

August 19, 2014

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For Immediate Release

ABC Selling Radio Disney Stations: Don't Read Too Much Into It

Wikipedia tells us that Disney launched Radio Disney in November of 1996. Using AM stations, they targeted a portion of the population that most commercial radio stations did not focus on – young children.

Back in 1996, all Arbitron surveys used diaries and excluded those under the age of 12. Some believed that the P12+ age cutoff was holding Radio Disney back from ratings success. Since then, the top 48 markets have converted to PPM, which samples young people ages 6 to 11. We don't know how many of these 24 Radio Disney O&Os (owned and operated), if any, had large enough audiences to be reported in their local Nielsen Market Reports, but we have not observed any Radio Disney stations that had competitive radio ratings.

Last week it was reported that Radio Disney was selling off 23 of the 24 signals that broadcast Radio Disney, and that their content would remain available on their existing Sirius and online channels. They cited research which said that 82% of their current listening is from these two distribution channels. Several in the industry took this as a sign of things to come, that radio towers are going to go the way of the buggy whip.

We at Research Director, Inc. believe that this is a gross oversimplification of the situation, with an incorrect conclusion.

Radio Disney was a bold experiment. Build it and they will come. Every radio network, which Radio Disney was, needs good coverage on quality sticks. According to Wikipedia (http://en.wikipedia.org/wiki/Radio_Disney#Stations), the Radio Disney network has 24 O&O stations in the United States, 23 of which are on the AM dial. The same list shows over 60 former affiliate stations that dropped the format over the past decade or so. As far as we can tell, the network has zero affiliates outside of the ABC O&O stations. One must ask if it is fair to compare the reach of two national distribution platforms (Sirius and RadioDisney.com) with the potential reach of only 24 radio stations. How many of the potential listeners in this limited number of markets even knew they could listen to Disney content on the radio? A lack of marketing alone could have forced potential radio listeners to Disney's online and Sirius alternatives. Also, someone who was six when Radio Disney launched is now twenty. How many of those who wished to listen were not in range of these stations, and therefore needed to listen through other alternatives?

So what does this situation truly indicate about the future of radio? While we recognize the importance and growth of digital, we feel that successful radio brands, formats, and stations need to be available on all devices that are used by the potential audience. This certainly includes radios.

More importantly, radio towers that broadcast desirable content with the best fidelity still succeed. The explosion of FM translators, whose signals are limited, would not be occurring if this was not true. So what prevented Radio Disney from success on real radio?

Their attempt to play music on AM stations, much of which was already available on the FM dial, certainly limited their available audience. This may be more of a sign of what a broadcaster can do with a weak AM signal, and less about the future of all radio signals. Also, the problem of their audience growing out of the format made for a cume dilemma. While necessary, marketing to build cume may not have been cost-effective for Disney.

We've yet to see anyone point out that ABC is not selling its four ESPN O&O stations. Is it possible that ABC sees that sports is a format that can still be successful on real radio, while a format targeted at kids and carried on a limited number of mainly AM signals was not a sustainable business model? So we ask you, is it correct or fair to proclaim radio dead simply because one small niche network is selling 23 of their stations? We think not.

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