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The Buck Stops Here

Information has value only if it's used.

AUDIENCE 98 is the kind of comprehensive study that public radio invests in just once every 10 years. While we know that it has a cost, we don't know yet if it will have a pay-off. The buck stops here, with you.

Pioneer public broadcaster Ron Bornstein once observed that public radio's history is that of individuals, not institutions. Individuals, taking initiative, shaped our industry. Their accomplishments are evidence that each of us, as working professionals, can make a difference.

If the past is prologue, it will be individuals again who seize the day, proving the value of AUDIENCE 98 by acting on its lessons in their daily work lives.

This last chapter tells such a story of individuals who took AUDIENCE 88 off the shelf – and used it to substantially enrich a station's public service and public support.

Public Service Economics

Editor's note: AUDIENCE 98 is a snapshot of public radio's listeners, not a study of the audience as it evolves over time. But in Connecticut Public Radio we have an example that approaches a time study, a station with a ten year history of applying programming economics under the same management. Because it's a unique link between AUDIENCE 88 and AUDIENCE 98, with a noteworthy story to tell, we asked Connecticut Public Radio's program director to write this report.

Programming economics is a great tool. At a glance you can see that some programs are making money and some are losing money.

For a commercial station, the choice is simple. It's all about the bottom line. If you're not maximizing profits, you make programming changes that are often swift and dramatic.

For a public station, the objective is different. At Connecticut Public Radio, mission drives our programming decisions.

It led to our original study of programming economics in August 1988, which was part of a larger audience building project. How could we maintain our mission, increase listening, expand community support and stabilize finances?

The powerful force pushing us to these questions was federal budget cuts of public broadcasting funds, compounded by minuscule state support for our community licensee station. Increased reliance on listener-sensitive income appeared on our fiscal horizon sooner than it did for many public radio stations.

To serve the public, we had to stay in business. The goal then, as now, was significant programming for significant audiences.

Connecticut Public Radio was formed primarily to present classical music. Our mission statement imagines a public service that educates, informs and entertains.

It's a broad mandate. We fulfill it by integrating national news and classical music with local pro-

gramming that covers issues important to our listeners.

Maximizing the Value of Local Service

A good local public affairs program is expensive, so it's critical to make the best use of the investment. Ten years ago, before programming economics, our sole effort at local journalism was squandered.

Called *Open Air New England*, its length and start times were inconsistent. Listeners had to work to find it; many gave up. On-air promotion was ineffective. And it was bleeding money by the bucket.

Open Air New England became *The Faith Middleton Show*, a daily one-hour Peabody Award-winning program leading in to *All Things Considered*. It's now a valuable asset to Connecticut Public Radio, connecting us with the community and performing above the station's average listener loyalty line.

It still loses money, but, by applying programming economics, we can support it without putting the rest of our service in financial jeopardy.

How did we do that? We turned another station money loser into an income source. And, in the process, we took an enormous risk by killing syndicated programming that generated a profit.

Killing the Golden Goose

Ten years ago Connecticut Public Radio's biggest moneymaker was *Morning Pro Musica*, a seven-day, 7 AM classical music strip produced at WGBH/Boston with host Robert J. Lurtsema. It defined our core audience, much as *Morning Edition* does today.

The purchase price of *Morning Pro Musica* was about \$40,000 a year, but it cost us a little over

\$147,000 when we factored in operational costs. **The net return, in listener-sensitive income, was about \$184,000.** *Morning Pro Musica* was clearly a lucrative investment - one that propped up the money-losing portions of our schedule - which, at the time, was just about everything else.

Still, the program created problems: Its clock was impenetrable, offering us virtually no opportunities to localize it. We couldn't even squeeze in promo spots for our other programming.

The producer was highly resistant to change.

Another source of income was *Adventures in Good Music* with Karl Haas. Together, these two strips marked daily occasions when we gave up control of our own air, with programming that was duplicated on other stations in our market.

While *Morning Pro Musica* (and to a much lesser extent *AIGM*) was the golden goose of our balance sheets, from a promotion and public service perspective it was something of an albatross. To reclaim its resources to finance our changes, we killed it.

Letting Go of Sentimental Favorites

At the time, like public affairs, our station-based classical music programming was losing money, due in large part to a costly local concert strip.

We considered recording and producing local performances a public service, an important attempt to reflect the cultural richness of our community. **The audience, however, valued it much less than we did – almost no one was listening.** We were having a similar experience with a local folk music show.

With mission as the engine, and audience research as the fuel, we were driven to create a better classical music service, one that made financial sense and that listeners would appreciate and support.

Folk musicians in particular loved the folk show

but it was draining station resources and not doing much for our audience. Serving the public won out over serving genre.

Building Cume with Simple Arithmetic

In tandem, we made more economical use of expensive national programming by expanding the hours of *Morning Edition* and *All Things Considered*. Aside from the increased operational costs of more broadcast hours - an expense we would have no matter what we aired at those times - it was a cheap move. **And that simple programming economics decision redefined our audience and enlarged our cume.**

Success didn't happen overnight but we had faith that we were on the right track. Eventually, over the years, listener-sensitive revenue grew, as our programming became better and our scheduling got smarter.

Today the income from national news and local classical music pays for a significant local public affairs program with a significant audience.

In addition, demonstrating our ability to make changes that listeners will support has given us a degree of financial independence, along with confidence in our future despite further federal cutbacks.

We haven't solved all of our problems of course, but we have been able to move forward, fixing and refining our schedule in a continual search for improvement. Public service is not a static endeavor.

To monitor our performance, we use research tools like Arbitron numbers and AudiGraphics' total and core loyalty percentages. Listener income isn't the only factor we consider when making programming decisions.

In this mix, programming economics continues to provide a valuable tool to determine listener satisfaction.

Serving the Public is the Pay-Off

Ten years after Connecticut Public Radio's case study appeared in the seminal research on programming economics, our public service is steadily improving – as measured by listening and giving.

In fact, a better term for programming economics may be public service economics. For us, as for any public radio station, public service is the ultimate bottom line.

– Kim D. Grehn
Program Director,
Connecticut Public Radio

Public Service Economics

Connecticut Public Radio by the Numbers

Editor's Note: *Connecticut Public Radio is the* *ming Economics report, an immediate follow-up to*
case study featured in the original 1989 Program- AUDIENCE 88.

Table 1					
AUDIENCE 88	Listener Income	Underwriter Income	Expense	Return	R.O.I.
<i>Morning Pro Musica</i>	\$305,759	\$26,000	\$147,500	\$184,259	2.25
<i>Aft Classics</i>	\$96,991	\$9,000	\$103,400	\$2,591	1.03
<i>ATC Weekday</i>	\$101,557	\$37,000	\$63,950	\$74,607	2.17
<i>Morn Edition</i>	\$69,376	\$15,000	\$39,000	\$45,376	2.16
<i>Eve Concerts</i>	\$63,763	\$8,000	\$125,000	-\$53,237	0.57
<i>WeEd</i>	\$24,129	\$1,000	\$25,000	\$129	1.01
Interviews (Local)	\$32,257	\$5,000	\$114,000	-\$76,743	0.33
<i>APHC</i>	\$51,993	\$12,000	\$20,000	\$43,993	3.20
<i>All Else</i>	\$124,175	\$17,000	\$242,950	-\$101,775	0.58
Total	\$870,000	\$130,000	\$880,800	\$119,200	1.14

Table 2					
AUDIENCE 88	% of Listening	% of Listener Support	Return From Listeners (Cents/LH)	Return From Underwriting (Cents/LH)	Total Lsnr Sens Return (Cents/LH)
<i>Morning Pro Musica</i>	40%	33%	1.6	0.1	1.8
<i>Aft Classics</i>	15%	11%	1.4	0.1	1.5
<i>ATC Weekday</i>	9%	14%	2.4	0.9	3.3
<i>Morn Edition</i>	5%	8%	2.9	0.6	3.6
<i>Eve Concerts</i>	8%	7%	1.8	0.2	2.0
<i>WeEd</i>	3%	3%	1.9	0.1	2.0
Interviews (Local)	4%	4%	1.7	0.3	2.0
<i>APHC</i>	4%	6%	2.8	0.7	3.5
<i>All Else</i>	12%	14%	2.2	0.3	2.5
Total	100%	100%	1.9	0.3	2.2

What We Saw

At the time of our 1988 programming economics study

- *Morning Pro Musica's* net revenue was \$184,000.
- Connecticut Public Radio's overall net gain was \$119,000. Local efforts were losing money.
- *Open Air New England* lost \$77,000.
- *Evening Concerts* (locally recorded classical) lost \$53,000.
- *All Else* (local live folk) lost \$102,000.

Everything produced locally that we perceived as a public service was performing poorly. Summer 1989 listener loyalty figures, available to us just before we made the changes, confirmed our suspicions.

What We Changed

In addition to a consistent start time and better cross-promotion, the studios for *Open Air New England* – which had been reserved solely for its use – were opened to other production, allowing us to spread the studio costs throughout the company.

When we cancelled *Evening Concerts*, we didn't give up on locally recorded classical music entirely, but we did re-evaluate it. Now we mainstream local performances into the rest of our locally originated classical music service.

Because our core audience was still solidly classical, we didn't expand *Morning Edition* right away. In 1993 it was expanded to two hours and in 1995 to three (until 9 AM).

Table 3

AUDIENCE 98	Listener Income	Underwriter Income	Expense	Return	R.O.I.
Classical (Local)	\$464,879	\$95,040	\$160,000	\$399,919	3.50
<i>Morning Edition</i>	\$361,990	\$368,000	\$304,000	\$425,990	2.40
<i>ATC Weekday</i>	\$307,990	\$226,000	\$253,000	\$280,990	2.11
All Other Acquired	\$111,703	\$6,000	\$90,000	\$27,703	1.31
<i>Classical 24</i>	\$42,318	\$0	\$10,000	\$32,318	4.23
Interviews	\$57,326	\$15,080	\$90,000	(\$17,594)	0.80
<i>Perf Today</i>	\$46,864	\$14,800	\$41,000	\$20,664	1.50
<i>Weekend Ed. Sat</i>	\$20,257	\$3,000	\$38,000	(\$14,743)	0.61
<i>APHC</i>	\$90,311	\$19,600	\$34,000	\$75,911	3.23
<i>MktPfce</i>	\$17,266	\$84,800	\$41,000	\$61,066	2.49
<i>CarTalk</i>	\$56,612	\$10,800	\$37,000	\$30,412	1.82
<i>World Of Opera</i>	\$11,007	\$2,760	\$9,000	\$4,767	1.53
<i>Mon Radio</i>	\$4,422	\$6,920	\$10,000	\$1,342	1.13
Total	\$1,592,945	\$852,800	\$1,117,000	\$1,328,745	2.19

Table 4

AUDIENCE 98	% of Listening	% of Listener Support	Return From Listeners (Cents/LH)	Return From Underwriting (Cents/LH)	Total Lsnr Sens Return (Cents/LH)
Classical (Local)	34%	29%	2.0	0.4	2.4
<i>Morning Edition</i>	20%	23%	2.6	2.6	5.2
<i>ATC Weekday</i>	16%	19%	2.8	2.1	4.9
All Other Acquired	5%	7%	3.0	0.2	3.2
<i>Classical 24</i>	5%	3%	1.2	0.0	1.2
Interviews	5%	4%	1.7	0.5	2.2
<i>Perf Today</i>	3%	3%	2.2	0.7	2.9
<i>Weekend Ed. Sat</i>	2%	1%	1.2	0.2	1.4
<i>APHC</i>	2%	6%	5.8	1.3	7.1
<i>MktPice</i>	2%	1%	1.3	6.6	7.9
<i>CarTalk</i>	2%	4%	4.6	0.9	5.5
<i>World Of Opera</i>	2%	1%	0.9	0.2	1.2
<i>Mon Radio</i>	2%	0%	0.4	0.6	1.0
Total	100%	100%	2.3	1.2	3.5

Positive Results

- *Open Air New England, now The Faith Middleton Show*, still loses money – but a lot less at \$17,600.
- Local Classical now returns \$400,000.

Our public service increased too. For example: We now have local reporters covering major issues in Connecticut - something we couldn't afford before applying programming economics and making the changes.

– Kim D. Grehn