



# AM/FM radio: the centerpiece of American audio

Featuring data from Edison's Share of Ear Q4 2016

The gap between the perception and reality of audio listening among advertisers has never been greater. The truth is, AM/FM radio is bigger than ever.

This report examines Edison Research's Share of Ear data to explore:

- The size and strength of AM/FM radio
- Emerging audio trends

**The key takeaway:** AM/FM radio dominates the audio landscape with mass reach and significant time spent.

# The data: about Edison's Share of Ear



“Share of Ear” is the authoritative and definitive view of how Americans consume audio content. Edison reports share of audio time spent and percentage of Americans who use each content source.

Edison Research conducts a quarterly study to track consumer use of audio. Each quarter, 2,000 respondents keep a 24-hour diary to record audio usage. Each released study reflects 8,000 respondents, representing a rolling four-quarter average.

Edison is a leading provider of AM/FM radio research, with more than 20 years experience. They also conduct exit polling for all national elections for America's television networks.

# Perception: AM/FM radio and streaming are nearly equal in the eyes of advertisers

According to Advertiser Perceptions, advertisers and agencies think the share of audio time spent with AM/FM radio is nearly the same as streaming

**AM/FM radio**

**55%**

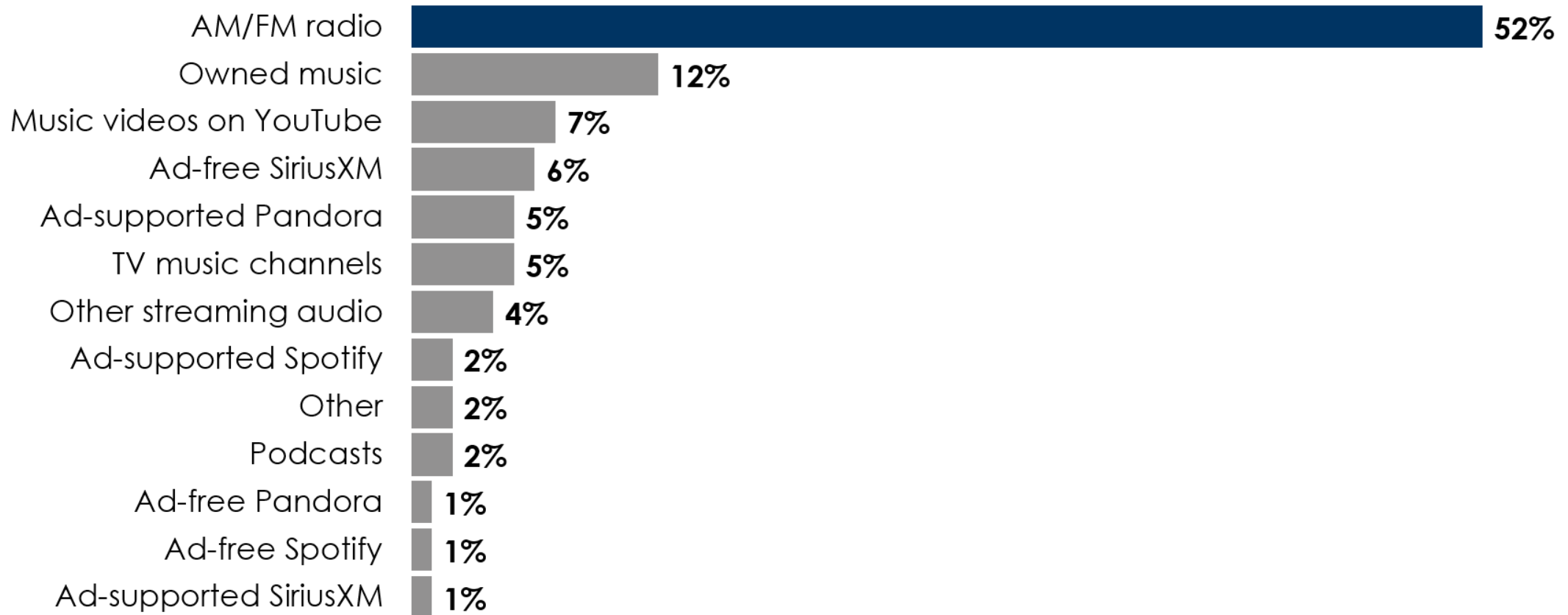
**Spotify**

**Pandora**

**45%**

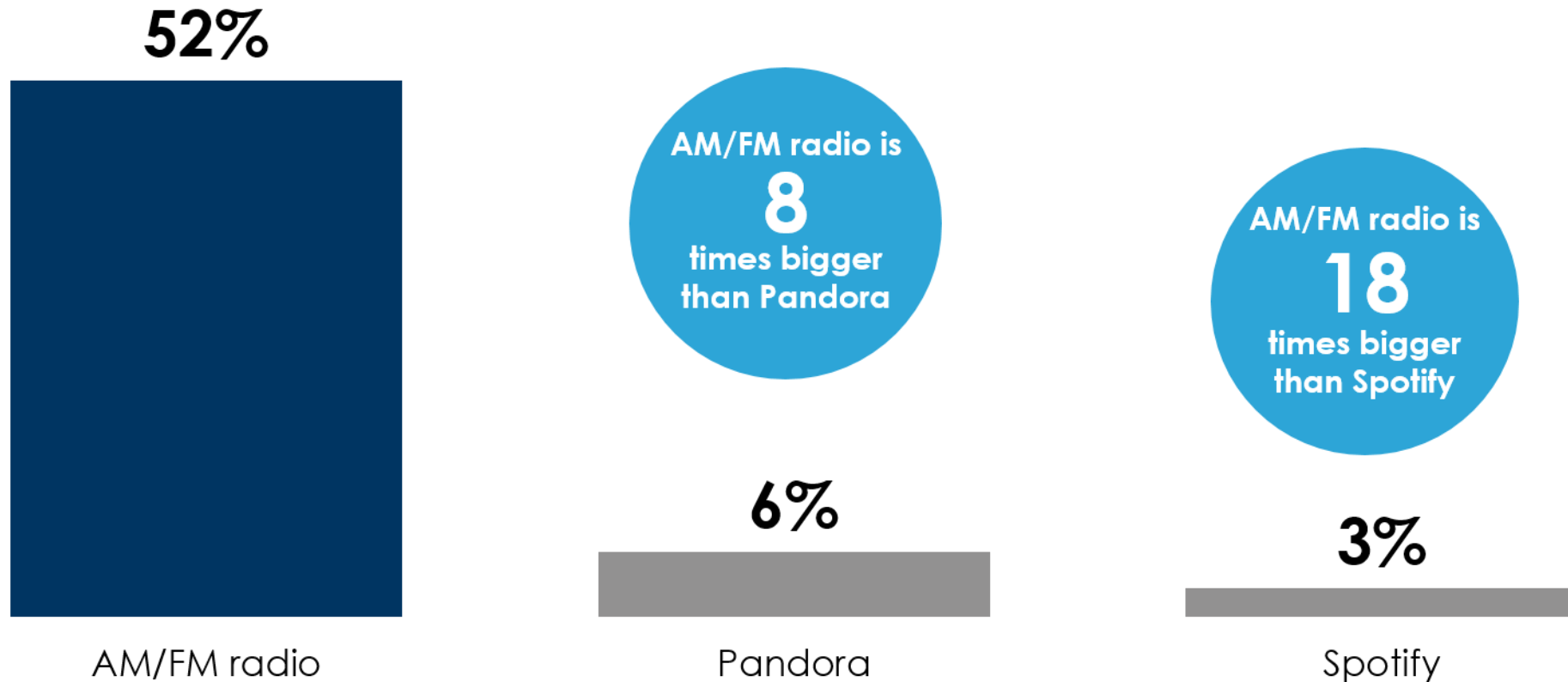
# Reality: AM/FM radio is the centerpiece of audio

Share of audio time spent among persons 18+



# People spend a much higher percentage of time with AM/FM radio than digital audio

Share of audio time spent persons 18+

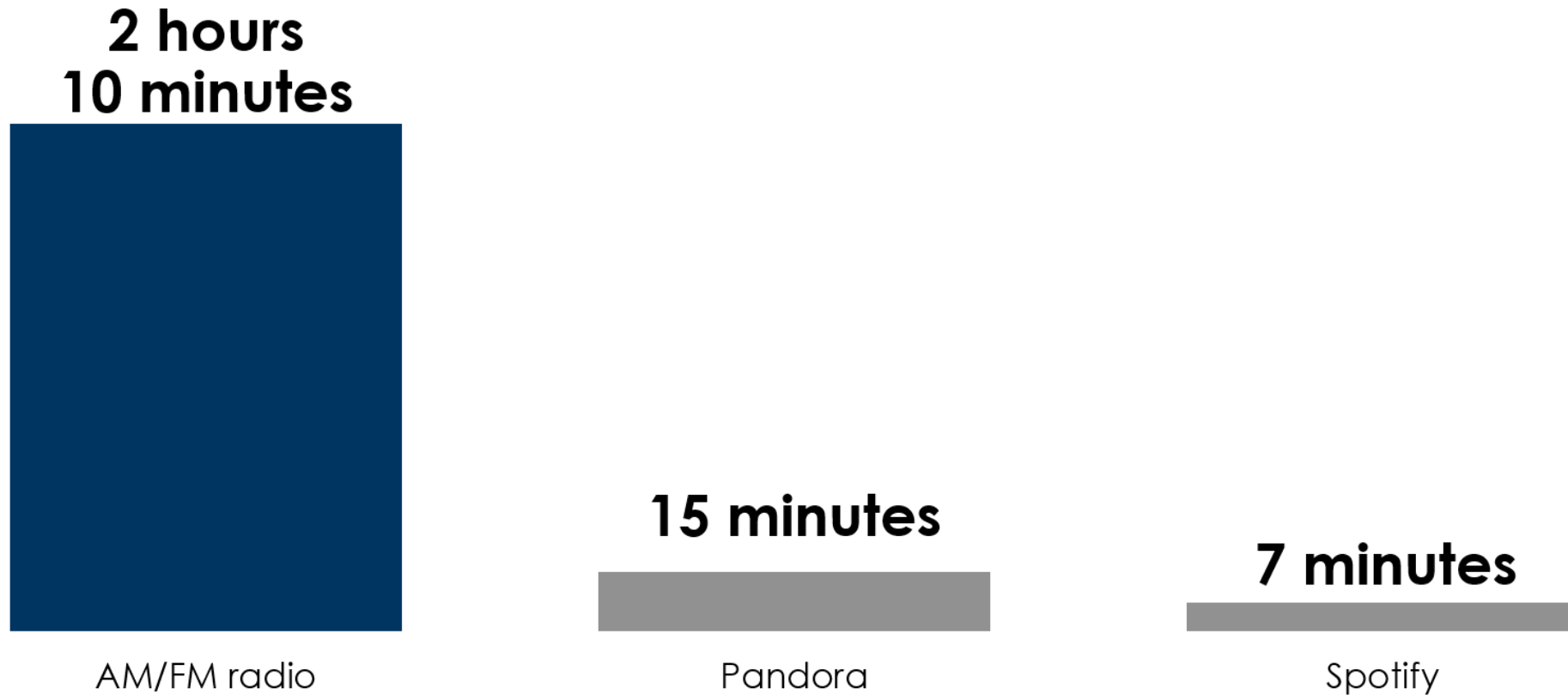




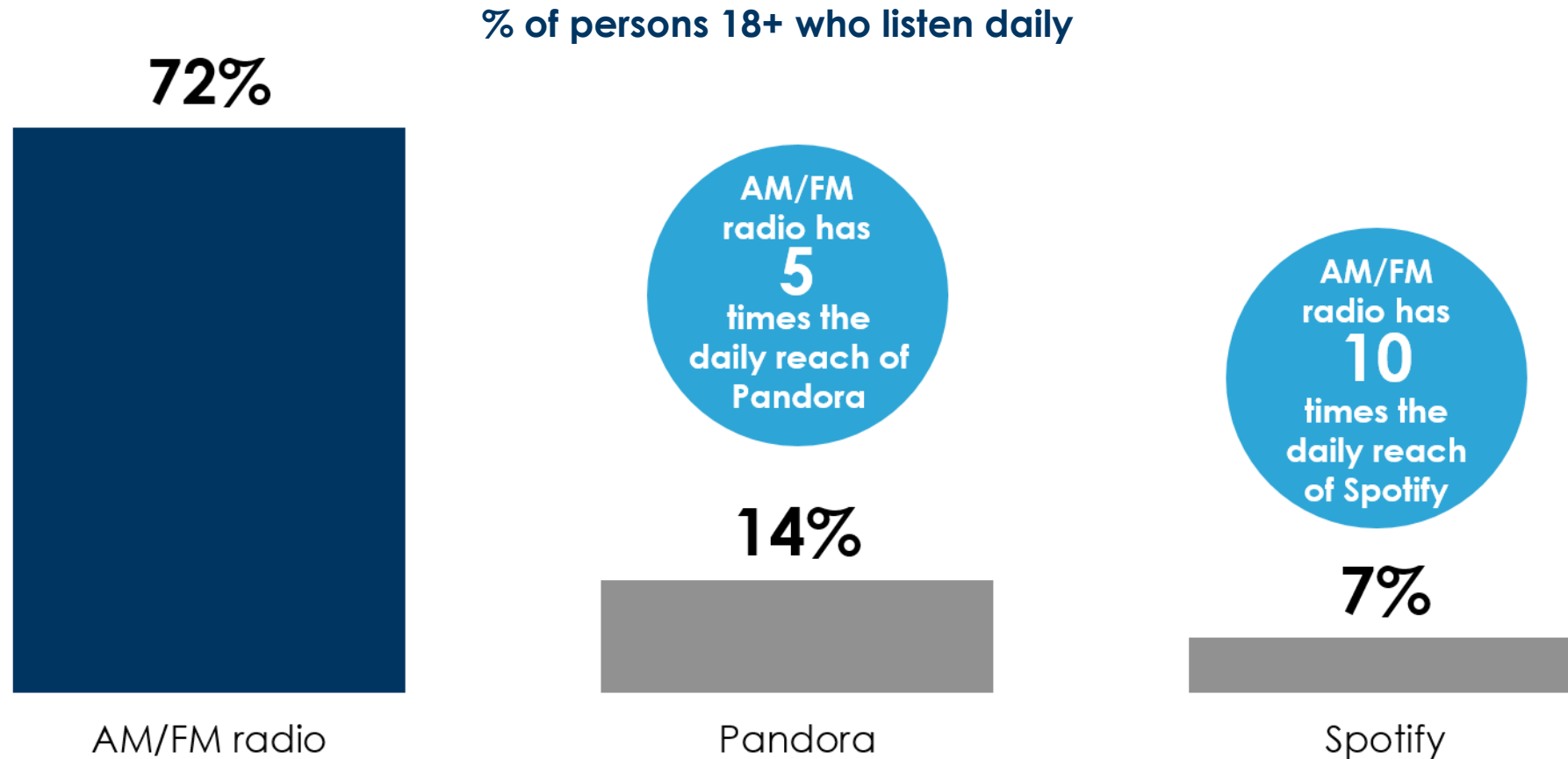
The size and strength of AM/FM radio

# People spend more time each day with AM/FM radio than digital audio

Average daily minutes listened among persons 18+



# AM/FM radio reaches significantly more people than digital audio





# Two-thirds of AM/FM radio listening is out of home

AM/FM radio allows you to reach consumers close to the point of purchase

**67%**  
of AM/FM  
listening is away  
from home

Only  
**36%**  
of streaming audio  
listening is away  
from home

# Most listeners to other audio sources also listen to AM/FM radio

Advertising on AM/FM radio also reaches a digital and satellite audience

**71%**

of Pandora  
listeners also  
listen to AM/FM  
radio

**57%**

of Spotify  
listeners also  
listen to AM/FM  
radio

**57%**

of SiriusXM  
listeners also  
listen to AM/FM  
radio

The size and strength of AM/FM radio

# Most Pandora listening comes from 5% of the U.S. – to reach everyone else, use AM/FM radio

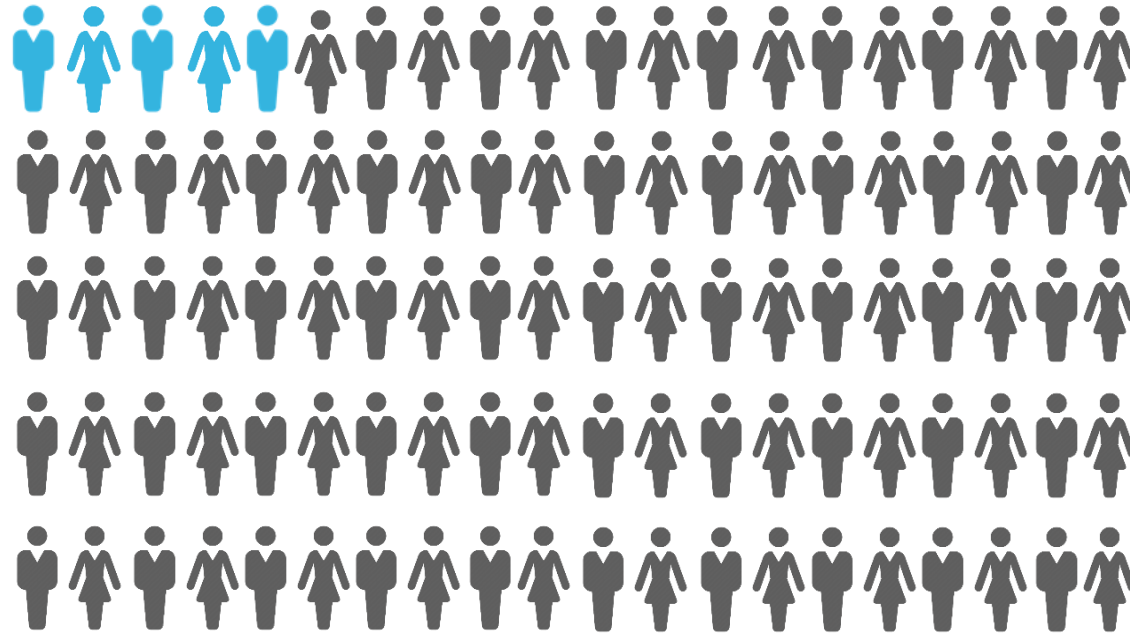
% of daily total Pandora usage contributed by the 40% heaviest users

**5%**

of Americans  
represent

**73%**

of Pandora listening

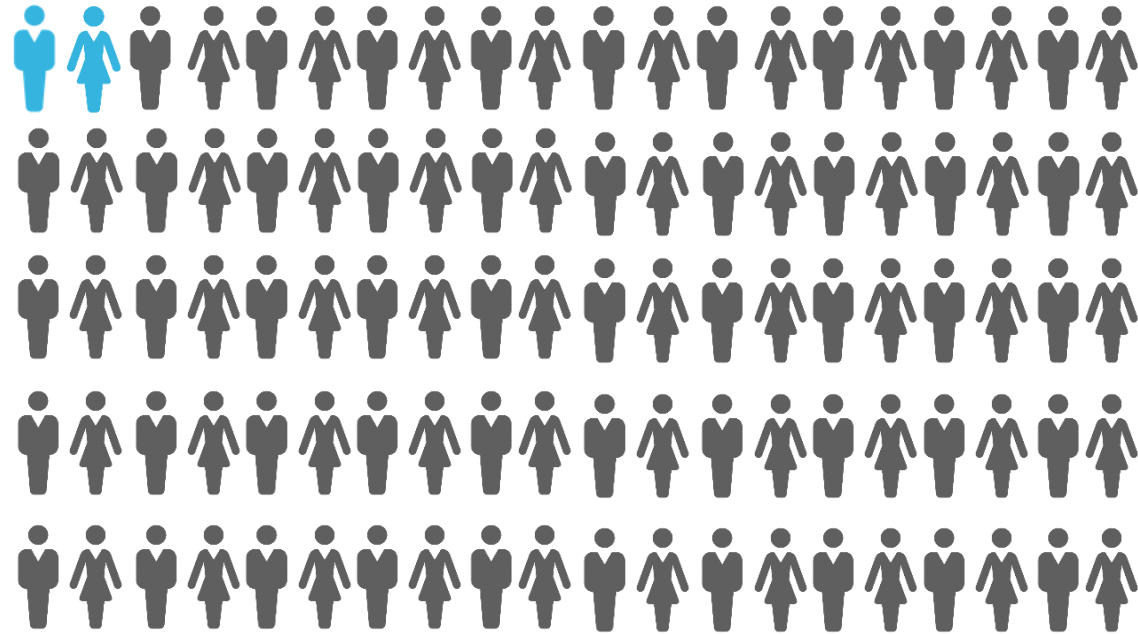


The size and strength of AM/FM radio

# Most Spotify listening comes from 2% of the U.S. – to reach everyone else, use AM/FM radio

% of daily total Spotify usage contributed by the 40% heaviest users

**2%**  
of Americans  
represent  
**74%**  
of Spotify listening



# Listening in the car

“The biggest risk for radio is the 26-year-old planner who lives in New York or Chicago and does not commute by car and does not listen to radio and thus does not think anyone else listens to radio.”

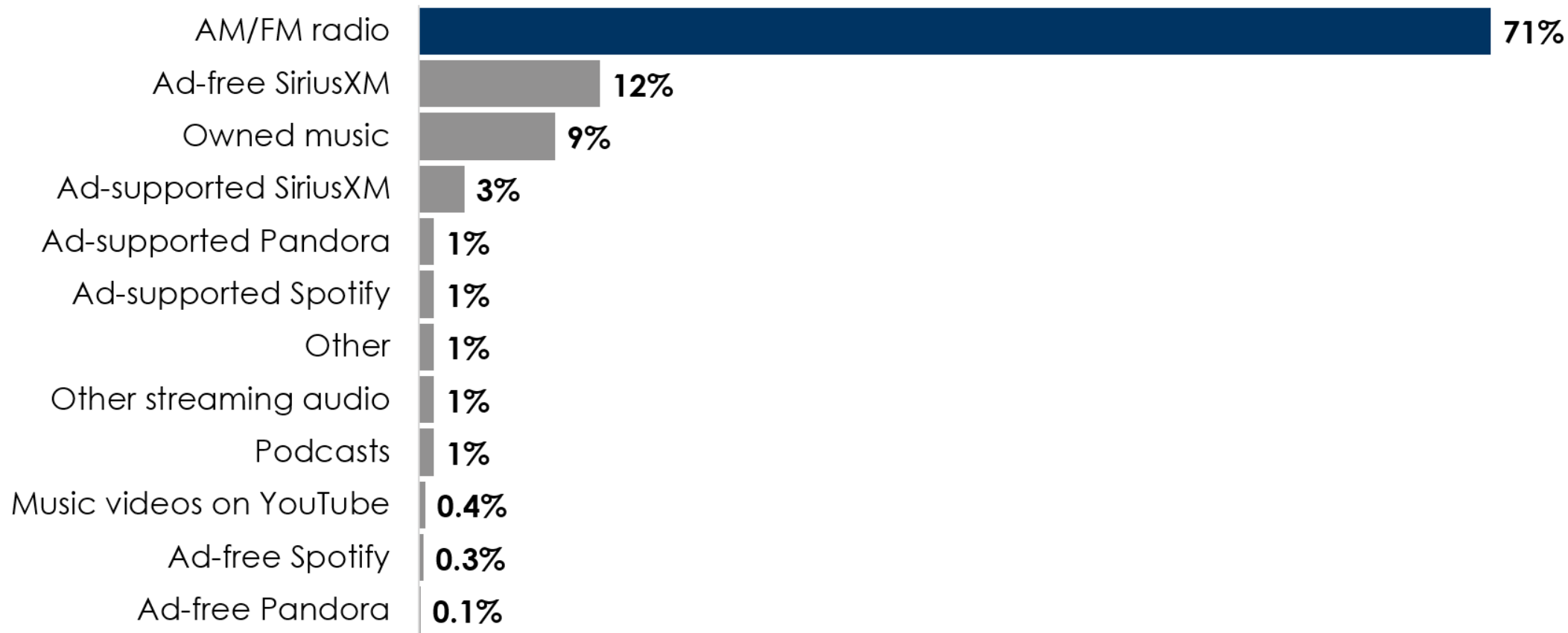
Colin Kinsella, CEO Havas Media, North America  
November 16, 2016, Radio Ink Forecast Conference



The size and strength of AM/FM radio in car

# AM/FM radio dominates audio in the car

Share of audio time spent in-car among persons 18+

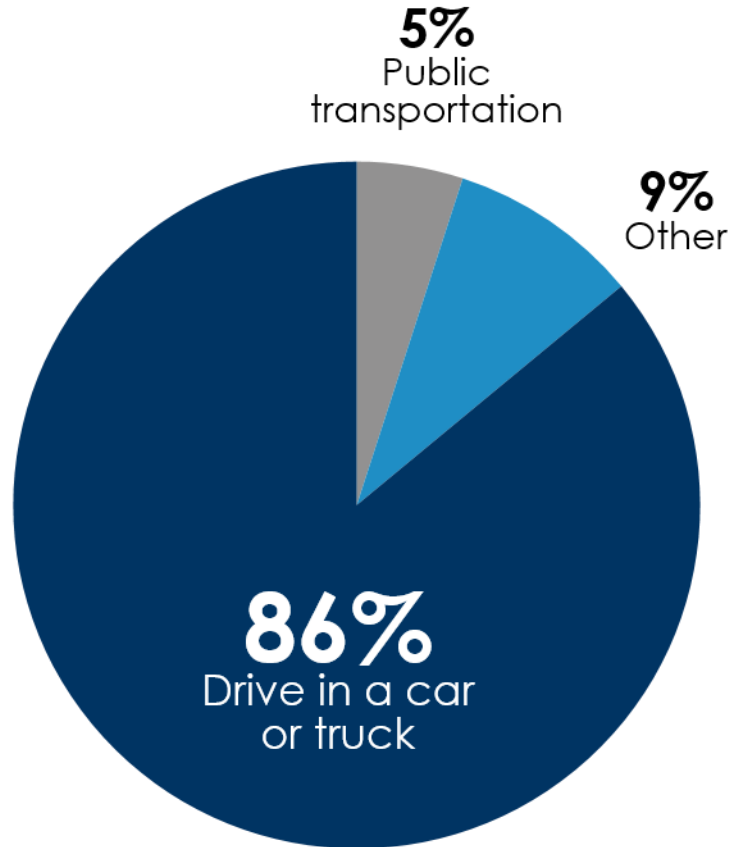




The size and strength of AM/FM radio in car

# Of the 146 million Americans commuting to work daily, the majority drive in a car or truck

% of commuting by method



**89%**   
of car commuters  
drive alone

The size and strength of AM/FM radio in car

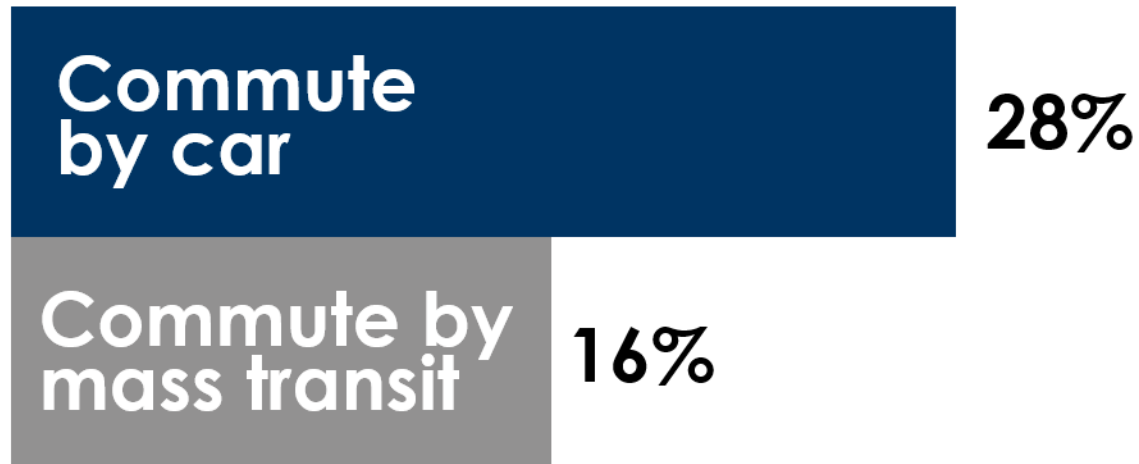
# In New York, the capital of media planning and buying, only 25% of people commute by car

City	% that commute by car or truck	% that commute by public transportation
<b>New York City</b>	<b>25%</b>	<b>57%</b>
Los Angeles	84%	6%
Chicago	79%	12%
San Francisco	69%	17%
Dallas	91%	2%
Houston	91%	2%
Washington DC	76%	14%
Atlanta	88%	3%
Philadelphia	81%	10%
Boston	74%	13%
<b>Total U.S.A.</b>	<b>86%</b>	<b>5%</b>

The size and strength of AM/FM radio in car

# Commuting habits of media buyers and planners influence how they buy radio

% of media buyers and planners who  
advertise on the radio



Media buyers and  
planners who  
commute by car are

**75%**

more likely to advertise  
on AM/FM radio

“Of all of the listening that’s done in the car, **radio really owns that space**,” said Diana Anderson, SVP of network audio activation at Carat. “We spend about 85% on terrestrial AM/FM radio and 15% at the high end on digital audio.”

AdExchanger 2017




# Key findings: AM/FM radio

- **Centerpiece of audio:** 52% of all audio time spent goes to AM/FM radio
- **AM/FM radio dominates digital audio:** AM/FM radio share is 8x greater than Pandora and 18x larger than Spotify
- **Massive reach:** AM/FM radio reaches 72% of Americans daily, significantly more than digital audio
- **On-the-go audience:** two-thirds of all AM/FM radio listening takes place out of home, close to the point of purchase; most streaming listening occurs at home
- **Highest share for in-car audio:** 71% of audio time spent in the car goes to AM/FM radio
- **Duplicated audience:** most of the Pandora, Spotify, and SiriusXM audiences also listen to AM/FM radio

# Emerging audio trends





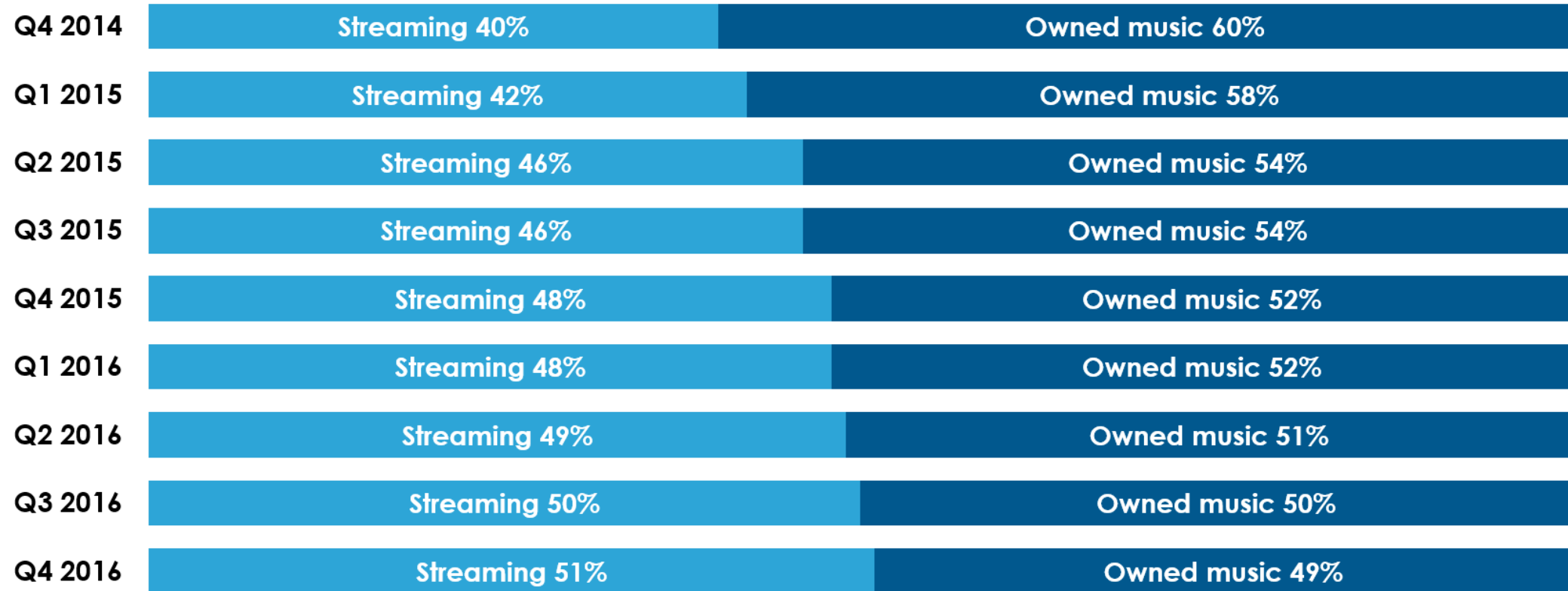
“Pandora pioneered something really interesting, really special with their free ad-based streaming music service ... [but now] the early adopters are moving to on-demand, & **mainstream America is still in love with AM/FM radio.**”

Barton Crockett, FBR Capital Markets Analyst



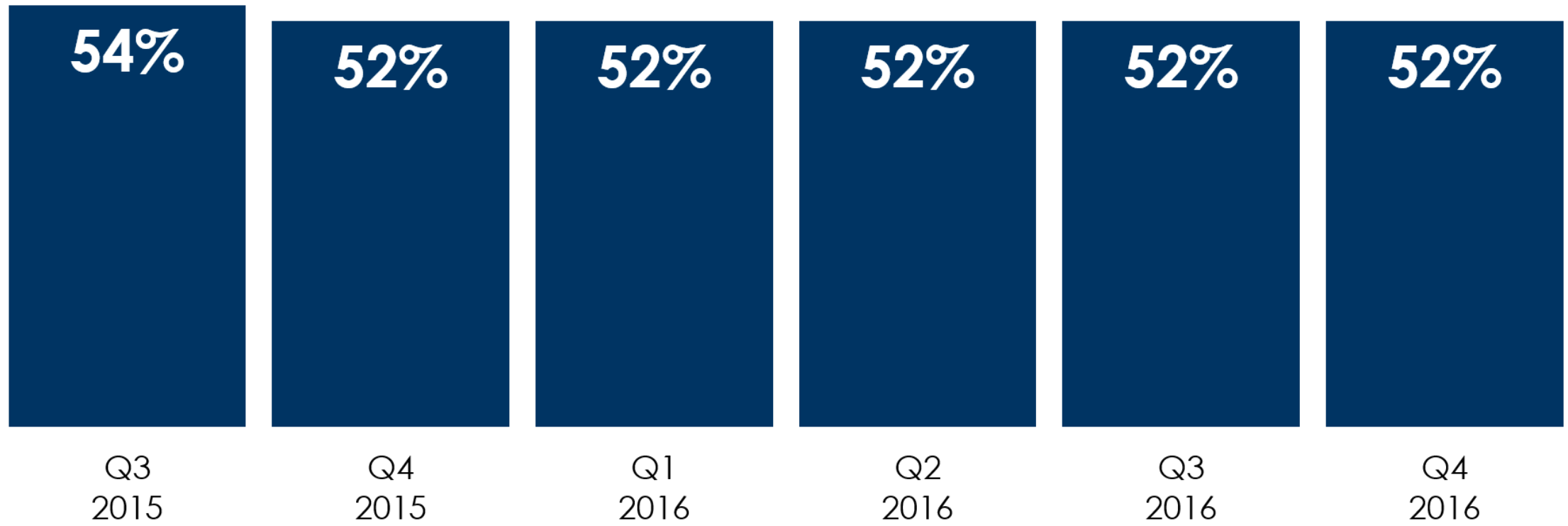
# Time spent with streaming grows at the expense of owned music – not AM/FM radio

Share of audio time spent between streaming and owned music



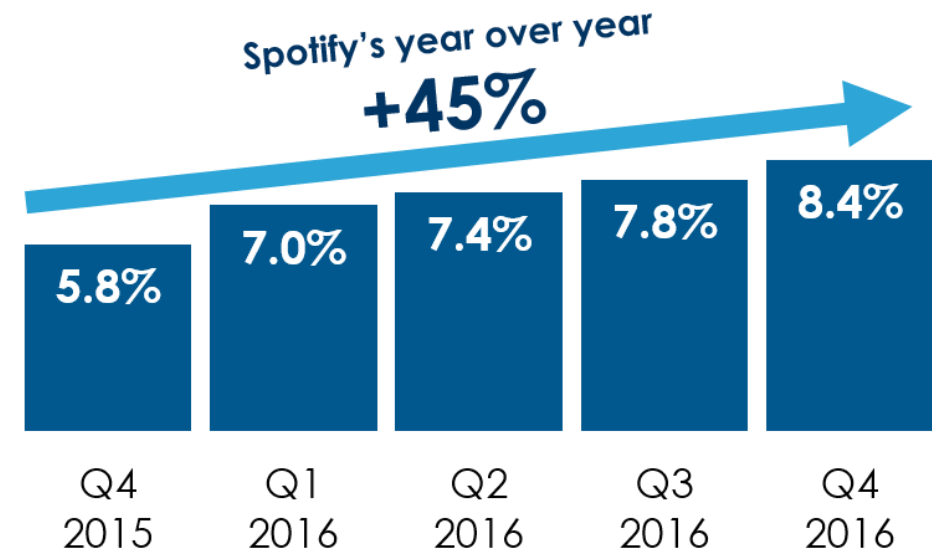
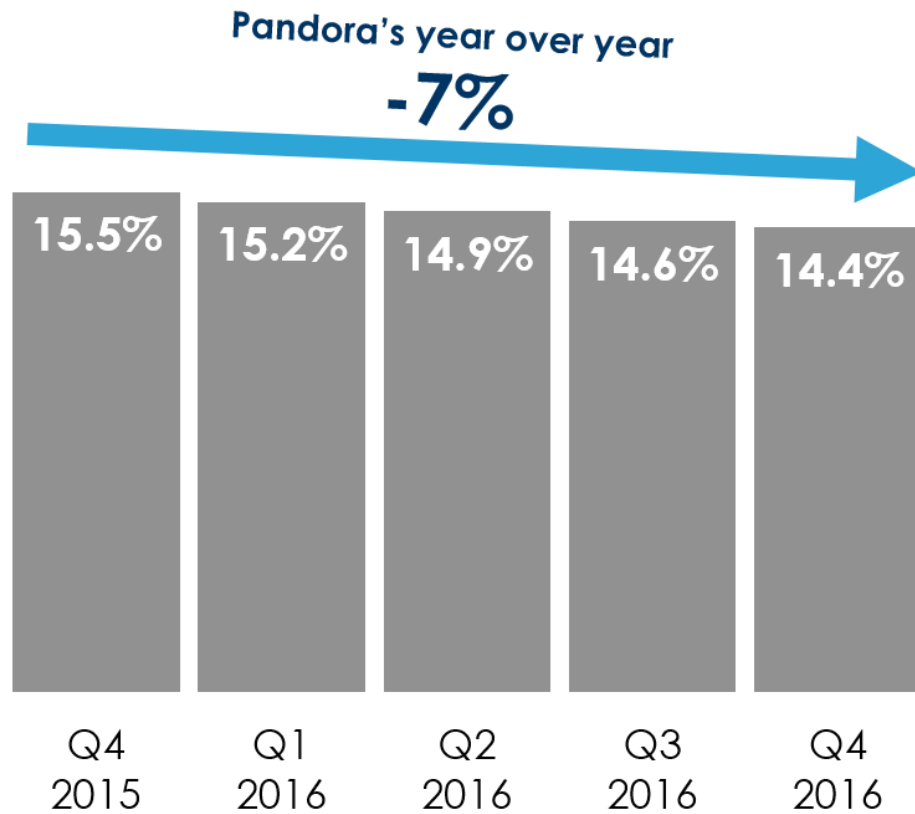
# AM/FM radio's share remains steady

Share of audio time spent among persons 18+



# Pandora stalls while Spotify grows

% of persons 13+ who listen daily



# Audience Share Trends by Audio Source

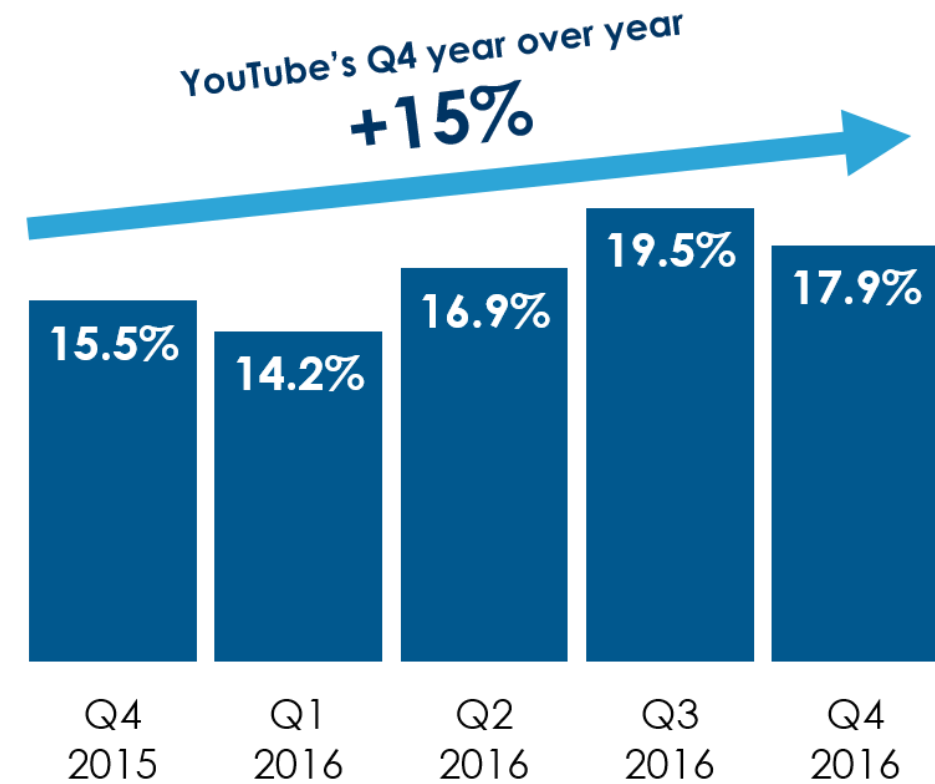
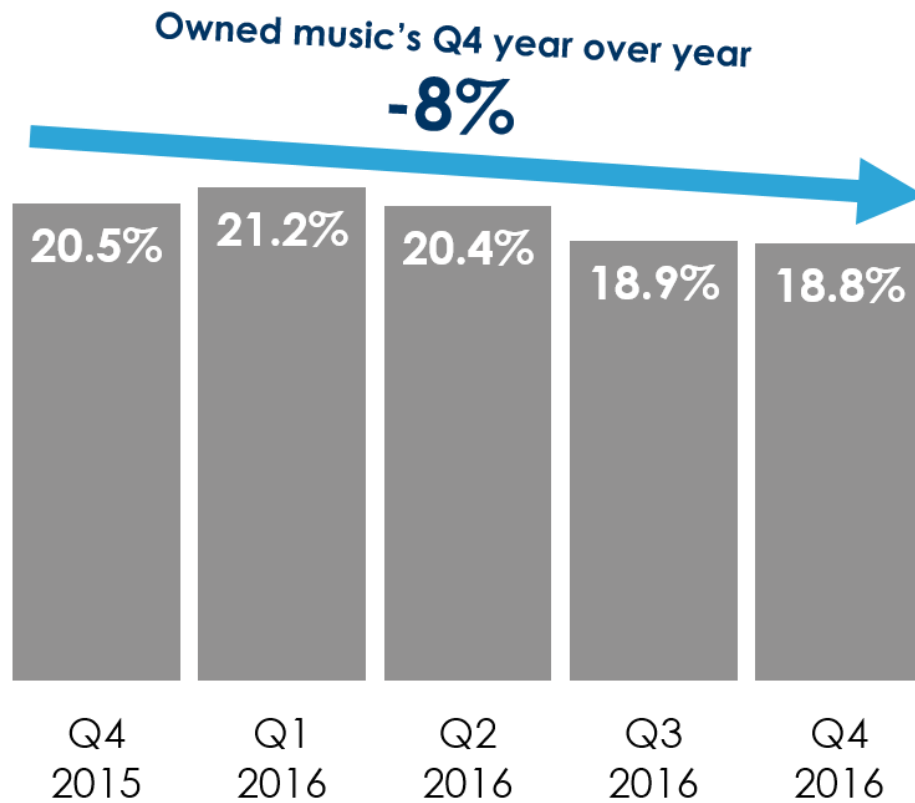
	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q4 2015 vs. Q4 2016: year over year % change	Takeaway
Owned music	15.1	14.8	15.3	14.8	13.8	13.2	<b>-10.8</b>	Americans now rent their content
YouTube music videos	5.9	6.2	6.2	6.7	7.6	8.1	<b>+30.6</b>	YouTube unseats Pandora
Pandora	6.4	6.6	6.4	6.6	6.3	6.1	<b>-7.6</b>	Growth stalls as consumers shift to on-demand
Spotify	2.5	2.8	3.5	3.6	3.7	3.9	<b>+39.3</b>	Stunning growth moderates
Apple Music	1.1	1.0	0.8	0.7	0.6	0.6	<b>-40.0</b>	Apple is not a media company

**How to read:** As of Q4 2016, Americans spend 13.2% of their audio time with owned music.

# Spotlight on Millennials

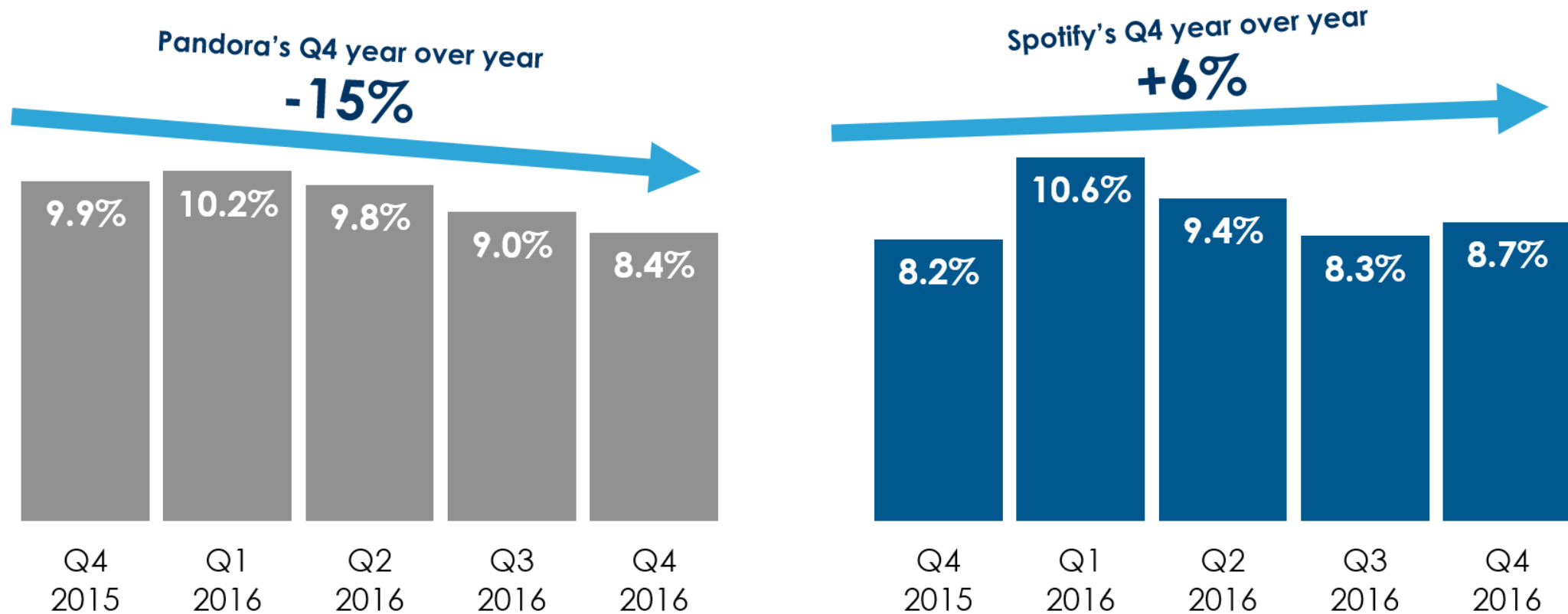
# Among 18-24s, owned music loses share and YouTube's growth stabilizes

Share of audio time spent



# Among 18-24s, Spotify beats Pandora

Share of audio time spent

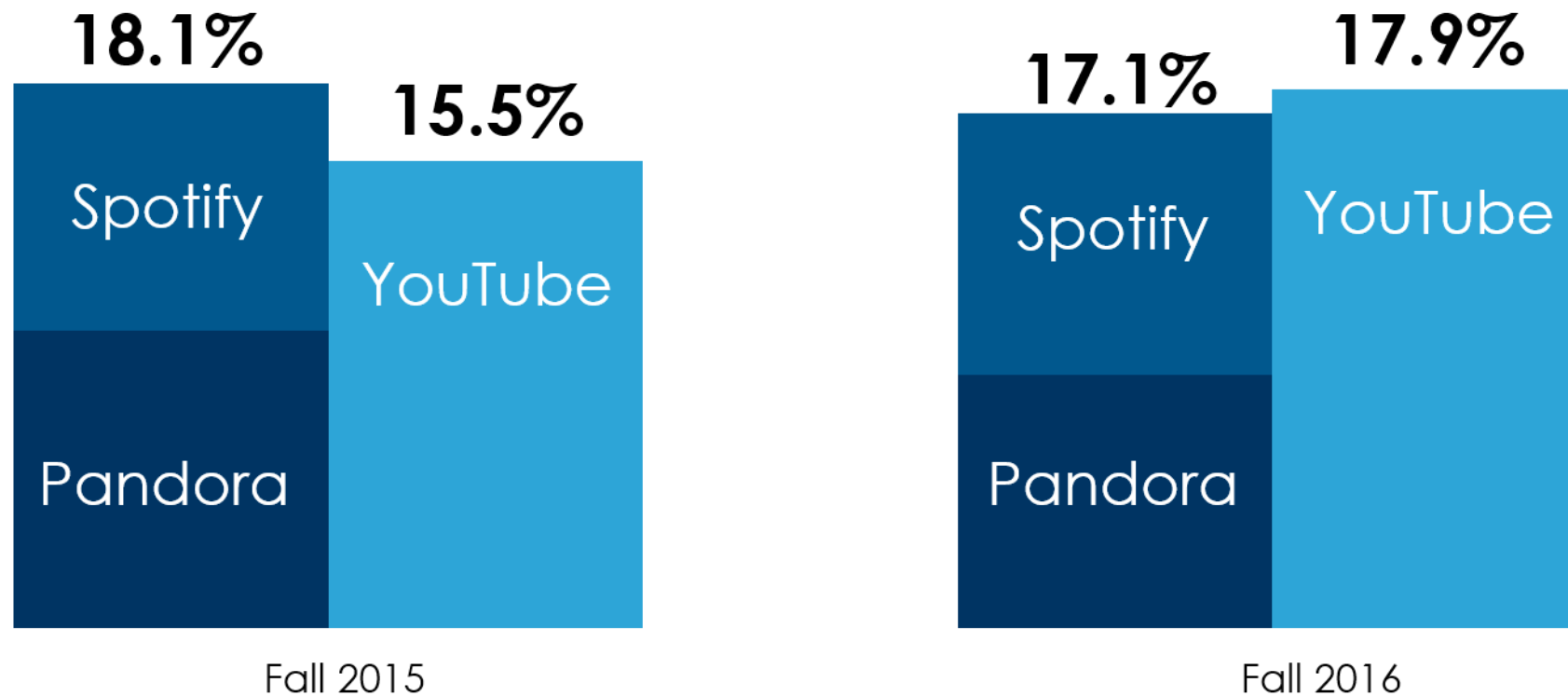




# Millennials 18-24 now spend more time with YouTube than Pandora and Spotify combined

YouTube rises  
at the  
expense of  
Pandora and  
Spotify

Share of audio time spent

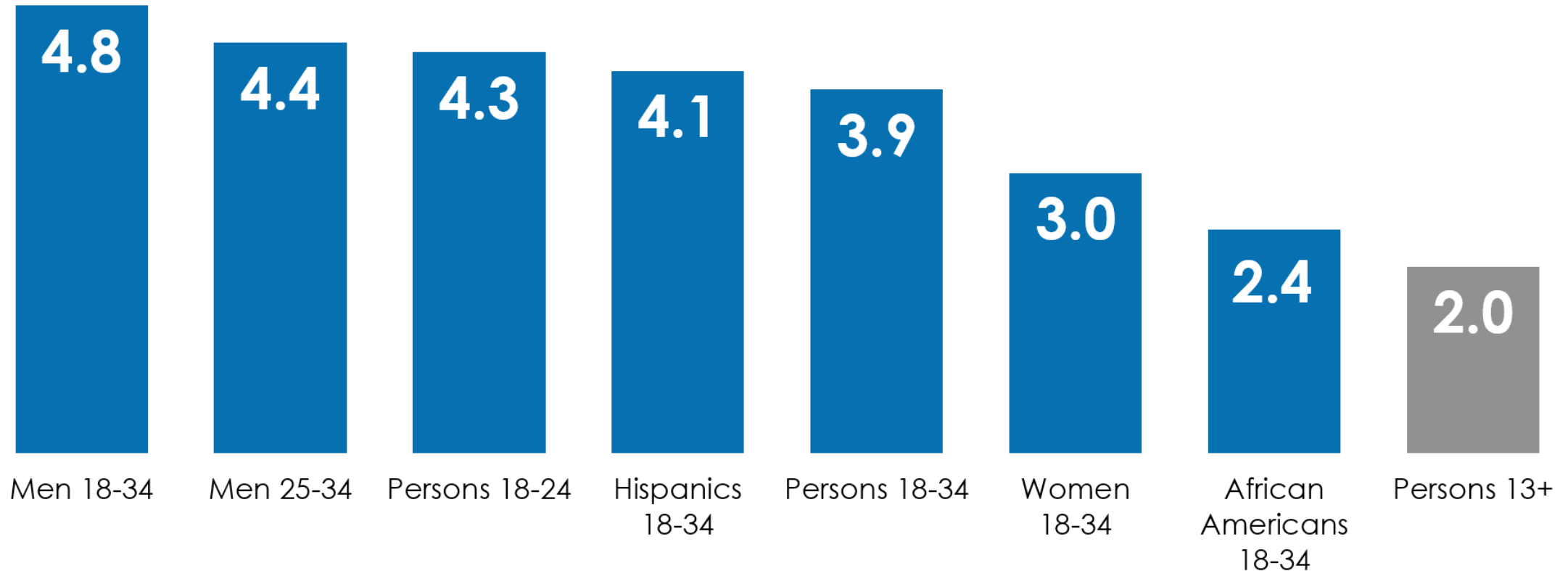


Fall 2015

Fall 2016

# Podcasting resonates with Millennials

Share of audio time spent



# Trends

- Time spent with streaming grows at the expense of owned music – not AM/FM radio
- Pandora stalls while Spotify grows
- Among 18-24 Millennials, YouTube has greater share than Pandora and Spotify combined
- Podcasting resonates with Millennials



# Thank You