANK	PERCENT OF LISTENING		TOTAL PERCENT LOST LISTENING
	Non-listed Stations	Below-the-Line	
1-20	11.43	2.28	13.71
21-40	11.45	5.35	16.80
41-60	12.92	8.23	21.15
61-80	13.19	15.74	28.93
81-100	14.02	19.92	33.94
101-120	15.97	29.79	45.76
121-140	15.05	17.03	32.08
141-160	17.32	13.71	31.03
161-180	17.06	13.04	30.10
181-200	19.87	18.51	38.38
201-220	19.40	9.90	29.30
221-240	20.79	12.79	33.58
241-263	20.22	6.72	26.94
259 Markets with Available Data	16.0	13.3	29.3

\* Based on Spring 1994 Arbitron Ratings.

**DATA FOR EXHIBIT 4**

**SPRING 1994  
ARBITRON RATINGS**

From AMERICAN RADIO 1994,  
James H. Duncan, Jr.

RANK	MARKET	PERCENT OF LISTENING		RANK	MARKET	PERCENT OF LISTENING	
		Non-listed Stations	Below-the-Line			Non-listed Stations	Below-the-Line
1	New York	11.9	0.5	24	Denver	10.9	0.0
2	Los Angeles	10.6	1.4	25	Cincinnati	10.4	5.1
3	Chicago	10.9	0.0	26	Portland, OR	11.9	0.0
4	San Francisco	12.0	1.4	27	Riverside	11.2	53.4
5	Philadelphia	10.8	5.5	28	Milwaukee	9.7	1.3
6	Detroit	9.3	1.0	29	Sacramento	15.7	4.5
7	Dallas	8.5	0.0	30	Kansas City	8.6	0.6
8	Washington	14.7	2.1	31	San Jose	***	***
9	Boston	13.3	1.5	32	Providence	9.4	17.1
10	Houston	13.7	0.0	33	Norfolk	13.1	1.2
11	Miami	7.3	2.4	34	Columbus, OH	15.1	2.2
12	Atlanta	13.1	0.3	35	San Antonio	8.6	0.6
13	Seattle	8.5	0.5	36	Salt Lake City	10.0	0.0
14	Nassau-Suffolk	*	*	37	Indianapolis	8.9	1.2
15	San Diego	10.9	7.2	38	Charlotte	15.0	3.4
16	Anaheim	**	**	39	New Orleans	10.6	0.0
17	Minneapolis	17.5	0.0	40	Buffalo	10.2	2.6
18	St. Louis	8.4	0.0	41	Orlando	9.2	1.7
19	Baltimore	11.9	17.2	42	Hartford	18.6	19.4
20	Pittsburgh	12.4	0.0	43	Greensboro	13.3	6.3
21	Phoenix	15.2	0.4	44	Memphis	9.2	0.6
22	Tampa	12.0	5.8	45	Rochester	17.2	2.9
23	Cleveland	11.0	2.2	46	Nashville	9.6	2.9

RANK	MARKET	PERCENT OF LISTENING		RANK	MARKET	PERCENT OF LISTENING	
		Non-listed Stations	Below-the-Line			Non-listed Stations	Below-the-Line
47	Monmouth-Ocean City, NJ	8.7	66.4	73	Knoxville	10.0	0.4
48	Dayton	13.5	8.6	74	Harrisburg	12.0	12.4
49	W. Palm Beach	14.2	30.1	75	Toledo	14.8	10.6
50	Jacksonville	17.5	2.4	76	Springfield, MA	16.0	24.9
51	Oklahoma City	12.6	0.0	77	El Paso	10.9	2.9
52	Louisville	13.1	0.0	78	Wilmington, DE	11.6	58.9
53	Raleigh	21.2	4.4	79	Salinas	8.5	37.1
54	Birmingham	9.5	7.2	80	Sarasota	19.3	45.7
55	San Diego, N. Co.	****	****	81	Greenville, NC	12.8	12.3
56	Austin	14.7	3.0	82	Baton Rouge	14.2	11.6
57	Richmond	8.9	0.5	83	Little Rock	10.5	1.2
58	Albany	16.5	0.0	84	Charleston, SC	12.3	0.0
59	Las Vegas	12.0	0.0	85	New Bedford	10.1	67.3
60	Honolulu	6.0	0.0	86	Bakersfield	16.3	4.9
61	Greenville, SC	13.3	4.5	87	Youngstown	13.8	5.8
62	Wilkes-Barre	13.4	7.5	88	Wichita	9.1	0.0
63	Tulsa	11.2	0.0	89	Stockton	23.5	51.5
64	Allentown	9.0	21.1	90	Mobile	11.4	15.6
65	Tuscon	15.2	4.3	91	Columbia, SC	13.3	0.6
66	Fresno	15.0	1.6	92	New Haven	16.3	52.3
67	Grand Rapids	16.5	7.5	93	Fort Wayne	15.9	3.1
68	Akron	14.7	54.0	94	Johnson City	12.5	7.2
69	Syracuse	16.5	4.3	95	Spokane	13.5	0.0
70	McAllen	12.0	3.8	96	Daytona Beach	14.6	58.3
71	Albuquerque	11.8	2.5	97	Melbourne	15.6	51.6
72	Omaha	12.2	0.7	98	Chattanooga	15.5	0.0

RANK	MARKET	PERCENT OF LISTENING		RANK	MARKET	PERCENT OF LISTENING	
		Non-listed Stations	Below-the-Line			Non-listed Stations	Below-the-Line
99	Roanoke	16.8	2.7	125	Shreveport	9.6	0.0
100	Worcester	12.4	52.4	126	Pensacola	16.6	33.9
101	Lancaster	17.1	46.3	127	Reading	16.8	46.4
102	York	14.2	41.1	128	Beaumont	13.9	29.1
103	Lansing	20.1	4.5	129	Davenport	14.2	3.5
104	Bridgeport	11.6	60.6	130	Corpus Christi	17.5	0.0
105	Morristown	17.1	74.6	131	Peoria	16.1	4.9
106	Colorado Springs	19.0	4.8	132	Trenton	19.9	51.4
107	Lakeland	16.0	47.4	133	Stamford	19.1	60.4
108	Huntsville	16.7	9.8	134	Atlantic City	12.7	14.9
109	Santa Rosa	14.4	47.5	135	Lafayette	17.3	11.4
110	Flint	13.7	32.0	136	Appleton	12.3	23.0
	Visalia	24.4	52.9	137	Huntington	15.8	7.6
111	Gainesville	17.0	19.1	138	Boise	13.0	1.0
112	Portsmouth, NH	15.5	39.0	139	Utica	12.3	7.1
113	Des Moines	10.2	0.3	140	Biloxi	20.5	23.8
114	Augusta, GA	13.5	2.0	141	Reno	12.9	0.0
115	Canton	14.4	50.3	142	Newburgh	19.6	67.7
116	Jackson	20.7	0.7	143	Montgomery	15.4	1.1
117	Oxnard-Ventura	13.2	41.7		Tyler	26.1	12.9
118	Saginaw	12.1	5.6	144	Ann Arbor	19.4	71.2
119	Modesto	17.7	16.2	145	Eugene	26.7	0.0
120	Fort Pierce	15.8	29.2	146	Rockford	17.0	20.0
121	Madison	18.8	1.3	147	Macon	12.5	1.2
122	Ft. Myers	10.9	7.5	148	Evansville	14.5	4.1
123	Fayetteville, NC	11.3	11.2	149	Erie	19.8	0.0
124	Lexington	12.6	2.3	150	Palm Springs	17.4	1.5

RANK	MARKET	PERCENT OF LISTENING		RANK	MARKET	PERCENT OF LISTENING	
		Non-listed Stations	Below-the-Line			Non-listed Stations	Below-the-Line
151	Springfield, MO	12.9	0.6	175			
152	Binghamton	19.3	2.8	176	Odessa	9.9	0.0
153	Salisbury	22.2	4.5	177	Dothan	16.8	15.2
154	Savannah	8.5	8.5	178	Topeka	16.5	19.4
155	Charleston, WV	14.4	0.6	179	Manchester	18.0	38.9
156	Poughkeepsie	18.9	21.7	180	Morgantown	23.0	6.8
157					Tupelo	20.8	2.9
158				181	Myrtle Beach	15.5	14.8
159	New London	19.6	32.0	182	Santa Barbara	25.9	15.2
160	Hagerstown	21.9	14.0	183	Asheville	26.3	27.5
	Wausau	16.2	5.7	184	Terre Haute	22.7	1.2
161	South Bend	17.2	10.3	185	Green Bay	13.0	27.6
162	Portland, ME	13.9	1.2	186	Cape Cod	18.6	18.3
163	Columbus, GA	10.8	1.5	187	Chico	31.3	11.5
164	Johnstown	18.1	25.6	188			
165	Anchorage	10.8	0.0	189	Merced	21.9	49.2
166	Killeen-Temple	19.2	30.7	190	Springfield, IL	18.0	2.0
167	San Luis Obispo	21.3	11.0	191	Elmira	18.8	14.0
168	Ft. Smith	14.2	3.9	192	Waco	17.6	27.2
169	Kalamazoo	19.9	23.6	193	Yakima	19.6	3.4
170	Fayetteville, AR	14.7	0.3	194	Danbury	22.0	42.3
171	Tallahassee	22.0	0.7	195	Wilmington, NC	14.7	14.2
172	Lubbock	16.1	0.0	196	Amarillo	13.1	0.0
173	Lincoln	16.3	12.7	197	Alexandria, VA	19.5	3.0
174	Waterbury	21.7	57.2	198	Florence	21.7	13.6

RANK	MARKET	PERCENT OF LISTENING		RANK	MARKET	PERCENT OF LISTENING	
		Non-listed Stations	Below-the-Line			Non-listed Stations	Below-the-Line
199	Naples	18.5	61.3	225	Monroe	12.4	3.4
200	Champaign	18.8	5.4	226	Lafayette, IN	16.0	5.8
201	NW Mich.	21.8	0.4	227	Joplin	27.6	0.0
202	Cedar Rapids	16.4	5.9	228	Battle Creek	16.8	64.9
203	Lake Charles	12.9	12.0	229	Bloomington, IL	25.7	16.8
204	Carbondale	15.0	10.2	230	Laredo	17.3	16.3
205	Redding	17.9	8.7	231	Panama City	10.5	0.0
206	Laurel	17.2	8.3	232	State College	31.2	22.3
207	Duluth	20.8	0.8	233	Altoona	14.7	4.1
208	Tuscaloosa	23.9	8.5	234	Bryan-College St.	25.0	12.2
209	Wheeling	11.8	4.5	235	Wichita Falls	15.5	5.2
210	Frederick	24.8	35.0	236	Pueblo	15.8	35.6
211	Medford	24.6	1.6	237	Santa Fe	20.3	49.5
212	Fargo	10.1	1.3	238	Texarkana	21.2	10.3
213	Dubuque	21.8	11.1	239	Columbia, MO	26.6	3.2
214	St. Cloud	19.1	26.8	240	Williamsport	17.2	0.0
215	Sioux Falls	19.4	8.1	241	Augusta, ME	21.8	25.0
216	Ft. Walton Beach	23.6	19.7	242	Watertown	15.3	5.6
217	Lima	18.7	13.4	243	Billings	14.5	1.2
218	Tri-Cities, WA	22.3	10.9	244	Sioux City	14.6	1.9
219	Parkersburg	14.1	0.5	245	Lawton	27.3	5.5
220	Waterloo	21.9	10.4	246	Rochester, MN	17.6	3.6
221	Abilene	23.5	2.2	247	Rapid City	16.5	0.0
222	Burlington	20.8	1.5	248	Albany, GA	16.8	0.7
223	Charlottesville	41.2	1.5	249	Grand Forks	20.3	4.1
224	Eau Claire	15.5	1.0	250	Ithaca	35.7	11.1

RANK	MARKET	PERCENT OF LISTENING		RANK	MARKET	PERCENT OF LISTENING	
		Non-listed Stations	Below-the-Line			Non-listed Stations	Below-the-Line
251	La Crosse	17.5	1.5				
252	Grand Junction	23.5	0.0				
253	San Angelo	18.0	0.0				
254	Harrisonburg	21.9	12.3				
255	Owensboro	22.3	28.2				
256	Danville	23.2	27.7				
257	Bismarck	8.5	0.0				
258	Great Falls	19.2	0.0				
259	Bangor	27.5	3.7				
260	Beckley	19.4	5.4				
261	Cheyenne	23.4	15.0				
	Meridian	20.2	2.0				
263	Casper	20.0	0.0				

- \* Part of NY metro
- \*\* Part of LA metro
- \*\*\* Part of SF metro
- \*\*\*\* Part of SD metro

# I Name That



**Americans' music tastes are broadening, according to a new Census Bureau study. Country has slipped but remains America's favorite music. Rock and roll still defines a generation gap, while blues, jazz, and classical music have also grown in popularity. Despite many demographic divisions, the survey shows that consumers like a variety of music. So far, most record companies and radio stations ignore this fact.**

*by Nicholas Zill and John Robinson*

**W**hat kind of music do you like? Ask the public that question, and you'll get differences in opinion that are just as divisive as those on abortion, gun control, or school prayer. Music tastes vary strongly by age,

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education, race, and gender, according to the 1992 Survey of Public Participation in the Arts. The survey, conducted for the National Endowment for the Arts (NEA) by the Census Bureau, provides vital new audience information to broadcasters and other businesses that buy, sell, or entertain with music.

The NEA survey asked adults whether they liked 20 different kinds of music, from grand opera to bluegrass. The resulting portrait differs in some interesting ways from other measures of musical popularity, such as a tally of record



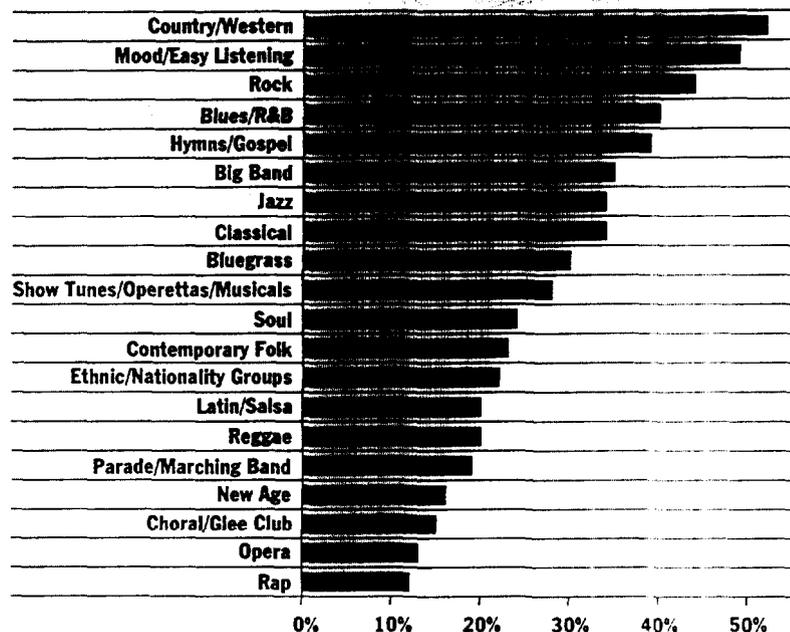


## The Coolest Sounds

Almost 100 million American adults like country music.

Only about 20 million like opera or rap.

(percent of adults who like 20 types of music, 1992)



Note: In 1992, the U.S. population aged 18 and older was 186 million.

Source: Authors' tabulations of National Endowment for the Arts survey, 1992

sales or a count of radio station formats. A major advantage of the survey is that everyone gets to vote, whether or not they buy records or listen to the radio. This approach describes the distinctive demographic profiles of each kind of music, but it also reveals a significant potential market among "crossover audiences" seeking more musical variety.

### COUNTRY IS MOST-LIKED

More than half of adults say they like country/western music, placing it just ahead of mood/easy-listening music. Yet America's most popular form of music ranks second in record sales. Third place goes to rock, the leader in record sales. Blues or rhythm and blues is fourth, followed by gospel or hymns.

The top-five musical genres are liked by about 40 to 50 percent of the adult population, or between 72 and 96 million

people. Yet the division between country-music fans and other forms of music represents the deepest of the many gulfs that define America's musical topography. Country audiences have a distinct demographic profile and they tend not to cross over into other types of music.

The NEA survey also reveals a surprisingly large and growing audience for jazz and classical, the more high-brow and demanding music that doesn't sell many recordings. Each is liked by about one-third of U.S. adults, or more than 60 million people. Yet classical recordings represented just 4 percent of the total dollar volume of prerecorded music sales in 1993, according to the Recording Industry Association of America, while jazz recordings accounted for about 3 percent.

At the bottom of the popularity rankings are two radically different types of music, opera and rap. Opera is liked by

just 13 percent of the adult population, rap is liked by 12 percent, and there is virtually no overlap between the two groups of fans. These may seem like small

**Country audiences have a distinct demographic profile, and they tend not to cross over into other types of music.**

fractions, but each represents an audience of more than 22 million potential radio listeners, TV watchers, ticket holders, and record buyers. Nor do these rap numbers reflect teenagers under age 18, who were not included in the survey.

People may like many kinds of music, but almost everyone has a favorite. When asked to name the one type of music they like best, respondents again choose country over all others. Country/western music emerges as the top choice of 21 percent of adults, followed by rock (14 percent), gospel/hymns (9 percent), mood/easy listening (9 percent), classical (6 percent), and jazz (5 percent). Interestingly, these proportions for classical and jazz music as top favorites are close to their shares of total record sales. Although one-third of adults say they like classical and jazz artists, much smaller numbers buy their recordings.

### ROCK'S GENERATION GAP

Another demographic borderline in music preferences shows up in the age of rock music fans. Seven in ten young adults (aged 18 to 24) say they like rock, compared with only 7 percent of adults aged 75 and older. In the words of demographer Otis Dudley Duncan, that is not a generation gap: it is a cohort chasm.

Rock music is age-bound in other ways, too. Most adults who came of age during and after the 1950s are still fond of the music, and their parents still don't like it. Younger adults are also fond of jazz, blues, reggae, rap, and New-Age music.

Older generations prefer easy listening, big-band music, Broadway tunes and operettas, classical, opera, and country/western. Some "older" kinds of music could eventually lose their audience if they do not find a way to attract younger fans, although some are making strides in this direction.\*

Yet another demographic divider shows up in opinions about classical music. Nearly two-thirds of adults who have been to graduate school like classical, compared with one-fourth of adults with no college education. But more schooling is also associated with greater appreciation for almost all other forms of music, including rock.

The major exception to the rule about education and music appreciation rule is country/western. The more educated the American, the less likely he or she is to enjoy country music. Most Americans (57 percent) whose education stops with a high school diploma like country, compared with 42 percent of college graduates. This difference is relatively small, however, and country is the seventh most popular music form among college grads.

Race is another musical divider. Not surprisingly, African Americans are considerably more likely than others to like music rooted in black culture, such as jazz, blues, rhythm and blues, soul, and rap. Yet blacks are less enthusiastic than whites about two other forms of music that have been strongly influenced by black composers and performers, namely big band and rock. Perhaps blacks see these two types of music as having been "taken over" by whites, despite the seminal roles of musicians like Duke Ellington, Count Basie, Chuck Berry, and Jimi Hendrix.

African Americans are much less interested in music that has its origin in white cultures. Blacks are only half as likely as whites to say they like classical

\* See "Sinatra Has the Last Dance," July 1994, page 39.

## Hot Blues

*The number of adults who like blues, R&B, and soul music leapt from 43 million in 1982 to 75 million in 1992.*

(percent and number in millions of adults who like selected forms of music, 1992; percentage point change, 1982-92; and percent change in number liking, 1982-92)

type of music	percent liking, 1992	percentage point change 1982-92	number liking, 1992	percent change in number 1982-92
Country/Western .....	52%	-6	96.3	1%
Rock .....	44	9	81.1	41
Blues/R&B/Soul .....	40	14	75.2	76
Jazz .....	34	8	63.7	49
Classical .....	34	6	62.5	36
Bluegrass .....	30	4	55.4	35
Show Tunes .....	28	5	51.8	37
Opera .....	13	2	23.5	43

\*The assessment of this change must remain somewhat imprecise because blues and soul were covered by a single question in 1982 and 1985 but by two questions in 1992.

Source: Authors' tabulations of National Endowment for the Arts surveys, 1982 and 1992

music or Broadway show tunes, and only one-third as likely as whites to like country/western music. Yet black Americans have been major contributors to virtually all forms of music, from the country ballads of Charley Pride to the classical recitals of Jessye Norman. Also, the vast majority of fans for several types of

**Women prefer music that is gentler and more lyrical, while men tend to like their tunes fast and loud.**

"black" music are, in fact, white. Seven in ten adults who like jazz are white, as are 73 percent of those who like blues or rhythm and blues. Overall, whites may be less likely than blacks to appreciate jazz and blues—but non-Hispanic whites make up 78 percent of American adults.

Men and women have relatively minor differences in musical tastes. Yet certain stereotypes about music and the sexes may contain a grain of truth. Women prefer music that is gentler and more lyrical, while men tend to like their tunes fast and loud. Women have a greater prefer-

ence for easy-listening music, show tunes, opera, and classical music, while men more strongly prefer rock, jazz, rhythm and blues, bluegrass, and rap. The sexes are about equal in their liking for country, folk, and big-band music.

### BLUES EXPLOSION

Musical tastes are like other public tastes, and the popularity of each type of music changes over time. These changes are apparent when comparing the new survey with responses to similar questions asked for the National Endowment for the Arts in 1982 and 1985.

The most evident trend in America's musical tastes is a hefty increase in the popularity of blues, rhythm and blues, and soul music. The proportion of adults who like these forms of music has grown from about one-fourth of adults in 1982 and 1985 to around four-tenths in 1992.\*

Another sizable change is a nine-point rise in the percentage of adults who like rock, from 35 percent in 1982 to 44 percent in 1992. Much of this growth is due to the number of people exposed to rock

\*The assessment of this change must remain somewhat imprecise because blues and soul were covered by a single question in 1982 and 1985 but by two questions in 1992.

in their younger years. This process is likely to continue for several decades, until rock fans dominate the adult population.

The popularity of jazz, classical music, show tunes, and even opera has also increased significantly. This is clear evidence that young people's musical tastes evolve as they grow older. Comparisons across surveys within specific birth-year groups show that baby boomers are becoming distinctly more positive about classical music and jazz as they move from their 30s to their 40s. Yet the current generation of young adults may not follow this pattern. Due to changing trends in public education, baby busters had less exposure than boomers to music-appreciation classes in school. As a result, there is no guarantee that baby busters will undergo a similar transformation when they reach middle age.

The most puzzling trend in music preferences is a six-point decline in the percentage of adults who say they like coun-

**Baby boomers are becoming distinctly more positive about classical music and jazz as they move from their 30s to their 40s.**

try/western music. This seems to contradict recording-industry figures showing marked increases in sales of country music over the last five years. Sales of country recordings have grown almost threefold, from 7 percent of the total dollar volume of prerecorded music sales in 1989 to nearly 18 percent in 1993. How can the NEA data show a decline in popularity?

Some of the shrinkage in the proportion of adults who like country music could be attributed to the increase in average educational attainment over the last decade, because of the negative correlation between education levels and the preference for country. And even while the

percentage of adults who say they like country has declined over the last decade, the absolute number of country fans has increased from 95 million to 96 million because of overall population growth.

The number of people who like country music is so large that a small increase in the number of recordings each fan purchases per year would produce a huge increase in sales. More spending by country fans could easily overwhelm the slight decline in share. This may explain most of the gap, because recording-industry data show that the middle-aged are a growing segment of the market for recorded music. Older buyers are considerably more likely than young adults or teenagers to be country-music fans.

#### MUSICAL VARIETY

The NEA survey also raises an interesting question: why aren't there more musical variety shows? The data show that most Americans like several different kinds of music, but broadcasting has been moving toward increased market segmentation. Most radio stations play only a single form of music; a few stations play different music in different time slots. By narrowing their musical offerings, broadcasters hope to deliver an audience with known and desirable demographic characteristics to advertisers.

An unfortunate consequence of this trend is that people have fewer opportunities to broaden their musical horizons. Teenagers watch MTV, while senior citizens watch reruns of the "Lawrence Welk Show," and each group has minimal exposure to the music of the other. To compound this problem, relatively few children today take music-appreciation classes. The result is that many young people are growing up unaware of America's rich musical legacy.

Once upon a time, Ed Sullivan managed to bring Elvis Presley and Isaac Stern together on the same top-rated television show. Today, the logic of market segmentation makes such a program

## THEME AND VARIATIONS

Men groove to blues, rock, and jazz. Women dominate the audience for easy-listening music, opera, and musicals.

(percent of adults who like selected types of music by sex, race, age, education, and income, 1992)



all but impossible to support commercially. Yet the data show that average Americans appreciate many forms of music. Advertiser assumptions about musical tastes may be wrong.

There are now signs that the public is ready for an end to musical segregation. Music fans in their 20s are passionate about hard rockers like Pearl Jam and Soundgarden—but they are also partially responsible for the comeback of aging crooners like Tony Bennett and Frank