



Walrus Research

**Strategic Differentiation
of
NPR News Formats**

March 2004

Strategic Differentiation of NPR News Formats

Introduction

Twelve years ago CPB published the landmark study, *Public Radio Programming Strategies: A Report on the Programming Stations Broadcast and the People They Seek to Serve*. Giovannoni, Thomas and Clifford clustered public radio stations by program schedule and target audience, as of then, and predicted how formats would evolve in the future, which is now.

“The project’s central thrust is to seek out underlying patterns in the key dimensions of stations’ audience service—the kinds of programming they present and the kinds of listeners they serve—and to identify where these patterns are shared among significant numbers of stations.”

“The study finds several broad directions of change in stations’ programming profiles. Individual stations will be more focused in their programming efforts, more discriminating in their program choices.”

“One new programming cohort will in fact be a ‘News and Public Affairs’ group—a more intense variation of current information-oriented cohorts.”

The *Programming Strategies* team envisioned a coherent NPR news format, but no one expected that by Fall 2003 we would see competitive numbers like these:

- KQED ranked number two in San Francisco with a 4.8 share.
- WUNC ranked third in Raleigh, with a 6.6 share.
- KUOW ranked fourth in Seattle, with a 5.1 share.

Strategic Differentiation of NPR News Formats

Even more impressive is how the NPR news format generates core listeners:

- 56 percent of KUOW listeners are core, meaning that they use that station as their primary choice.
- 49 percent of listeners are core to KQED, the same for WUNC.
- In markets as varied as Boston, Milwaukee, Dallas and Phoenix, the NPR news format generates over 40 percent core listeners.

Core listening is important, not only because it indicates a high level of listener satisfaction, but also because the number of core listeners is the best single predictor of station income raised from contributing listeners.

Charting the Territory

In its current initiative, *Charting the Territory*, SRG recognizes that further focusing of formats can benefit all of public radio, not just the NPR news stations.

“SRG intends to improve the development and presentation of distinct, multiple services in local markets, with the appropriate balance of public service, listener value and financial sustainability.”

“Public radio is clearly moving in the direction of multiple, differentiated program streams in which focused formats increasingly stand alone on a given station’s schedule . . . We need a sharp understanding of the unique appeal, core values and importance to listeners of each of our major content choices.”

Strategic Differentiation of NPR News Formats

SRG sees continuing growth in public service driven by:

1. Format differentiation
2. Strengthening existing services
3. Additional channels

While the goal is public service, keep in mind that public radio has evolved from government subsidy to self-sufficiency based on its audience. There are economic incentives to focus formats, especially those formats that generate listener support.

The Limits of Current Thinking

In practice, format differentiation has come down to which public radio station will seize the NPR news franchise in the market.

The next prize is the classical format, if a commercial operator does not already hold that franchise. A third station may focus on mainstream jazz.

But that's about the limit of public radio's current thinking and practice.

Ten Years from Now

SRG commissioned this paper, which is based on hundreds of focus groups, perceptual surveys and program tests designed by Walrus Research. Our purpose is to open a discussion about public radio format differentiation, especially with reference to NPR news stations.

Ten years from now we envision two or more public radio stations doing complementary, differentiated NPR news formats in major markets.

The result would be dramatic increases in public service and public support.

Strategic Differentiation of NPR News Formats

The Franchise

Most of the competitive maneuvering among public radio stations over the last 15 years has involved the market franchise for NPR news.

Formerly multi-format stations like KQED, WUNC and WBUR made the strategic decision to become the market's NPR news station. On the flipside, music dominant stations like WQED and KUSC dropped the NPR news magazines.

Decisions like these were informed by ARA's Format Imperative AudiGraphics as well as focus group research. We found that dual-format stations attracted very few Dual-Format Imperative listeners. Most listeners were either News Imps or Music Imps.

San Francisco

In the 1980's KQED was still doing local classical music after Morning Edition. In San Francisco at that time there were two commercial classical stations on FM. KQED's dual format ranked 20th in the market with a 1.8 share. Taking strategic action, KQED dropped classical music and reinforced the NPR news franchise with local public affairs programming.

We conducted focus groups in 1988 and 1990, which confirmed that KQED listeners placed high value on the expanded news and information format.

San Francisco is an upscale market that can support classical music on the commercial band. In fact, KDFC ranks among the top five stations. But even in San Francisco, commercial radio could not sustain mainstream jazz.

Strategic Differentiation of NPR News Formats

In 1995 when commercial KJAZ went under, public radio KCSM focused its format and grabbed the mainstream jazz franchise. In focus groups, KCSM listeners told us they wanted the station to play the music with hardly any news programming.

Nine years later, when we returned to San Francisco do more groups, we heard the same from KCSM's contented listeners—play mainstream jazz, there's plenty of news on other stations.

Philadelphia

Philadelphia was another example. As WHYI consolidated its NPR news positioning, WRTI and WXPB sorted out their music formats. Philadelphia still had a commercial classical station, WFLN, so WRTI focused on jazz.

With help from two rounds of program testing, WXPB invented a fourth public radio option—the triple-A or World Café format.

But when commercial classical WFLN went under, WRTI grabbed the classical franchise during daytime hours and demoted jazz to overnights. Whether the motive was politics or economics, WRTI's action reflected the conventional wisdom about the range of format options for public radio.

Strategic Differentiation of NPR News Formats

Fighting for the NPR Franchise

The sorting out of public radio formats makes sense from the perspective of audience service. Educated listeners deserve choices too. But there are a few counter-examples of particular interest—markets where NPR news can be heard on more than one station:

- WETA in Washington, flanked by WGMS on the classical side and WAMU on the news side, added Morning Edition to its dual-format.
- KPCC in Los Angeles, exploiting the vulnerability of KCRW's mixed program schedule, adopted a coherent NPR news format.
- KQED expanded into the Sacramento market, going directly up against the NPR news programming already available on KXJZ.
- In Seattle, neither KPLU nor KUOW intends to drop their competing NPR news magazines, although the formats diverge in other dayparts.

It would be easy to characterize these situations in negative terms. Why can't we all just get along? But there are powerful market forces at work.

Here's a set of findings from Audience Research Analysis, as published in *Mega Trends*, a special report from the *Public Radio Tracking Study*:

- From 1995 to 2002, the consumption of local classical music [on public radio] declined from 2.218 billion to about 2 billion Listener Hours.
- Meanwhile, the public service generated by NPR news talk has risen sharply to 4.4 billion Listener Hours—over 150 percent of the 1995 figure.

Strategic Differentiation of NPR News Formats

Furthermore, the *Public Radio Tracking Study* confirmed the findings of *Audience 98* with reference to Programming Economics. Classical and jazz formats still under perform relative to NPR news programming for Listener Income per Listener Hour.

- In rough terms, a Listener Hour of NPR news may generate twice as much Listener Income as classical or jazz.

Furthermore, it is common experience that an hour of NPR news programming can generate much more business underwriting income than an hour of classical or jazz music.

Given the premium that underwriters will pay for NPR listeners and their propensity to pledge, the NPR franchise is a valuable prize in any market.

Strategic Differentiation of NPR News Formats

Classical as Commodity

We have found that classical music and mainstream jazz are commodities. By that we mean that a single station in format can serve the needs of a market by consistent delivery of the right music. It does not matter whether the station is commercial or noncommercial.

Here we can cite serious economic research:

“We present evidence consistent with the hypothesis that public and commercial broadcasting offer substitute programming in jazz and, especially, classical music. We find explicit evidence of a crowding out relationship between commercial [and public] programming in jazz and especially classical music. We find no evidence that public and commercial news programming are substitutable.”¹

Two economists from Yale and the Wharton School found that public and commercial stations “crowd out” each other for music. They are practical substitutes for each other. Public radio moves in when commercial music stations give up the franchise.

This economic finding is entirely consistent with the *Classical Core Values* focus groups we conducted for SRG and PRPD in Pittsburgh, Buffalo, Phoenix, San Antonio, Seattle and San Francisco. Here’s a verbatim:

“Got much of my education in classical music here from Bach to Mozart and Court and Countryside, dependable classical source from early music to early 20th century, great early Sunday morning, classical music is the soundtrack to my soul, above all other kinds of music, it centers me when I am upset or stressed, introspection.”

This respondent was talking about a commercial station.

¹ Steven Berry and Joel Waldfogel, “Public Radio in the United States: Does it Correct Market Failure or Cannibalize Commercial Stations?” *Journal of Public Economics* 71 (1999) 189-211.

Strategic Differentiation of NPR News Formats

No Crowd Out for News

The economists ran their formulas and concluded that commercial radio news formats did not provide a substitute for the NPR news format. Market forces do not (yet) work the same in public radio news formats as in music.

This is consistent with our many focus groups for NPR stations. Respondents always perceive a huge contrast between the news programming on commercial stations vs. public radio, regardless of their preference for one or the other.

Here are typical verbatims from our focus groups for WBEZ in Chicago:

WBBM AM “Headlines, traffic, weather, not in depth, just enough information”

WBEZ FM “Cerebral, informative, in depth, liberal, different opinions, relaxed”

It’s the same in any market. Here’s Boston:

WBZ AM “Traffic on the 3’s, weather every 10 minutes, talk shows”

WBUR FM “NPR, good source of news local and worldwide, more intelligent”

One respondent in San Francisco explained that if the ground started shaking he would immediately punch to KGO AM. But the next day he would tune to KQED for “an explanation of the plate tectonics.”

But we must ask: if KQED controls five share points in San Francisco, where each point is worth \$6 million, what prevents a commercial broadcaster from going after some of that \$30 million?

Strategic Differentiation of NPR News Formats

Attack Yourself

Here's what marketing strategists recommend when your product or service is so successful that it becomes a prime target—attack yourself.

MTV attacked itself with VH1. General Motors attacked itself with Saturn.

PBS did nothing and was attacked by Discovery, which attacked itself by launching TLC, Animal Planet, Discovery Kids, Discovery Wings, even Discovery Español.

Going forward, we think that public radio could serve more listeners, raise more revenue and block the competition by establishing at least two NPR news stations per market, a winning strategy so long as each NPR news station takes a distinct position, clearly differentiated from the other.

Washington

In the 1980's WETA and WAMU both presented mixed formats. The music on WETA was mostly classical, while the music on WAMU ranged from bluegrass to big band. WETA carried ATC but not Morning Edition. WAMU delayed its broadcast of ATC until the evening.

Now both stations do Morning Edition and ATC in direct competition.

Do Washington listeners perceive the stations as replacements for each other?

We did focus groups for WETA in 1989, 1994 and 2000. We found that each station has strengths that could be developed into differentiated formats.

WAMU is known for live call-in shows. Diane Rehm and Kojo Nnamdi are local personalities, complementing NPR's Talk of the Nation. WAMU features in depth coverage of the District of Columbia in its newscasts and the DC Politics Hour.

Strategic Differentiation of NPR News Formats

In contrast, WETA is positioned as classical music and NPR news, above the fray of local politics. The NPR news magazines are carried intact. Classical hosts may interview an artist in the studio, but there's no call-in talk. WETA supports Washington's fine arts community.

The fact is that only 28 percent of WAMU listeners also listen to WETA. The majority of WETA listeners do not listen to WAMU. The two audiences are mostly unduplicated. Together they capture 6.1 percent of market listening.

Seattle

We have done focus groups for both KPLU and KUOW in Seattle. Both stations have strong reputations for high quality local news coverage.

But they differ in their overall character or "stationality." KUOW appeals to those NPR listeners who get involved in talk shows, including live telephone call-ins. KPLU listeners prefer their news straight, followed by consistent music throughout the midday and evening.

Only 26 percent of KUOW listeners also use KPLU, and most KPLU listeners do not use KUOW. They are not replacements for each other. Together they capture an 8.5 share of Seattle listening.

Boston

In Boston, the "stationality" of WBUR is distinct from that of WGBH. This is not simply because WBUR dropped all music, while WGBH has retained its music dayparts. WBUR's news programming has a harder, faster sound. In contrast, WGBH can sound more like PBS.

Only 24 percent of WBUR listeners also use WGBH. Together they capture over a 5 share in Boston.

Strategic Differentiation of NPR News Formats

The Upside Potential

The NPR news stations in Washington, Seattle and Boston have sorted out their schedules, more or less, on the basis of program categories. Their schedules also reflect licensee mandates and accidents of history.

If it were possible to start from scratch, two sharply differentiated NPR news formats would be defined by target audience appeal.

We all know that NPR programming appeals to highly educated listeners.

“National Public Radio attracts an audience most notably distinguished by its educational and professional success. Listeners are your choice consumers, savvy business leaders and influentials who are active in their communities.”

--- *Profile 2002*, NPR’s analysis of Mediamark data.

But NPR stations do not yet reach all college graduates. In fact, there still is a substantial upside potential. Nationally, as of Fall 2002, about 30 percent of college educated adults age 25+ were attracted into the weekly cume of NPR stations.

Consider the upscale San Francisco market. According to census data, there are 1.7 million college graduates in the San Francisco metro area. KQED’s cume is about 700,000 listeners, so there are at least one million college grads not in the weekly cume for KQED.

In Chicago there are at least 1.3 million college graduates not yet reached by WBEZ. In Milwaukee there are over 260,000 not yet reached by WUWM.

We still have a lot of potential among college graduates. Why don’t they listen?

Many of these college graduates know about the NPR station, have sampled the programming and decided that the existing format does not fit their needs.

Strategic Differentiation of NPR News Formats

Segmentation

In 2001 NPR's research department commissioned a fascinating segmentation study based on the needs, attitudes and behaviors of radio listeners. The study found that most NPR station listeners fell into one of four segments:

- Intellectual Challenge Demanders
- Personal Companionship Demanders
- Background Basics Acceptors
- Social Enjoyment Seekers

The largest segment within the current NPR audience is the "Intellectual Challenge Demanders," those who use radio as a forum to learn.

Their political beliefs are self-described as "very liberal." They are the most educated, with the highest income. The "Intellectual Challenge Demanders" are the least "diverse." And they are "avid supporters" of public radio, which is why public stations continue to serve their needs.

Here's the important point: NPR already reaches 84 percent of that segment.

There is not much potential for growth if we continue to produce more programming that appeals to the "Intellectual Challenge Demanders." Two stations targeting the same segment would split the audience.

Nor would it make sense to target two different segments on a single channel.

Strategic action based on the NPR segmentation study would mean two NPR stations that are ruthlessly differentiated by appeal to different segments.

Strategic Differentiation of NPR News Formats

Psychographics and Generational Cohorts

NPR's custom segmentation system was designed for radio. It could be a powerful tool in the design of two differentiated news formats. Or there are other segmentation schemes that might work.

Audience 98 showed the power of VALS as a psychographic segmentation system. NPR news in its present form appeals to Thinkers (formerly Fulfilleds) and Innovators (formerly Actualizers.) In the future, a differentiated NPR format could be targeted at other VALS types, like Achievers or Experiencers.

Generational cohorts are another possibility. Boomers dominate the current NPR audience. There is an abundance of market research about Generation X and Generation Y. The new Toyota brand is cleverly named Scion for young buyers who don't want their father's Toyota.

One thing for certain: It would be a mistake to define the targeted segments by simplistic demographics like age, sex or race. Those categories are familiar and easy but not powerful. For example, race is not even a factor in VALS.

Strategic Differentiation of NPR News Formats

Recommendations

Public service and public support will grow if college-educated listeners are given the choice of two or more sharply differentiated NPR news stations in each market. There are a few markets where two stations have taken somewhat complementary positions, but much remains to be done:

First, decide on a segmentation system. NPR's custom segmentation study is one possibility. There are other possibilities, including psychographics and generational cohorts.

Second, sort out the existing programming. There may be enough programming already on the satellite to line up on two clearly differentiated NPR news stations per market.

Third, create programming with distinct appeal to a new, well-defined segment of college-educated listeners. This would involve great expense, but there is an even greater potential for audience service and listener support.

SRG could lead a national discussion involving stations, producers, networks and policy-makers with reference to the development of two differentiated NPR news formats in each major market.

George Bailey

Notes

In this paper, when we use the term NPR, we include news and information programs distributed by PRI, like Marketplace and The World, because most listeners and newspaper reviewers think they are all NPR programs.

When we refer to the NPR news format, we include programs that appeal to NPR listeners, regardless of their apparent format. For example, Car Talk has much the same appeal as Morning Edition.