

# Holland Cooke Newsletter • June '05

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*This month's newsletter is being distributed at Talkers magazine's New Media Seminar in New York. If you just fished this out of your registration bag, stash it in your read-on-the-way-home bag. If you won't be joining us in Noo Yawk, look for my New Media Seminar notes in the July newsletter.*

## TALK, BEYOND RADIO

**FOR YEARS, I'VE BEEN TELLING TALENT: "YOUR DAY JOB IS A MEANS, NOT THE END."  
AND STATIONS: "YOUR TRANSMITTER IS MERELY ONE WAY TO DISTRIBUTE YOUR CONTENT."  
NOW, WE KNOW WHERE ELSE YOU NEED TO BE.**

Walk down any city street, or through an airplane or Amtrak car or subway car, and you feel like you're in an iPod commercial. The number of iPods sold this past holiday shopping season is greater than the number of subscribers Sirius and XM – combined – have signed up to-date. iPod is the marketplace talking – no, SCREAMING – both threat and opportunity.

### **THIS MONTH, RESULTS OF NEW NATIONAL RESEARCH STUDY:**

1. What listeners like about AM/FM radio;
2. What they dislike about AM/FM radio;
3. Why they have Sirius or XM;
4. Why they leave Sirius or XM to tune-back-into AM/FM radio;
5. What else – other than music -- they'll listen to on iPod. **There is certain opportunity, if you act ASAP.**

Why ask?

- Responses to questions #1 and #2 and #4 suggest strategies and tactics for playing offense and defense, against other AM/FM stations, and vs. satellite radio. You may come away from this data with new copy points for on-air promos.
- Question #3 screened-out people who became exposed to satellite radio because it was factory-installed in a new car. Our goal is to understand why early adopters went-out-of-their-way to acquire Sirius and XM hardware; and why they are willing to pay NOT-to-listen-to AM/FM radio.
- Question #5 draws you the road map to "podcasting," a term that is only now a year old; and a significant behavioral phenomenon that is sucking listeners away from over-the-air radio.

Podcasting is radio without a transmitter, and listeners choose the programming, audio files which owners of iPod and other-brand MP3 players download and listen to in portable fashion. Like the VCR and TiVo, iPod enables timeshifting. Podcast listeners also "place-shift," listening locally where radio doesn't go (i.e., subways), and beyond local stations' signals (i.e., airplanes, Amtrak, other places out-of-market). There's no FCC, no rules, no format, no boundaries. You can talk about anything of interest.

So what's of interest? This month, you will read what I believe to be the first research of its kind. And you will learn how you – as an individual performer, or your station – can enter this new venue; and extend your content to anyone, anywhere, anytime.

The tail is already wagging the dog. Infinity has renamed a San Francisco AM "Open Source Radio." Programming will consist entirely of podcasts. Ever wish you could be heard in market #4? Here's your invitation, from the station's web site.

***"We think you have something to say and we want to hear it. You're out there creating, riffing, ranting and raving and Infinity is going to give voice to your vision. In fact, we want to share it with the world. Your original thoughts and sounds will be broadcast in San Francisco on the revolutionary 1550 KYCY-AM and streamed worldwide at KYOURADIO.com."***

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Canny as all of this may make your consultant seem, what you are about to read is NOT my opinion, though it will echo advice familiar to regular readers. But there is enough at stake here that you deserve better than hunches and predictions.

## About The Survey

In April, I purchased an online opt-in sample, from San Francisco-based research firm MarketTools. Like Arbitron, they round up people who are willing to be interviewed. The sample got an online questionnaire, which you can try at [www.HollandCooke.com](http://www.HollandCooke.com)

Unlike the actual survey, I've set-up this demo version "in kiosk mode;" meaning that you can take the survey multiple times. Why: Different responses to various questions send you to different follow-up questions.

- If, for instance, you indicate that you listen to radio less than 30 minutes a day, you will be spared follow-up questions about your radio listening habits.
- If you have either Sirius or XM Satellite Radio, you will be asked why, which channels you listen to most, and why you leave satellite radio and tune-into AM/FM radio.
- If you indicate that you own an iPod or other portable MP3 player, we probe your interest in 36 podcast topics. In a moment, I will rank all 36 topics posed, effectively a podcast listeners' topic wish list.

As this month's newsletter goes to the printer, I have responses from 1216 adults 18+, roughly 50/50 male/female, roughly-evenly-distributed geographically across the USA. To put a 1216 sample size in perspective:

- If you're in a medium market, that may be roughly the number of diaries in-tab for your market's entire Arbitron survey.
- Unless you are one of New York's top 3 stations, you're probably not mentioned in 1216 diaries.
- Many national presidential polls are derived from smaller samples.

So – while I won't claim this to be "a scientific survey" (whatever THAT means) – it is, statistically, instructive.

More perspective: ONE THIRD of this random sample owns a portable MP3 player. By comparison, only 8% have satellite radio. You need to be heard on iPod, and you are about to read why, how, and what-to-do. But first-things-first. About your day job...

## ***“What do you like MOST about AM/FM stations you listen to?”***

This was an open-ended question, meaning that respondents could simply type whatever-they-wanted into a comment box, unlike other survey questions which were Yes/No or multiple-choice.

## **The Top 3 Things People Like About AM/FM Radio:**

### **1. Music**

Far-and-away, this was the #1 feature cited. Notwithstanding iPod, Sirius, and XM, and the dreadful way music stations have cluttered and homogenized programming, folks still use radio as a music appliance. How listeners describe the way they use radio always fascinates me. Radio is our LIFE, but to listeners, it's just...radio. So it instructive and humbling to read comments such as:

***“Good music to listen to while exercising. Hear new songs.”***

***“Classical music to serve as background and soothing to nerves throughout day.”***

***“The type of music played, having something in the background while I do other things.”***

***“Good background noise while I work, nothing loud...”***

One recurring theme that is useful: MANY comments allude to "choice" and "control" and "variety." People view radio as a menu.

***“I like the fact that most FM stations have a particular format, so you can choose which one to listen to.”***

***“The ability to listen to programs I like and the ability if they are offensive to change the station.”***

***“Music, NPR, and Howard Stern”***

***“Talk radio in the morning, music choice”***

Another clear theme is the familiar stereotype that listeners regard FM as music radio and AM as information radio:

***“Talk on AM, good variety of music on FM.”***

***“Music selection for FM, personalities for AM.”***

## 2. Information

Comments addressed the programming staples that smart programmers constantly tweak and relentless consultants nag about:

***“Information about traffic”***

***“News -- if anything happens before I go to work I know -- and the weather.”***

Comments also affirm the value of quality control. Listeners turn to radio to hear the-very-latest:

***“Real-time information”***

***“I keep up with current events”***

***“News is up-to-date”***

Underlining the importance of time-sensitive programming will be some corresponding “dislike” comments you’ll read in a minute.

AND GET THIS!!! The #3 reason-they-like-radio really hits a nerve, after all the cutbacks local radio has suffered in consolidation...

## 3. It is “local.”

Admittedly, your consultant is a nerd, an information junkie. So pardon me if this makes my scalp tingle. This is a big deal.

In the process of using research to derive information about our craft, we often have to **probe** to get a sample to articulate something this sample came-right-out-and **volunteered**: Listeners like radio because it delivers something competing audio products cannot: local information, stuff too-local for satellite radio and more-timebound than programming they load onto iPods.

***“What is local to my world.”***

***“Local flavor and information.”***

***“They have my local news.”***

***“I love Chicago talk radio.”***

This unsurprising distinction that listeners perceive is bittersweet news, since radio has compromised itself so much by paring local programming resources. Any station that invests in engaging, relevant local content -- and effectively markets the benefit of listening -- will benefit. This is a lot of what I work on with client stations; and the investment creates revenue opportunities.

Another red flag to commercial AM/FM stations: Lots of favorable mention of National Public Radio. Public Radio listening has grown steadily in recent years, as commercial radio’s news content has diminished (and much of what is left has gotten boring):

***“In-depth news analysis available only from Public Broadcasting stations.”***

***“NPR’s cool.”***

***“I listen to NPR for news and politics and the local public radio...they have a lot of local info.”***

Another notable comment that researchers often have to work to surface, but which this sample offered unprompted, is pertinent to defending AM/FM radio against the Sirius/XM paid subscription model:

***“It’s FREE.”***

Reading this feedback, we get a feel for how-to-describe why-to-listen. Comments suggest themes for differentiating your station from other stations and other media:

***“Local news and a morning show that I love.”***

***“Free...local.”***

***“It’s free & information is current & timely.”***

The survey offered another comment box inviting the sample’s response to...

***“What do you like LEAST about AM/FM stations you listen to?”***

As you will see, many of these comments re-state listeners’ likes, by describing how radio stations disappoint them.

## The Top 3 Things People Dislike About AM/FM Radio:

Listeners’ number one beef was an unsurprising and overwhelming consensus:

## 1. Commercials

You can read all of the sample’s verbatim comments at [www.HollandCooke.com](http://www.HollandCooke.com), and you’ll see this one just jump-off-the-page.

Radio’s two most-injurious self-inflicted wounds post-consolidation were draconian cutbacks in local programming, WHILE we were torturing listeners with intolerable commercial loads (WHILE iPod emerged and Sirius and XM’s commercial-free channels launched).

As you've already seen, listeners appreciate that AM/FM radio – unlike satellite radio – is free. They understand that the trade-off is commercials, as with over-the-air television. Their willingness to support this model is demonstrated by just-released research from Arbitron and Edison Media Research, which you can read free and in its entirety at [www.HollandCooke.com](http://www.HollandCooke.com).

But radio's ratings, and this research, show us that there are limits, and that radio has crossed the line. And our timing couldn't have been worse. Radio's gluttony for commercial quantity, and lowering-the-bar on commercial quality, has held-the-door-open for other media. Time will tell if Clear Channel's "Less is More" scheme, and other efforts to mitigate commercial tune-out, can reverse perceptions as bluntly stated as these and other damning comments:

***"Too many commercials, many of which are embarrassingly amateurish."***

***"I hear the same ads over and over."***

***"Some of the commercials are so annoying."***

***"There is far too much advertising on the radio stations, too much time between songs on FM stations."***

***"commercials about male enhancement products."***

Smart stations PROGRAM commercials, which are, after all, part of the programming listeners hear. Like offering solid local content, your efforts to moderate and deftly juggle your commercial quantity; and to be more discerning about quality; will distinguish you and advantage your advertisers. Listeners regard well-done spots as informative, some as entertaining.

## 2. Repetition

Yes, people value radio as a music appliance...BUT...

***"The music selection is annoyingly repetitive."***

***"The same songs on multiple stations."***

***"It is not like the radio of the 60's where the DJ's actually seemed to have fun at their jobs."***

***"I hate radio stations that are on rotation. The music choices feel very controlled."***

***"A classic rock station has 30 years of music, but they seem to rotate the same 50-100 songs."***

***"No variety, same songs day after day."***

Yes, people value radio as an information appliance...BUT...

***"Repeated news reports."***

***"If you keep listening, they keep repeating."***

***"All owned by Clear Channel, same personalities doing weather, traffic, news on all stations."***

Yes, people value radio as a forum...BUT...

***"The talk is nearly all right wing wacko stuff."***

## 3. Technical issues

Comments suggested two basic problems, one that's built-in, and the other that is radio's own fault.

***"static," "interference"***

***"Some can't be heard in bad weather."***

***"The limited range of the stations." "Sometimes the station is not in focus."***

***"losing station during favorite song"***

***"Some of the AM stations are hard to tune in, and some can't be heard in the evening."***

The jury's out on digital radio. So-called "HD Radio" may be too-little-too-late. Meantime, if I were Sirius or XM, this is a benefit statement I would be saying louder than they are. Every radio station has holes in its market coverage; especially AMs, which change their entire map when they change pattern and/or power at sunrise/sunset. But – except for a-couple-levels-down in an underground parking garage -- Sirius and XM cover your entire market.

Diligent radio stations maintain their equipment and maximize their permitted coverage; sloppy stations don't. But there are limits. Which is why you should super-serve the people who CAN hear you, by doing-what-only-you-can-do, solid local programming; and promoting that benefit in plain English and on an ongoing basis. Sadly, too many stations are still "mailing-it-in," by airing...

***"Automated feeds from elsewhere. Sometimes there is blank air."***

***"no traffic reports"***

***"unreliable traffic reports"***

***"not telling the time"***

Other comments included familiar complaints about on-air talent:

***“too much sex and obscenities, inappropriateness for children”***

***“Morning dee-jays who think they're funny and won't shut the hell up”***

***“inane banter,” “inane chatter,” “too much silly talk,” “too much chit-chat among DJs”***

***“ego”***

***“intolerant jocks, blatant racism/sexism/hate-ism”***

To listeners, radio is an audio salad bar. Pick-and-choose what you like, leave the rest. While the comments above suggest that some listeners think some programming is too zesty, other listeners think other fare is a yawner, or contrived:

***“Boring talk radio hosts. They don't know how boring they are.”***

***“I hate Clear Channel for censoring artists and their political bias.”***

***“The DJs are all trying to be shock jocks or sound staged and too polite.”***

And – though NPR has earned some favorable reviews for the information benefit that commercial radio too often surrenders – Public Radio has some issues:

***“With NPR I feel as though it is a little too global for me.”***

***“NPR pledge drives, GAWD, what a pain in the arse!!!”***

## **Why Satellite Radio Listeners Pay NOT To Listen To AM/FM Radio**

As you will see when you demo the survey, we screen-out Sirius and XM subscribers who acquired satellite radio because it came factory-installed in a new car. What we're after is why deliberate aftermarket installers went so-out-of-their-way.

Here's a headline: Satellite radio adoption is **not yet** about non-music content. There's been lots of PR surrounding Sirius' signing Howard Stern, NFL football, and other News/Talk/Sports “gets;” and the Major League Baseball package XM now airs and Bob Edwards/Dr. Laura/G-Man Liddy/other “names.” So I asked how these acquisitions influenced the purchase decision. Answer? They didn't, compared to the four factors listed below, in order:

- 1. More music variety**
- 2. Commercial-free music**
- 3. Better reception than AM/FM**
- 4. Better audio fidelity**

I emphasize that Satellite radio adoption is **not yet** about non-music content, because, for instance, Howard Stern is not yet on Sirius. And this is XM's first baseball season, so many fans are just now seeing XM promotion in game broadcasts and stadiums. But we've seen that radio's big draw is music, and one of its downsides is reception. So, not surprisingly, satellite radio is largely addressing listeners' dissatisfaction with the way radio delivers music, and with radio's technical problems.

Predictably, as Sirius/XM users hear how satellite radio's national News/Talk/Sports programming over-delivers AM/FM, these preferences may change. Listening to Sirius/XM feeds of CNBC, Fox News Channel, etc. will likely chip-away at AM/FM Time Spent Listening. But AM/FM radio's silver bullet against national media will continue to be solid local non-music programming.

## **Why Satellite Radio Listeners COME BACK To AM/FM Radio**

We asked Sirius and XM subscribers to “check all that apply;” and they told us that the reasons they tune-into AM/FM radio are:

- 1. To hear local news (54%)**
- 2. To hear the weather (40%)**
- 3. To hear a traffic report (38%)**
- 4. To hear a local host or DJ (28%)**
- 5 tie: To hear a sporting event (21%)**
- 5 tie: To hear national or world news (21%)**
- 6. To hear Rush Limbaugh (13%)**
- 7. To hear Sean Hannity (7%)**

*Note: Rush Limbaugh is not heard on satellite radio; Sean Hannity is.*

Bottom line? Responses to this question track responses to other questions. Accordingly:

- Do those top 4 things as well as you possibly can.
- Tell people who do and don't listen to you (on- and off-air promotion, respectively) that you do those top 4 things.
- If you're the Limbaugh station, treat him like the biggest star on radio. If you've got Hannity, treat HIM like The Next Rush.
- Remind people who do listen to you that they don't have to leave you for national news. Bear-hug your network.

I can recommend specific, proven, on-air copy points.

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## “PODCASTING:” WHY BOTHER? WHAT CONTENT?

To summarize everything you've just read:

- We know that portable MP3 players are everywhere. And home and at-work streaming audio listening continues to grow.
- We understand that listeners use radio, satellite radio, and iPod-type players for music. And we've seen what radio has done to relinquish music listening to these new competitors.

*And lately, we're witnessing FM radio's desperate attempts to win-back music listeners.*

*Read why the “Jack” format fad will flop, in last month's newsletter. If you missed that issue, see back page.*

- We know what AM/FM stations need to do to become handy and habit-forming.

### Why bother creating audio-to-go?

Because, status quo:

- Your work airs once. It goes up the tower, out into the ether; one play, heard only by people in one area, listening live.
- Someone else keeps most of the money.
  - If you're talent, it's The Boss.
  - If you're The Boss, you pay rights holders and rep commissions. And you've got overhead.
- Interesting stuff is missing.
  - Management: There are only 168 hours a week to program and sell. Right now, you can probably think of programming that would make you money, but you have nowhere to put it.
  - Talent: You might be, for instance, a frustrated movie critic. But the dang consultant nags you to “follow the format.”
- There are rules. In addition to that-dang-format, there's the darn FCC.

What-if, instead:

- **You're everywhere, anytime.** Your work can be heard wherever your listeners take their iPods...and everywhere else! No longer bound by your signal pattern, you speak to web surfers worldwide, who discover and download what you have to say.
- **It's YOUR business.**
  - If you're an on-air host, the podcast is something YOU – not The Boss -- own.
  - If you're The Boss, having covered your overhead, you own a content factory. Podcasting costs are virtually zero.
- **Do whatever you want.**
  - Talent: While your on-air work is SO in-format that the consultant is actually smiling...you're also doing movie reviews.
  - Boss: Offer listeners all-the-things-you-do-on-air all-week, on-demand...and detail/graphics/photos that you don't air. Offer more programming than you can squeeze into a mere 24/7. Attach advertisers' coupons; and create other value.
- **No rules.** Go ahead, talk dirty. But that's not the only rule you can ignore. You're no longer confined to 30 or 60 second or 30 or 60 minute packages. Remember, this isn't radio. YOU decide the size-and-shape-of your podcast, tailoring it to the material, and how-people-will-use it. Examples in a moment.

Bottom line: Be there or be square.

- Stations not podcasting: You are leaking audience, M.I.A. beyond your pattern, and leaving money on the table.
- Talent not podcasting: Have your head examined. If you've got something to say, why not tell anyone, anywhere, anytime?

### Why YOU should be podcasting: YOU are a professional.

To-date, most podcasts are awful. Most podcasters are hobbyists and nerds. Even professionals sound embarrassingly amateurish, as you heard if you heard Paris Hilton's podcasts. She was disserved by the people managing her career. You, on the other hand, do audio for a living. Whether you merely repurpose what-you-do on-air, or create original podcast content, you will shine.

## What's involved in podcasting?

- Audio production: You've got a studio at the station, though you don't need one. On the laptop I'm using to write this, I occasionally produce promos that air on client stations, using the same software many stations use. Heck, your computer probably came with an audio editor pre-loaded. If not, there are podcast-adequate freebies available as shareware.
- Software: Also FREE shareware. See [www.HollandCooke.com](http://www.HollandCooke.com)
- Hosting: virtually FREE. You can buy hosting. Or use server space you get with your AOL account, or free from Yahoo!
- Marketing: Hear me now, and thank me later: "Google AdWords." And, of course, there's the power of radio advertising.

## Podcasting Content: Say WHAT?

The survey asked owners of iPod and other-brand portable MP3 players:

***"If there were FREE podcasts (MP3 files) about the following topics, which would you download and try?"***

I worded it that way to accommodate the culture of the Internet, where helpful sites like Mapquest.com employ what is, essentially, the broadcast model: free content accompanied by some advertising.

Which is not to say that you couldn't charge for podcasts. Use the Amazon.com model. Like brick-and-mortar bookstores with comfy chairs and coffee, Amazon invites you to virtually thumb-through books. And, like brick-and-mortar bookstores, doing so has helped sales. Similarly, you might show-some-ankle with free podcasts which could tempt listeners to download other installments you sell via Clickbank.com or other e-commerce apps.

But I digress. Here, for the first time I know of, is research on podcast consumers' non-music topic preferences:

- |  |   |
|--|---|
| 1: Comedy 82%                                  | 15. Wine 33%  |
| 2: Local weekend funformation * 78%            | 16 tie: Stock market tips 30%                       |
| 3: Movie reviews 69%                           | 16 tie: Visiting Washington DC 30%                  |
| 4: Computers/Internet/Consumer electronics 61% | 17 tie: Advice for small business/entrepreneurs 29% |
| 5: Travel 60%                                  | 17 tie: Reality shows 29%                           |
| 6: Health & Fitness 55%                        | 18: Baseball 27%                                    |
| 7: Love/Sex/Relationships 50%                  | 19: Parenting 25%                                   |
| 8: Visiting Las Vegas 47%                      | 20: Auto repair 20%                                 |
| 9 tie: Gardening 46%                           | 21 tie: Auto racing 18%                             |
| 9 tie: Reducing stress 46%                     | 21 tie: Hockey 18%                                  |
| 10: Cooking 45%                                | 21 tie: Religion 18%                                |
| 11 tie: Home improvement 44%                   | 22: Basketball 16%                                  |
| 11 tie: Pet care 44%                           | 23. Hunting and fishing 15%                         |
| 12: Personal finance 39%                       | 24 tie: Boating 14%                                 |
| 13 tie: Football 37%                           | 24 tie: Soccer 14%                                  |
| 13 tie: Visiting New York City 37%             | 24 tie: Soap operas 14%                             |
| 14 tie: The Beatles 34%                        | 25: Chick chat 12%                                  |
| 14 tie: Politics 34%                           | 26: Cigars 9%                                       |

Notes:

- \* What I've abbreviated as "funformation" above was worded "Things to do in your area this weekend." This points to two vulnerabilities radio has self-inflicted. Local content has been cut back; and many stations' weekends sound like nobody is listening. This data tells us, specifically, how new media can suck-away potential radio listening.
- These are merely the 36 topics I tested. Other content may also be in demand. Got any ideas?
- Clearly, there's demand for comedy, which you may already create (as show prep). But don't disqualify cigars. Remember, it's a World-Wide Web. Broadcasting speaks to broad interests. Podcasting can speak to narrow interests.
- Quick: Book a Las Vegas vacation, and write-it-off as a business expense!
- That's just one example of how podcasts needn't fit-into broadcasting's 30/60 second/minute boxes. Maybe your Visiting Las Vegas (or Visiting Your City) podcast is a walking tour, a series of cuts describing various locations. Listen as you trudge.
- Length-of-program isn't the only way podcast content differs from broadcast content. Length-of-advertising-message is another. Think "books-on-tape." I am working on technique with a number of podcasters. Can I help you?

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