

“No one’s bettered
radio as the way to
hear new music”.

Michael Nutley, Editor, *New Media Age*

Radio Advertising Bureau

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Recover & Escape

Discover & Engage



DISCOVERY AND RECOVERY

The complementary roles of radio and iPod

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Executive summary

Most new technologies are competing for “share of eyeball” – games consoles, PCs, HDTV etc – but now radio has a bit of competition too, for “share of ear”. This is mainly coming from the personal mp3 player, and the most salient example is Apple’s iPod.

This 2006 RAB study* set out to discover how people are using iPods/mp3 players and radio, and what this suggests about developments in future listening habits.

Meeting different music needs

In terms of music, there is some crossover but in the end, iPods and radios serve different needs. iPods allow listeners to enjoy the music they have already chosen, where radio can bring them new tracks at any moment. This can be short-handed as:

- **Radio** is better for music *discovery*
- **iPods** are better for music *recovery*



Meeting different emotional needs

But music is only half the story. The two technologies also serve very different emotional needs. While iPods allow listeners to cut themselves off, and immerse themselves in a private world of selected music, radio offers company, connects people to the outside world, and helps them to feel in touch with reality in the present day. Short-handed:

- **My radio** lets me engage
- **My iPod** lets me escape

*The study was primarily based on a survey of 200 iPod/mp3 users, conducted by Clark Chapman Research.



New opportunities for advertisers

The new technology has also spawned a new hybrid – the podcast, where radio programming is downloaded onto the iPod for later listening. It is very early days for podcasting but the most successful podcasts appear to be based on the 'discovery' and 'recovery' nature of the two devices i.e. short form content runs on-air, flagging a long form podcast available to download for the interested listener.

So the signs are that radio and iPods are developing into complementary technologies, fulfilling different needs. In this context, radio continues to be the medium that fulfils a wider range of people's emotional needs, keeping them connected to the real world and communities in real time.

It is also increasingly a medium that listeners use to discover new things – and this must be good news for advertiser brands, whether they are using spot advertising or the new forms of branded content.

“Share of ear”

The changing audio landscape

Most of the recently developed media platforms – such as games consoles, digital TV, HDTV, computers, PDAs, etc – are competing for “share of eyeball” amongst the public. The competition is fierce because it’s difficult for consumers to use more than one visual medium at once, so the dominant platform has much to gain.

In this context radio has always been in the lucky position of competing for “share of ear”, where it had far less competition. However the development of the personal mp3 player (or iPod, as they are often generically called) has been important, because it shares many of the benefits of radio – personal, mobile, handy – as well as offering the possibility of listening to the consumer’s own personal choice of music.

The scale of change is dramatic too: over 6 million mp3 players were sold in the year to March 2006, and many mobile phones now incorporate mp3 players

(although many versions of both technologies also have radio functionality).

Understandably, this large-scale competition is leading people to question how iPods are affecting radio listening habits, and what the long-term trend might be.

This report looks specifically at the way iPod/mp3 users of today are using radio and iPod/mp3 platforms, to help understand how these technologies work, what people value about them, and what this might mean for future listening habits.

The main evidence in the study is drawn from a dedicated study conducted by Clark Chapman Research in 2006, where 200 iPod/mp3 users were asked detailed questions about their iPod/mp3 and radio usage, and about their attitudes and feelings about the two different platforms.



Discovery and recovery

How radio and mp3 players meet different music needs

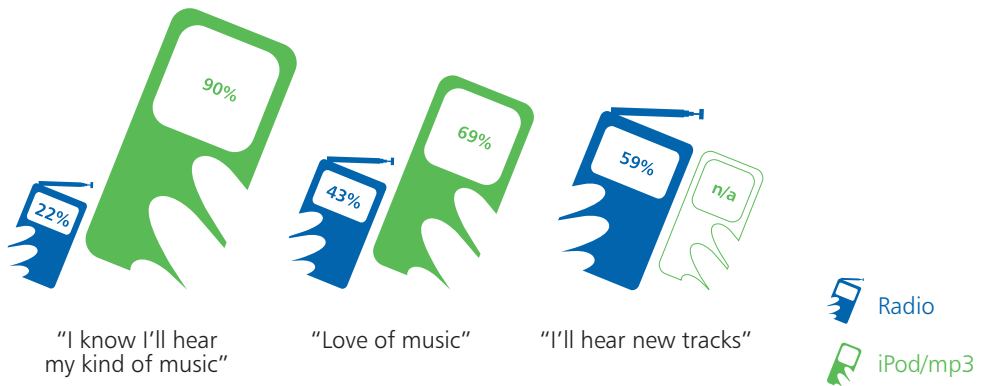


Chart 1: **Which of these applies to your listening on...**

(% agreeing)

Source: Clark Chapman Research

To understand how radio and iPods/mp3 players might converge and complement each other in the future it's important to look at the roles they play in meeting listeners' music needs.

The UK public has had access to recorded music for many years now, and as each new format was introduced – vinyl singles & albums, cassettes, CDs etc – it has influenced patterns of radio listening. For example, when cassette tapes were introduced, some listening time was devoted to cassette but at the same time recording from the radio increased dramatically – most memorably, when the nation's youth recorded the chart shows on a Sunday night.

But the introduction of the iPod/mp3 has meant a kind of quantum leap in recorded music. The critical differences are:

- These little players are small enough to fit in a pocket, which makes them as mobile and handy as radio
- The sheer amount of music which mp3 players can carry is huge (a standard player carries over 500 songs but many now have capacity for over 20,000 songs – more than most people's entire record collection!)
- In a broadband world, there is easy access to almost unlimited downloadable music from the internet
- The technology is very fashionable, particularly the iPod

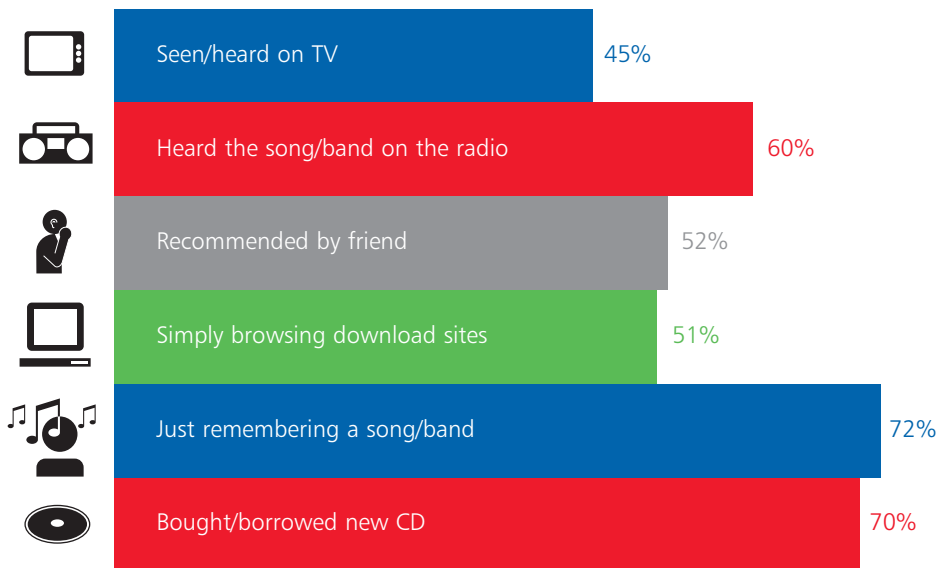


Chart 2: “What sort of thing prompts you to load new songs onto your iPod/mp3 player”

Source: Clark Chapman Research

Many players now also come with a “random” function which means the listener can be surprised by a track (although it will be a track which they have put on their mp3 player earlier): this element of surprise or unpredictability is intrinsic to radio.

In a world where the iPod/mp3 user has access to their chosen music in huge amounts, and in a wide variety of situations, what is the role of radio?

The comments in Chart 1 make it clear that, while music may be common across both platforms, the expectations of that music are very different.

In terms of music, the role for radio seems to be increasingly in the area of discovering new music. This is borne out by people’s answers to the question “What sort of thing prompts you to load new songs onto your iPod/mp3 player?” Radio is a stronger influence than either TV or personal recommendation.

However, music is only part of the story. If only 43% of listeners are agreeing that “love of music” is a reason for their choosing to listen to radio, there are clearly other factors in play.

“The Text Generation want radio to give them added value content over the iPod”

The iPod Generation, Ofcom Report 2004

Engage and escape

How radio and mp3 players meet different emotional needs



"I know I'll hear my kind of music"

60%

"Love of music" 16%

Which is the most important reason for choosing the iPod/mp3 player?
(% choosing reason)



"Company while doing something else"

43%

"I will hear new tracks" 20%

Which is the most important reason for choosing the radio?
(% choosing reason)

Chart 3: Main reasons for using different technologies

Source: Clark Chapman Research

When radio listeners are asked direct questions about their reasons for listening, they tend to identify functional reasons – the news, weather, travel, music etc.

In fact, while these answers are true, every past study into this area shows that above all else people listen to radio for emotional reasons – to avoid boredom, to stave off feelings of isolation, to make the daily grind a bit more bearable, and

so on. They use radio as a kind of personal climate controller for the soul.

This emotional role of radio was brought out clearly in this study, partly because listeners were asked to identify why they were choosing to listen to radio versus iPod/mp3 and vice versa.

So the main motivation for using radio is emotional, while the iPod/mp3 players are mainly motivated by music factors.

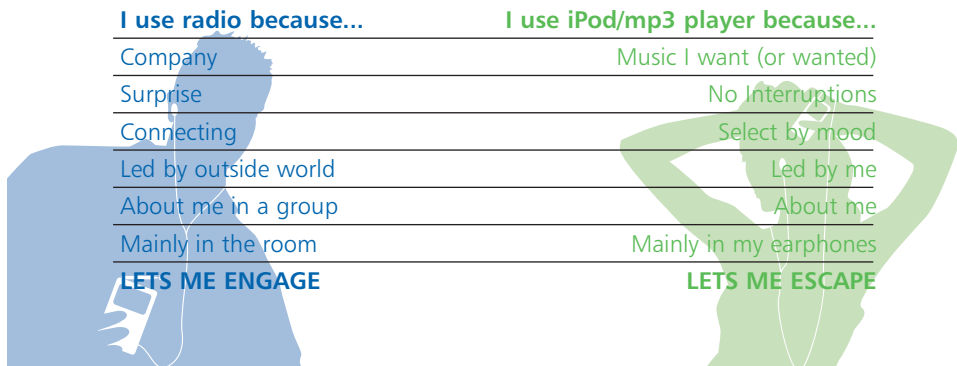


Chart 4:

Source: Radar Consulting

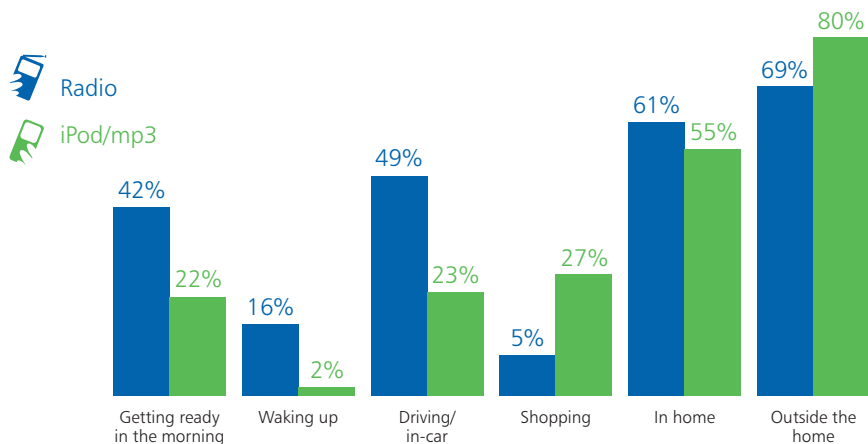


Chart 5: **When do you tend to listen to your...**

(% saying yes)

Source: Clark Chapman Research

However, iPods/mp3 players have an emotional context too – but it is very different from radio. As Chart 4 shows, the main psycho-social effects of the iPod/mp3 are about escape, where radio is much more about connecting.

These differing needs are reflected in the times when people use the different technologies. As Chart 5 demonstrates, whilst both technologies are broadly used inside and outside the home, radio is more widely used when people are in

“preparation” mode (getting ready for work/college, etc) or driving, while the iPod/mp3 player has a stronger profile at times like shopping, when people have a planned activity and want to take some entertainment with them.

The relatively high score for iPods/mp3 players while shopping suggests again that people are using them to “escape” into a private world when they are out in public places.

Discovery and engagement

Shaping the future of radio

music will be
music will be
music will be
music will be

There is no doubt that iPod/mp3 players are taking some of radio's "share of ear" but our research suggests that there isn't just a straightforward migration happening here.

For a start people's uptake of the digital players is a bit erratic – in our survey, 23% of iPod/mp3 users were actually using them LESS than three months earlier, so there is some level of "honeymoon" effect in the early days.

But more importantly, people are using radio and iPod/mp3 players for rather different reasons, and this offers some clear pointers to how radio may evolve into the future.

It has been suggested (Kusek & Leonhard 2005) that in the future "music will be like water – ubiquitous and free-flowing" through all the various technologies and platforms. In a world like that, why will people be choosing radio, and what will this mean for the nature of radio stations?

will be like water
will be like water
will be like water
will be like water

The key consumer drivers here seem to be that people want to use radio for ENGAGING with the real world and for DISCOVERY of new music.

One potential outcome is that radio stations will put more emphasis on content which isn't just music – this could mean more speech, and perhaps more interactivity, engaging with the broader listener community.

It may also suggest that stations will put more focus on new “undiscovered” music.

In addition, the compatibility of radio with other devices will evolve further – we are already seeing this in tests where listeners on DAB enabled mobiles can instantly download tracks they have heard on air, just at the press of a button.

Podcasting

New opportunities for advertiser brands



This future for radio looks like good news for advertisers, as it will allow their messages to be placed in an environment where people are engaged/interactive, looking for new things to discover, and which they are using for real-world connections.

The meshing technologies have also spawned a completely new format of course – the Podcast, where radio programming is downloaded onto the iPod for later listening.

It is very early days for Podcasting but the most successful Podcasts appear to be based on the 'discovery' and 'recovery'

nature of the two devices – short form content runs on-air flagging a long form Podcast version available for download for the interested listener.

Podcast listeners promise to be even more valuable than live listeners in some ways, as through the act of downloading they are clearly making a stronger commitment to the programme content.

Alongside spot advertising and branded content, Podcasts offer advertisers a new opportunity to engage with the radio audience, by exploiting, and then feeding, their 'discovery' mindset.



OFF

Sources

Clark Chapman Research, proprietary study of iPod/radio users for RAB, 2006

Kusek & Leonhard, *The Future of Music* (Berklee Press 2005)

Radar Consulting, proprietary study of listener behaviour for RAB 2006

The iPod Generation – Devices and desires of the next generation of radio listeners – created by The Knowledge Agency for Ofcom 2004