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Evaluating Our Opportunities

by David Giovannoni
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Evaluating Our Opportunities

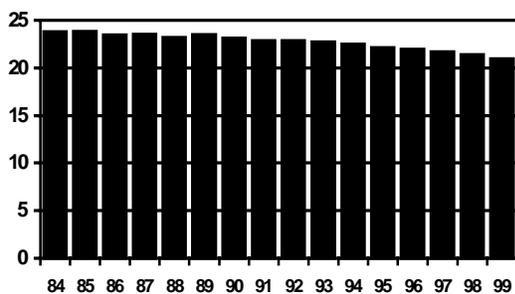
David Giovannoni

PRPD Annual Conference
September 23, 2000

Opportunities are what you make them. Let's begin to evaluate our most promising opportunities by reviewing what we know.

First, we know that *listening to radio is in decline*. The decline started before ownership consolidation and way before the Internet. Consolidation and the Internet may be playing some role in Americans slowly losing interest in radio, but whatever is causing the decline is bigger than either of these two factors.

Second, we know that *listening to public radio is increasing in the face of this decline*. More people do more listening to public radio today than ever before. These two forces – shrinking radio use, and growing public radio use – combine into a rising share, and last year our steadily climbing share reached four percent nationally, with no sign of abatement.



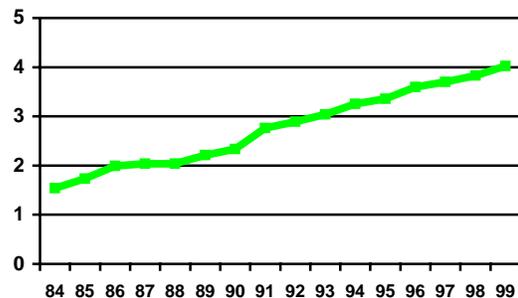
The average person listens to radio less each year. This graph shows hours spent listening to radio per week by the average radio listener. Source: Arbitron Nationwide, Persons 12+.

This growth comes despite the fact that most of our listeners are wired to the net and have been for some time. Indeed, our listeners were wired sooner, and have been on the net longer, than virtually any other group of Americans.

But we also know this. Fewer than ten percent of our broadcast listeners will tune in to *any* station or audio stream on the Internet this week.

Many fear that our listeners will leave us for other stations and streaming audio services on the Internet. The Public Radio Tracking Study has been measuring this quarterly since 1999. To date, *not a shred of reliable evidence supports the assertion that public radio is losing listening to webcasts*.

We know the Internet is not yet taking away. We also know the Internet can give.



Public radio continues to ascend as a force in American broadcasting. Four percent of all listening to radio was to CPB supported stations in 1999. Source: Arbitron Nationwide, Persons 12+.

Last week Arbitron released its Webcast Ratings for July. KPLU in Seattle-Tacoma is ranked number 14 in the world in terms of hours spent listening to its Webcast. That's number 14 out of more than 800 audio channels reported by Arbitron – higher than any other public radio station!

Now let's put that in perspective. Across the entire world, **141 people** are listening to KPLU's Webcast right now – more people than are listening to the Webcast of any other public station.

THE STARK, BORING REALITY

For me, these facts combine into a very clear reality. New media may be here – but ***the reports of radio's death are greatly exaggerated***. Indeed, today, in the year 2000, we are serving audiences the likes of which new media will be unable to equal for years and years and years.

Even the most insanely optimistic diffusion predictions do not dispute this. Our boring, old-fashioned, terrestrial, analog, frequency modulated technology will remain the ***dominant, real-time audio delivery system*** in America for at least another decade, and almost certainly longer.

We are sure of this because ***radio is ubiquitous and cheap***. Americans own more than one billion radios. The average American has seven radios at his fingertips. An eighth or ninth is just a few dollars away – and there's no monthly fee! It will be a ***long*** time before every American has seven satellite dishes or Internet receivers or multimedia phones in his home, in his car, at his place of work, and in his pocket.

Radio is not ether-ware, nor is it speculative. It is ***real***, it is ***now***, it is ***big*** – by new technology standards, radio is ***huge***. So when we look for opportunities that promise

the most immediate and sizable payoffs, we need look no farther than our own air.

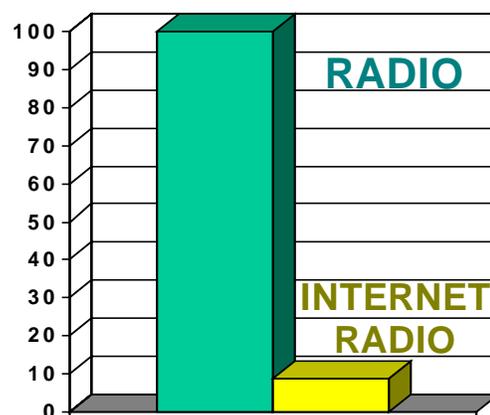
Better public service begins with better programming on the air. This isn't just a good idea – it's your ***job*** as Program Director.

Don't get me wrong – I'm truly excited about moving public radio's ***programming and values*** onto promising new platforms. But I'm even more excited about ***reinvigorating*** our existing broadcast service.

Our work here is not done yet.

So... When we speak of opportunities, we must squarely address both the shortcomings and the unrealized potentials of our existing broadcast services.

- If we cannot get it right over the air, how will we get it right anywhere else?
- If we cannot innovate in a medium over which we have mastery, how will we effectively innovate elsewhere?



Fewer than ten percent of public radio's broadcast listeners will tune to a Webcast this week. Public radio listeners who hear Webcasts are heavier users of our broadcast service than those who do not tune to Webcasts (not shown). Source: Public Radio Tracking Study.

DAYPARTS OF OPPORTUNITY

So where are our opportunities? Frankly, most opportunities are local, and as an industry, one or two dayparts of our dayparts seem to be in greatest need.

To assess these dayparts, let's set our own benchmark of four percent – that's our full week share – and see how we as a system perform across the week by time of day.

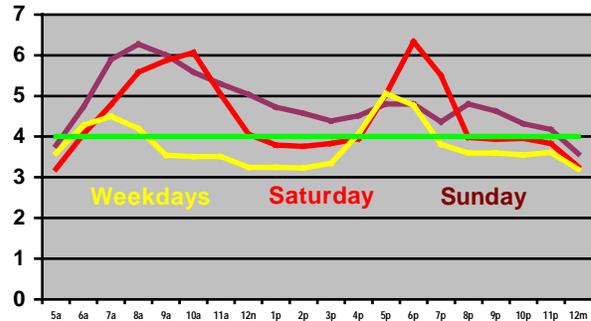
We are actually doing well on Sunday. On Saturday we see the midday trough that we have been promising to fix for years, but apparently just haven't gotten around to yet.

Weekdays, however, are where the greatest opportunity lies. Suppose we undertook a concerted effort to fix the middays. Suppose we could bring our performance up to our own benchmark of a four share between 9:00 a.m. and 4:00 p.m. How much money might we invest into this effort as a system?

Well, raising middays to a four share would result in a 6% increase in listening across the week. Six percent may seem like a small number, but turn that over to your development folks and they will be able to increase membership and underwriting support by 15 million dollars per year.

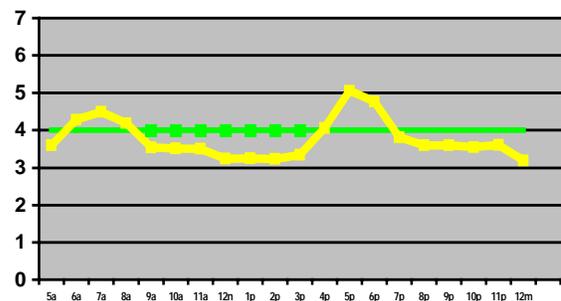
Of course, we are not in this business for financial profit. But we do need to know that we can financially support our efforts. At today's rate of development conversion, spending \$15 million to raise public service by 6% is quite justifiable.

In the Smart Decision-Making sessions yesterday, we showed how to figure the payoffs of various programming changes for your own stations. That's something I would encourage you to do. Comparing opportunities in this way helps you do your job.

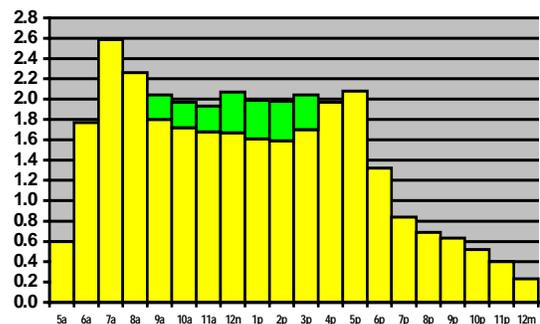


This graph shows how public radio's share varies across the day and across the week. The green line benchmarks performance with public radio's full-week four share. Source: Arbitron Nationwide, 1999.

The weekday midday daypart offers the greatest opportunity for improvement in public service. The green line on the graph below shows the share were we to raise it to 4 percent between 9:00 a.m. and 4:00 p.m.



The graph below shows the resulting increase in service. Yellow bars show the current amount of listening (in millions of AQH persons); green bars show how much we would add by raising the share to 4%.



Such an increase would boost listening by approximately 585 million listener-hours per year. Public radio is able to convert a listener-hour into nearly three cents of membership and underwriting support. Therefore, such an increase would increase public radio's revenues by \$15 million per year.

LOCAL PROBLEM, LOCAL OPPORTUNITY

Although a few stations are carrying network news/talk programming throughout the day, most are not. Therefore, *midday weakness is both a local problem and a local opportunity*. As PDs, middays are your opportunity to show that your station is more than just an outlet for network programming.

Some people believe that your local programming will be the only thing that sets you apart from other content providers in the Internet age. If true, we have got our work cut out for us.

I know that most of you eagerly accept this responsibility. Yet we're not off to a good start. By every significant measure, your listeners value your local programming less than they value the flagship network shows.

At most stations, the loyalty charts tell it all.

We do not need more research. We do need to act on what is staring us in the face.

Midday weakness is a local problem and we cannot expect our networks to fix it. Significant programming starts locally. It is often driven by personalities – often-difficult personalities – and its development always entails *investment and risk*.

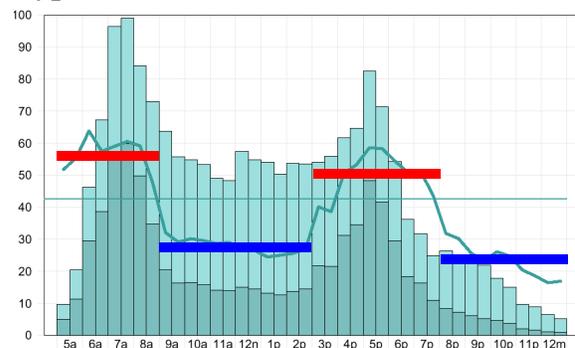
You developed Terry Gross. You nurtured Keillor. You put up with Tom and Ray and gave Fiona her break. What have you got in the pipeline today? Are you willing to give it time to develop? Are you willing to give it the resources to succeed?

Are you the kind of PD that looks to the networks to fix your problems? Or are you the kind of PD that looks in the mirror and resolves to give your audience better?

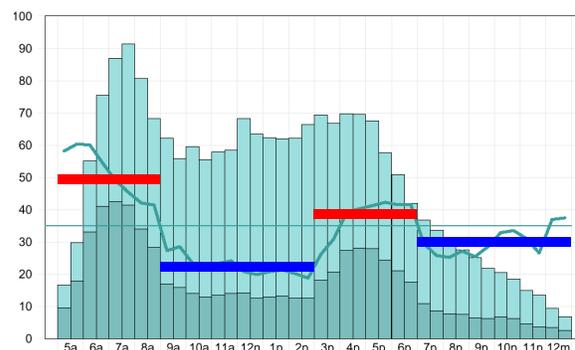
Some people believe we should focus our programmatic experimentation and development on new media. Perhaps. But at the end of the day – or the end of the decade – where does that leave you, your radio station, and your radio audience?

I have looked at thousands of charts with hundreds of managers and PDs, and I have ***never*** seen a station that could not improve on its service to its listeners. Friends, these charts are typical. Programming causes audience – and the lack of it!

Typical News/Classical Station



Typical News/Jazz Station



Loyalty is the ability of a station's programming to serve its own audience, and local programming is weak in this area. These two graphs demonstrate weekday loyalty to typical news/classical (top) and news/jazz (bottom) public stations. The dark vertical bars show listening to the station; the light vertical bars show listening to other radio stations by the station's listeners. The squiggly line shows the loyalty of the audience to the station. Red horizontal bars average the loyalty to network news; blue horizontal bars average the loyalty to local music programming.

Many programming actions are *long* overdue, and I've heard all the reasons why we can't take them. "We're focusing on the Internet. We're waiting for a second signal. We're waiting for someone to retire." Hell, some of us are waiting for somebody to die!

I'm not here to yell at you. You know I'm on your side, and you know I've spent the last two decades working in your interest. But I and 22 million other listeners are *begging* you – *fix what's broken, revitalize your service, and once you've done that, take this medium of radio to the next level.*

If I and 22 million other Americans stop listening to your stations, it won't be the fault of new media. It will be *your* fault. I don't think you are going to let that happen – but shame on you if you do.

These are the richest times ever in public radio. You have ample resources to make the *obvious* and *long overdue* fixes. From your position of strength you can afford to experiment with new ideas, develop new talent, take the risks, and even fail.

Only through such experiment can we develop the new programming that will make this grand, non-commercial, publicly supported enterprise worth having around five, ten, fifteen years from now.

The future of public radio begins today – and it begins with public radio's PDs.

We rightfully aspire to advance public radio's values into new venues. And public radio's PDs have an advantage over all newcomers. We know that a service worth paying for must be compelling and intelligently presented. Over the air, over the Internet, over the satellite – it's not about technology; it's about superior content and intelligent presentation.

This hard work requires our resolve:

- ☞ Let us resolve here today to muster the will, the energy, and the resources to make our programming more valuable to more Americans.
- ☞ Let us resolve here today to create programming where listeners come first and mediocrity is not tolerated.
- ☞ Let us resolve here today to take local responsibility for our local problems.
- ☞ Let us resolve here today to create something new, something that reinvigorates our excitement as *listeners*, something that contributes to the medium of radio, something that elevates our industry, something that will be its mainstay ten years from now.
- ☞ Let us resolve to go home to our staffs, managers, boards, and licensees and say

I'M THE PD.
I KNOW WHAT TO DO.
LET ME DO IT.
IT'S MY JOB!

To that, we might also add:

- I will not take radio for granted.
- I will not desert my community.
- I will eliminate my weaknesses and build on my strengths.
- I will experiment.
- I will budget to fail.
- I will raise the level of public service.
- Or I will *get out of the way* ... so that someone else can.

Opportunity is what you make it. I know you will seize this opportunity. I will be listening.

EPILOGUE

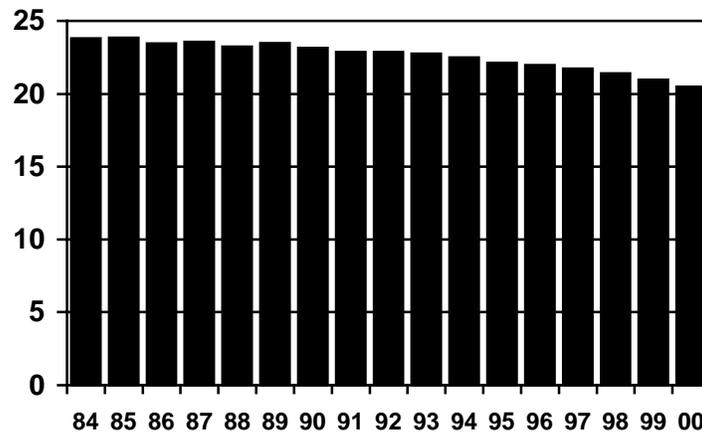
Since this speech was delivered in September 2000, Arbitron released its Nationwide report for Spring 2000. Arbitron's update

verifies that public radio's share continues to climb in the face of less radio listening by the average American.

The Average Person Listens Less to Radio Each Year

Time Spent Listening, in Hours per Week, Persons 12+

Source: Arbitron Nationwide



Public Radio Accounts for an Increasing Share of All Radio Listening

Share, Persons 12+

Source: Arbitron Nationwide

