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Research: Listener Choice Radio 2000 – The Overview

Everything must change....Oleta Adams, Circle of Life

Listener Choice Radio Study 2000, initiated by Sue Schardt and Ken Mills in Fall 1999 and completed in April 2000, looks to one of public radio's closest content-competitive environment that is measurable – commercial radio – to determine what the most important aspects of public radio's current content are, and to see what opportunities there may be for producers to distribute existing programming, or to innovate new content. By talking with commercial radio's key gatekeepers and thinkers -- who are also public radio fringe listeners -- we gain perspective, learn about opportunities for program placement, and hear ideas for how commercial and public radio might work together.

This proprietary study was deliberately driven by radio stations and independent producers, with a view that some of the greatest opportunities for innovation and new vision begin with local content creators...those closest to the "source" and on the front-line with listeners. Listener Choice sought participants who produce nationally distributed content, who are idea-driven, and receptive to new thinking.

This initial study contained several components:

- A "crossover" analysis of seven major markets, focusing on public radio listeners why migrate to commercial radio. We included Arbitron/RRC data gathered over a five year period in order to chart trends, and looked at the patterns in All Listeners 18+ , Men 18+, and Women 18, and for the metro survey area (MSA). All of our station participants had some knowledge of crossover listening in their individual markets, but prior to Listener Choice Radio, no one had ever compiled a national composite, showing broader trends in audience sharing between public and commercial radio.
- We commissioned Nova Research, a division of Clear Channel Communications, to conduct an "Insiders" perceptual survey of commercial radio programmers. This consisted of a series of commercial radio gatekeeper telephone interviews and a questionnaire designed, in part, to show us how these programmers perceived public radio, how much they listened to public radio, and whether or not they were interested in public radio type programming for their stations. 3. Sue Schardt and Ken Mills conducted a series of "Deep Insider" interviews with top commercial radio executives and key decision-makers. These individuals included station owners, network and syndication company executives, commercial radio researchers and the head of commercial radio's leading trade organization, the Radio Advertising Bureau. Some gave their comments on the record, some off the record.
- A canvas review was made of the on-line activities of 31 commercial radio stations that share significant cume with the Listener Choice's participating stations and that were included in the cross-over study. The full report is not available to non-participants. See "Radio Study 2000" section on this website for a review of some of the highlights.

If you are interested in information about the next Listener Choice Study, expected to get underway early in 2002, contact project director: Sue Schardt .

Listener Choice Radio 2000

Sue Schardt and Ken Mills (August 2000)

The full findings of Listener Choice Radio Study 2000 are proprietary,



available only to project participants. Following is a synopsis of some highlights from the study.

During one of the conference call debriefs for the Listener Choice Radio™ project, John Decker, Program Director at KPBS summed it up, "Someone with the money and the desire could damage me...steal the fringe of my audience."

Mike Flaster, Associate General Manager of Programming at KPBS, points to public television as an example of the consequences of underestimating "the power of commercial media to enact public media ideals." Flaster, one of 13 founding station/producer participants of Listener Choice Radio, went on to say, "The 'themes' of public radio can be easily exported. Public TV got trapped into seeing ABC, CBS, NBC as the competition, when the competition was actually The Discovery Channel...they learned how to make money with small audiences."

At XM, Sirius, and in the hip backrooms of dot-fiefdoms across the land, folks are busily crafting audio content for these new portals. PRI and NPR, too, have blank slates... between them, there are five, brand-new, 24 by 7 channels to fill. Many of those at the programming helm of public radio stations are trying to imagine the landscape just over the horizon. "What should we be doing that we're not doing?" some ask. Others are excited by the potential it offers to expand what public radio does better than anyone else -- crafting and delivering the best programming in the land.

The Listener Choice Radio study, initiated by Sue Schardt/SchardtMEDIA and Ken Mills/Ken Mills Agency just a year ago, began with 3 key premises:

- 1) Public radio stations are a leading competitive force as content creators and programming centers.
- 2) The non-commercial nature of public radio insulates it from many mainstream competitive and economic forces. This insularity is vital to "quality control" in programming, where mission and quality still take precedence over the bottom-line. This intrinsic inwardness can work negatively, however, and now is an important time to look beyond the border ... to hold up a mirror and view, as objectively as possible, public radio programming strengths, weaknesses and opportunities.
- 3) We're beginning to chart trends and understand what relationship radio listeners have with the Internet. The territory of satellite distributed programming, which will undoubtedly have significant impact, is unexplored because it doesn't exist yet. We do, however, have the means to view the relationship between public radio and its closest commercial media brethren – commercial radio. There are alot more suits in public radio than in my world. A lot of wingtips...They have triple the staff, and I know they have a lot of meetings." - Bill Campbell, President/CEO Charles River Broadcasting

Listener Choice examined trends in audience sharing between stations and between formats, going behind the scenes in commercial radio to a) learn how consolidation has affected the operation of commercial radio, b) determine how leading commercial radio broadcasters perceive public radio and public radio programming, c) determine the competitive advantages and weaknesses of public radio versus our commercial radio dial-mates, and d) find out what, if any, opportunities might exist for placing public radio programming on commercial radio stations.

Besides KPBS, **founding participants** of the Listener Choice Radio study are KUOW in Seattle, WBEZ in Chicago, WNYC in New York, WAMU in Washington, WBUR in Boston, KERA in Dallas, The Weather Notebook, and Lichtenstein Creative Media.

Research for the project was conducted in February, March and April of this year. Nova Research was contracted to conduct a portion of the

study and to tabulate some of the data. Nova Research, based in San Diego, is owned by Clear Channel Communications and specializes in audience analysis and perceptual research.

While some of the results of the project remain proprietary, we agreed with participants who felt it was important that some of the findings of Listener Choice Radio be released to the entire public radio system. This article will, we hope, incite your curiosity. Like some of our participants, you may come away with more questions than answers.

Scope

The Listener Choice Radio study contains several components:

1. A "crossover" analysis of seven major markets, focusing on public radio listeners who migrate to commercial radio. We included Arbitron/RRC data gathered over a five year period in order to chart trends, and looked at the patterns in All Listeners 18+ , Men 18+, and Women 18, and for the metro survey area (MSA). All of our station participants had some knowledge of crossover listening in their individual markets, but prior to Listener Choice, no one had ever compiled a national composite, showing broader trends in audience sharing between public and commercial radio.
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3. Sue Schardt and Ken Mills conducted a series of "Deep Insider" interviews with top commercial radio executives and key decision-makers. These individuals included station owners, network and syndication company executives, commercial radio researchers and the head of commercial radio's leading trade organization, the Radio Advertising Bureau. Some gave their comments on the record, some off the record.
4. A canvas review was made of the on-line activities of 31 commercial radio stations that share significant cume with the Listener Choice's participating stations and that were included in the cross-over study. Audience Sharing Trends *Ten years ago, I had eight push buttons on my car radio and one was set to a public radio station. Now I've got ten push buttons and five are set to public radio stations. -- JT Anderton Vice President/Managing Director, Duncan's American Radio*

Since 1995, there have been several notable changes in the audience sharing, or cross-over, between the participating stations and other stations on the dial.

Perhaps the most dramatic trend is the decline in crossover with commercial classical stations. Each of the seven markets has at least one commercial classical station. In all seven markets, audience sharing between the participating station and commercial classical stations dropped between 1995 and 1999. Audience sharing with commercial classical stations dropped 19% versus the combined seven stations.

In 1995, commercial classical was the top audience sharing format with the seven stations. In 1999, it fell to fourth in crossover cume.

The biggest gains in crossover audience were with Smooth Jazz stations, up 27% from 1995 to 1999, and other public radio stations, up 15% from 1995 to 1999. Other public radio stations now share

the most audience with the seven participating stations.

News, News/Talk, and Talk format stations continue to share significant audience with the seven stations but there has been little change in degree of crossover from 1995 to 1999. Overall, cume sharing between the seven stations and all other stations has fallen slightly from 23.4% in 1995 to 22.1% in 1999.

Listener Crossover Trends: Public Radio to Commercial Radio Formats*			
Format	Fall99	Fall95	% change
Other Public Radio	28.8	25.0	+ 15%
News	25.4	27.4	- 7%
Classical	23.1	28.6	- 19%
News/Talk	21.8	23.0	- 6%
Smooth Jazz	19.0	15.0	+ 27%
AOR/Prog.	17.7	19.0	- 7%
Talk	16.5	17.0	- 3%

Holding up the Mirror

My advice to public radio decision makers is 'remember who brung [sic] you...' Don't lose the distinctiveness of what you are doing." -- Thom Moon, Director of Research and Development; Duncan's American Radio

By and large, the commercial radio people interviewed for this study are fringe public radio listeners...most tune to at least one public radio station during the average week.

A few of the commercial radio executives we spoke with are heavy, perhaps core, public radio listeners. There were a few who didn't listen at all. With a few exceptions, both heavy and light listeners are listening about as much each day as they were 3 years ago.

Like many that listen to public radio, these respondents' most familiar programs, named without prompting, include All Things Considered, Morning Edition, Car Talk and Garrison Keillor. They appreciate public radio's "in-depth news," "thoughtful analysis," and absence of commercials.

The most negative attributes of public radio programming in the view of the commercial radio gatekeepers and executives we spoke with are that it's boring and predictable, often has a condescending tone, is "out of touch" with what the mass audience wants to hear, and that segments of programs last too long.

Some other key observations by commercial radio gatekeepers and VIP's include:

- Many of the commercial radio interviewees said that public radio does a poor job promoting itself. They advise public radio to "raise your flag higher," "promote your independent stance," and "tell people who you are."

- Those who reported listening more now than they were 3 years ago tell public radio programmers to "get a sense of humor; don't take everything so seriously," and to "research your market to learn more about what the needs are."
- One Director of a major commercial research company reports that public radio comes up in his focus groups on commercial radio News/Talk. Focus group participants will say, "You should listen to NPR..." and others in the focus group will respond "what's NPR?"
- Those few commercial broadcasters who criticized public radio's "liberal bias" tended to be those who reportedly listened to "little or no public radio" during the day.
- When queried as to whether or not they considered public radio a threat, most of the commercial radio programmers interviewed say they do examine the cume sharing between their station(s) and public radio stations, and are equally split on whether or not public radio programming had any impact on their own station(s) programming. Overall, public radio is considered a medium to weak competitor for commercial radio stations.
- Most commercial radio interviewees do not know how public radio operates. Many did not know the roles that CPB and NPR play. There is still a common perception that public radio is "funded by the government."
- Stereotypes abound about public radio within commercial radio circles. Public radio programming is said to be "...obsessed with political correctness to point of being sterile" and that "public radio needs to walk a fine line [in programming] because of government funding..." The Shifting Ground of Commercial Radio

Consolidation of ownership since the Telecommunications Act of 1996 has created vast changes in the operations of most commercial radio stations. The size of the new, publicly traded, commercial radio companies is staggering. In gross revenue alone, several big commercial radio companies have annual budgets far surpassing the entire estimated annual revenue of all of public radio.

Commercial stations are typically managed in clusters of three to eight stations. The clusters are owned by corporations, often far from the city of license. The "mom and pop," local, family-owned radio station has almost vanished.

It is not uncommon for a single General Manager to oversee a cluster of commercial stations. Often, one Program Director will be in charge of several stations with a variety of formats. This means that station management is often distant from the programming heard on stations. Most stations, particularly music stations, are programmed by the results of research. There is little "gut feeling" involved in program decision making.

According to Duncan's American Radio, considered the most authoritative source of commercial radio ratings and revenue data, commercial radio time-spent-listening is declining.

Duncan's data shows that commercial radio's average persons using radio, Monday through Sunday, 6:00am to Midnight, Persons 12+, has decreased from 17.5 in 1989 to 15.8 in Fall 1998. During this same time period, public radio's average quarter hour audience has more than doubled.

Roughly the same number of people listen to commercial radio each week but they are listening for shorter periods of time. Duncan cites five primary reasons why commercial radio has lost listening:

1. Increased Commercial Loads

Radio & Records reports in it's April 21, 2000 issue that commercial station spot loads increased 6% in 1999 after increasing 13% in 1998. Music stations average around 12 minutes of commercials per hour. News and Talk stations average 22 minutes of commercials per hour.

Part of the reason the amount of commercial inventory has increased is the pressure to enhance the stock price of publicly traded companies by increasing advertising revenue. Another reason is that with station clusters, competition between stations within a market has decreased and owners have less fear that high commercial loads will chase listeners to another station. Now, they probably own the other station.

2. The Trend Away from "Local-ness"

Duncan believes that too many operators are succumbing to a "set it and forget it" mentality. Bonds with the local community are lost. The sound of commercial radio formats have become the same from city to city. There is the perception of increased boredom with commercial radio programming.

3. Program Format Segmentation Has Gone Too Far

Not enough attention has been focused on sampling by new listeners. Hyper-focusing on core listeners has come at the expense of cume listeners. When core listeners fall away, there is little to attract new listeners to replace them.

4. Less Money is Being Spent on Marketing and Promotion

There have been major cuts in the budgets for outside promotion because one owner often controls a format in a market. Because there is minimal competition, corporate owners see little reason to promote formats they control.

5. Some Formats Have Vanished or Have Moved to Weaker Signals

Because advertisers are so focused on the 25-54 demographic cell, formats that attract listeners outside of that group have suffered. Formats such as Easy Listening, Adult Standards, Jazz and even Contemporary Hit Radio are heard on fewer stations now than they were ten years ago.

Working in Commercial Radio Today

You ask me about what is going on in commercial radio. I've been on the front lines of commercial radio research for 15 years and I don't know what the hell is going on. The biggest change I've noticed, particularly since the Telecom Act of 1996, is that commercial radio isn't a pleasant place to work. -- Confidential; Director of Research; Major Commercial Radio Research Company

Perhaps the most telling trend within commercial radio is also the hardest to quantify. For a number of people, commercial radio isn't an enjoyable place to work.

The pressures of bottom-line performance and increasingly homogenous niche formats have led to a feeling of boredom and lack of purpose.

When I talk to people in at commercial stations they are often running scared. No one wants to take a chance because they might wind up with egg on their face. And, you don't want to be the person who fails. -- Confidential; President; Major Commercial Radio Syndication Company

Rather than trying to change commercial radio or considering working in public radio, Listener Choice respondents report that many of the best and brightest commercial radio leaders have left to work for dot.com companies or in other fields. Commercial radio people speak of a hunger for new ideas, new magnet personalities, and new ways to

stop the drain in listening. But, the current commercial radio system discourages risk-taking and unproven ideas.

The climate within commercial radio is "take no risks." Things have become even more conservative over the past couple of years at the publicly traded companies. Programmers know they have to meet the target numbers or they are out of a job. -- Thom Moon, Director of Research and Development, Duncan's American Radio

Not everyone involved with commercial radio feels negative about the changing consolidated industry. Large station groups and local commercial station clusters have been very successful at increasing commercial sales and gaining a larger share of the advertising market.

Stock prices for publicly traded radio companies have exceeded the stock market average. Several major group owners have raised large amounts of investment capital through new stock offerings. Some people have become rich in the new commercial radio environment.

Many of the leaders of commercial radio are not concerned about rising commercial loads, the deterioration of audience, or increased format segmentation. Gary Fries, President of the Radio Advertising Bureau feels that commercial radio broadcasters will make adjustments before the situation becomes too critical...that the current problems within commercial radio as part of the natural growth of a maturing industry.

Five Lessons for Public Radio Stations

The biggest change upcoming that will affect both commercial and public radio is direct satellite – XM and Sirius...they will take major shares away from terrestrial stations. I plan to buy a receiver as soon as they become available. -- Neil Sargent, Founder and Former CEO of TM Century Syndication; Former VP Affiliate Sales for Westwood One

There is no doubt that NPR's [satellite] channel will hurt local NPR stations. If you are running a station in Erie, where you've got limited audience already, the NPR satellite channel may really hurt you. -- Jim Farley, Program Director at WTOP-AM

Public radio is uniquely positioned to take advantage of the new, consolidated commercial radio industry. What can stations do to build on strengths in the new environment, and to best position themselves for coming challenges?

1. Strengthen your local programming and identity

Public radio" as a concept is different than "NPR." In Chicago, "public radio" listeners tend to be younger and interested in college and community radio stations as well. When they tune to NPR, it's a place for older people. The challenge is in keeping both groups happy. -- Torey Malatia/WBEZ

In many markets, public radio stations are now the only locally owned and operated stations in town. Local service, such as news, events, personalities, and ties to community become increasingly important as ways for public radio to distinguish itself among all media. The "power of the mirror" is one of radio's greatest strengths...listeners want to have themselves reflected back to them, and the time is ripe to attract disenfranchised commercial radio listeners who are looking for alternatives to the homogeneous, bland, cluttered commercial programming that has become commonplace in many markets.

2. Put money and daring into local promotion

Public radio can make "stealth" maneuvers to gain greater market share and bring value to listeners because commercial radio operators are very tied up with the nuts and bolts of figuring out how to efficiently manage their acquisitions. They are seldom concerned about what is happening in public radio.

It takes money – usually a lot of it – to run an effective promotional campaign. Most stations – large or small – can't afford prime time television commercial, or running a month-long campaign of bus

advertisements. Good ideas are abundant, however, and cost nothing to generate. Beef up your promotion/marketing budget, and then bring together your best and brightest to decide how to spend it. Invite young people, and representatives from other elusive listening groups to the discussion about ways to dispel public radio stereotypes and put your station front and center with a new and wider constituency.

3. Open the gates for program experimentation

The promise that some put forth several years ago that commercial consolidation would free up broadcasters to experiment and develop new programming has dimmed. In particular, Listener Choice indicates that it is unlikely that anyone is planning to compete with public radio's news magazines anytime soon. Too costly, too risky, and respondents feel that public radio already does a good job providing listeners with a suitable "alternative."

Where public radio is vulnerable, according to some commercial radio broadcasters, is in the area of talk programming. Talk radio is inexpensive to produce, even with marquee hosts such as Rush Limbaugh. WKWX-FM, for example, is a 24x7 Talk operation in Trenton, NJ featuring all local news and local hosts, no syndicated programming, no tapes, no repeat programming. It is reportedly grossing \$13 million a year, and has, according to one commercial radio consultant, never lost money. The revenue return from the talk format may well allow commercial radio operators to find new magnet personalities, perhaps at the expense of public radio's audience.

The program many in public radio point to as a bright light in the programming landscape is This American Life. Like many of success stories, TAL began as a local, weekly "experiment" in Chicago with little budget and lots of enthusiasm. The time is right for public radio gatekeepers to make room on their schedules for real-time experimentation. It's the best way to grow new ideas, new sounds, new voices.

4. Court the fringe

Program decision-making based entirely on core listening is a bad habit. One doesn't need a crystal ball to see the potential negative effects of focusing exclusively on the tastes and preferences core listeners. There are key lessons to be learned from the commercial broadcasters surveyed who feel that they've "gone to far" in serving their core audience. You ignore your fringe audience, you pass up a prime opportunity for audience growth.

5. Bring outside talent into public radio

Like many industries today, public radio is suffering from a dwindling stream of fresh talent. This is another area where Listener Choice points to opportunity for public radio. Public radio's mission and commitment to broadcasting ideals look mighty attractive to those who are fed up with the grind of working in commercial radio, especially those who love the medium. Put ads in commercial trade publications, and get word into the local pipeline that you welcome radio talent.

This study tells me that we need to be 'true to our school'. George Boosey, Program Director, WBUR-FM

Perhaps most importantly, public radio should not to be complacent. The past few years have been good for most public radio operators. But, public radio's success will likely attract new competitors, as commercial radio, Internet, and satellite companies search for new niches to exploit.

Public radio people often complain that the industry is becoming "too commercial," and these cautions may have merit. But, as much as public radio has changed over the past twenty years, commercial radio has changed even more. Now is time for public radio stations to be bold, to innovate, to make current programming better, and to create new programming that will not only serve the core audience, but attract new converts.

Comments on this article are welcome: Sue Schardt

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