Strategic AudiGraphics

**The Impact of Changing
Folk Music**

WARA
Anytown USA

Analysis run on February 1, 2002.
Based on audience estimates from
Fall 2000 − Summer 2001
and working FY 2002 financial estimates.

Audience Research Analysis

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Understanding How People Now Use Folk Music

To properly assess the impact of any programming change, we must first understand how various types of listeners are currently using the station. To this end, this section identifies four kinds of people, each a key segment.

"Listeners" currently listen to the programming to be changed; "Avoiders" don't. Clearly, each group will react differently to the change.

A refinement yields audience segments used in the next section's assessment of impact. It classifies listeners as "Loyalists" (those who are more loyal to the programming to be changed than to other programming on the station) or "Disloyalists."

Understanding how each type of person now uses the station, and who these people are, can help management anticipate and plan for their reactions to the change.

Different People Listen Differently

Any programming change will affect different people differently, depending on their current listening.

LISTENERS are those who hear the programming to be changed. Some listen to other programming on WARA (Non-Exclusive Listeners), some listen only to the programming to be changed (Exclusive Listeners). Their listening to WARA during programming to be changed is put at risk by any change.

AVOIDERS do not listen to the programming to be changed − either because they are not using radio at that time, or because they are listening to other stations. Either way, their listening to WARA during the programming to be changed is not at risk; change can only cause them to listen more.

WARA's listeners can also be characterized by their loyalties to changed and unchanged programming.

LOYALISTS are more loyal to the programming to be changed than to other programming on WARA. Because the change will affect the programming they like the most, their listening is at highest risk.

DISLOYALISTS are less loyal to the programming to be changed than to other programming on WARA. Some now hear the programming to be changed (Affected Disloyalists); others do not (Unaffected Disloyalists). Most programming changes are designed to encourage Disloyalists to listen more.

UNAVAILABLES do not use radio during the programming to be changed. Although they do listen to WARA at other times, their listening will not be affected by the change.

The table below summarizes each segment's use of the station. Subsequent pages track the characteristics, current listening, and loyalty of each.

	Diaries	Percent of Listeners	Percent of Listening	All Programming Loyalty	All Programming TSL	Affected Programming Loyalty	Affected Programming TSL	Unaffected Programming Loyalty	Unaffected Programming TSL
Total Audience	1,009	100%	100%	25	5:39	30	:15	25	5:24
Listeners	165	16%	25%	33	8:44	72	1:37	29	7:06
Exclusive	*16*	*2%*	*0%*	*7*	*1:28*	*72*	*1:28*		
Non-Exclusive	*149*	*14%*	*24%*	*35*	*9:40*	*72*	*1:38*	*32*	*8:02*
Avoiders	844	84%	75%	23	5:05			24	5:05
Loyalists	151	15%	23%	32	8:32	76	1:41	28	6:52
Disloyalists	264	27%	30%	21	6:20	1	:01	22	6:19
Affected	*14*	*1%*	*2%*	*37*	*11:51*	*20*	*:40*	*39*	*11:10*
Unaffected	*250*	*26%*	*29%*	*20*	*6:09*			*22*	*6:09*
Unavailables	594	58%	47%	26	4:35			26	4:35

Based on 1,009 Arbitron diaries from Fall 2000 to Summer 2001.

Affected programming: Friday 8:00 p.m. to midnight
Weekends 8:00 p.m. to midnight

How to Read: Loyalists account for 15% of WARA's weekly cume and do 23% of all listening. They are 32% loyal to the station: 76% loyal to the programming to be changed and 28% loyal to unaffected programming. They listen to affected programming 1 hour and 41 minutes each week.

Key Characteristics of Audience Segments

Knowing the key characteristics of those who are affected can make the impact more predictable and the programming change easier to manage.

The average time spent listening to WARA by people in each segment is shown directly below. The gray portion of the bar shows listening to un-affected programming. The tinted portion of the bar represents the time spent listening to affected programming (to which Avoiders and Unavailables, by definition, do not listen).

The ethnicity (race) of each audience segment is shown in the bottom right graphic.

The Appeal graphics to the right show the sex and age of the changed programming's Listeners and Avoiders (top), and its Loyalists, Disloyalists, and Unavailables (bottom). Note that the circle in outline marks Unavailables.

How to Read: The size of the circles in the Appeal graphs (right) represents the amount of listening done to WARA by each segment. Their horizontal positions show the median age of each segment; their vertical positions display the concentration of males. Both median age and sex are based on the amount of listening done by, rather than the number of listeners in, each segment.
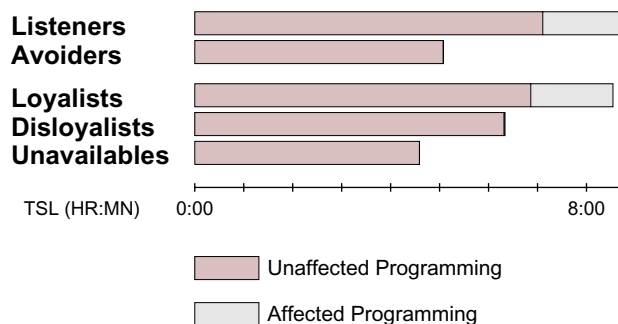
**Sex and Age Appeal
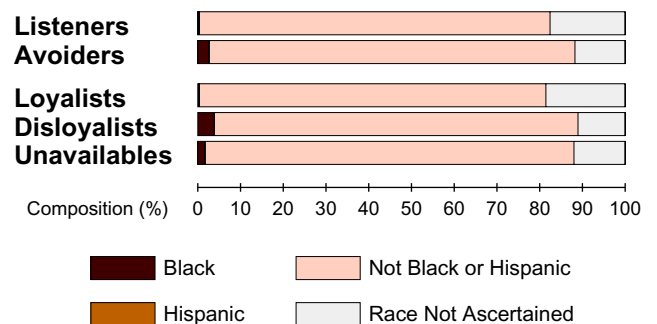Of Listeners and Non-Listeners**
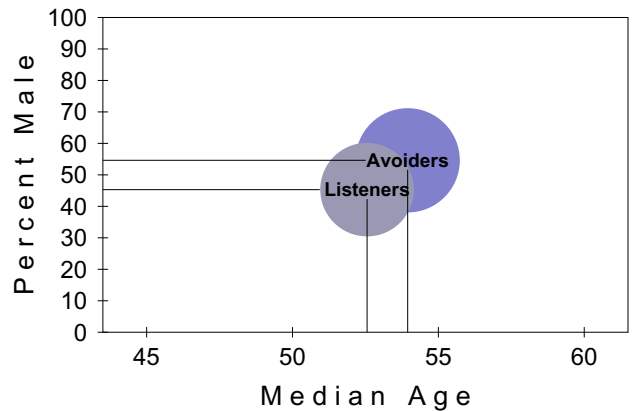
**Sex and Age Appeal
Of Loyalists and Disloyalists**
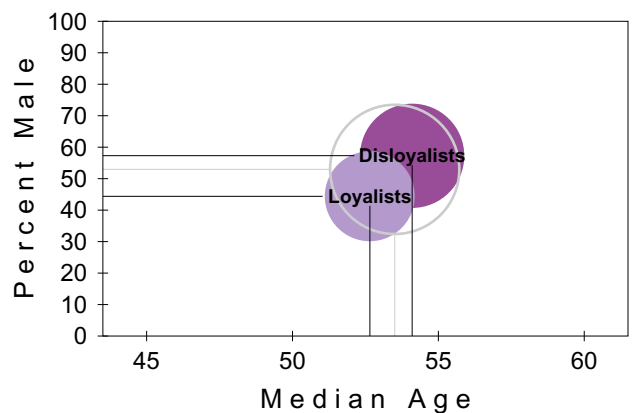
**Listening to Unaffected
And Affected Programming**

**Race Composition
Of Audience Segments**

Loyalty of WARA's
Total Audience
Monday-Friday
Anytown USA
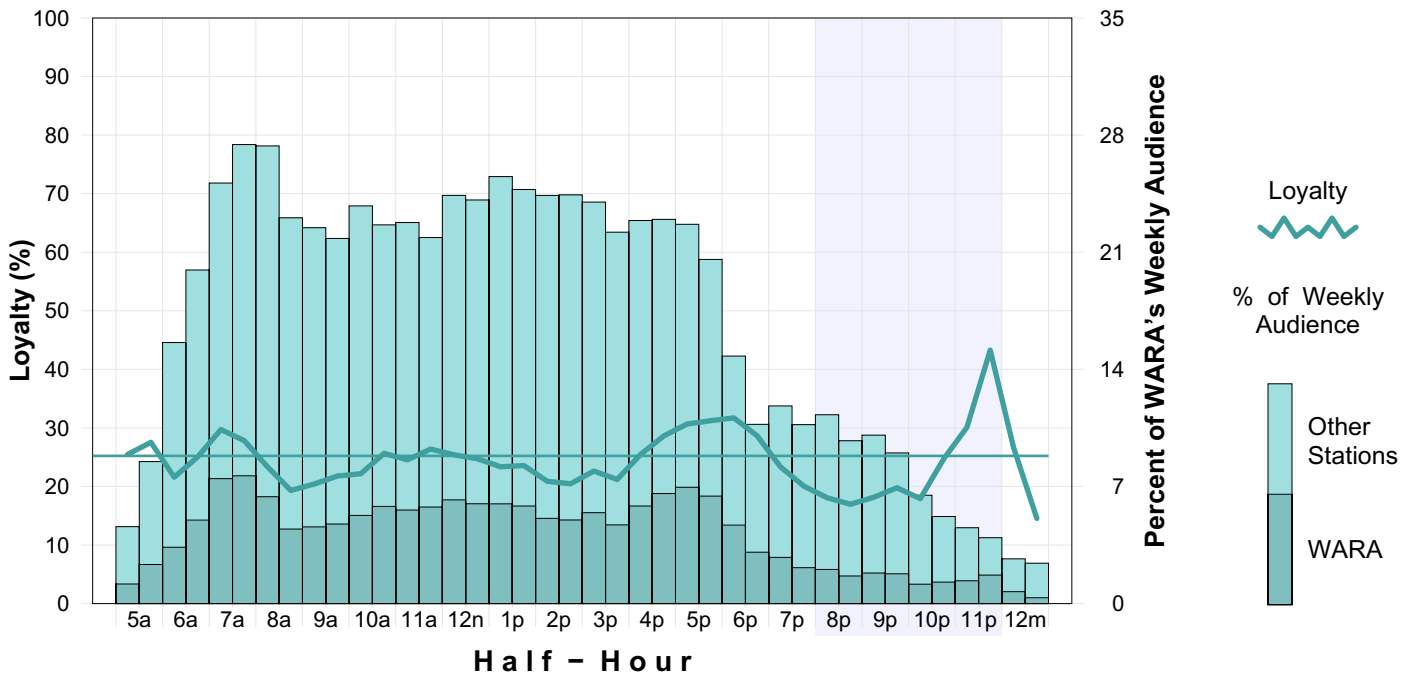
Loyalty (%)

Percent of WARA's Weekly Audience

H a l f − H o u r

Loyalty

% of Weekly Audience

Other Stations

WARA

Loyalty of WARA's
Total Audience

Saturday
Anytown USA
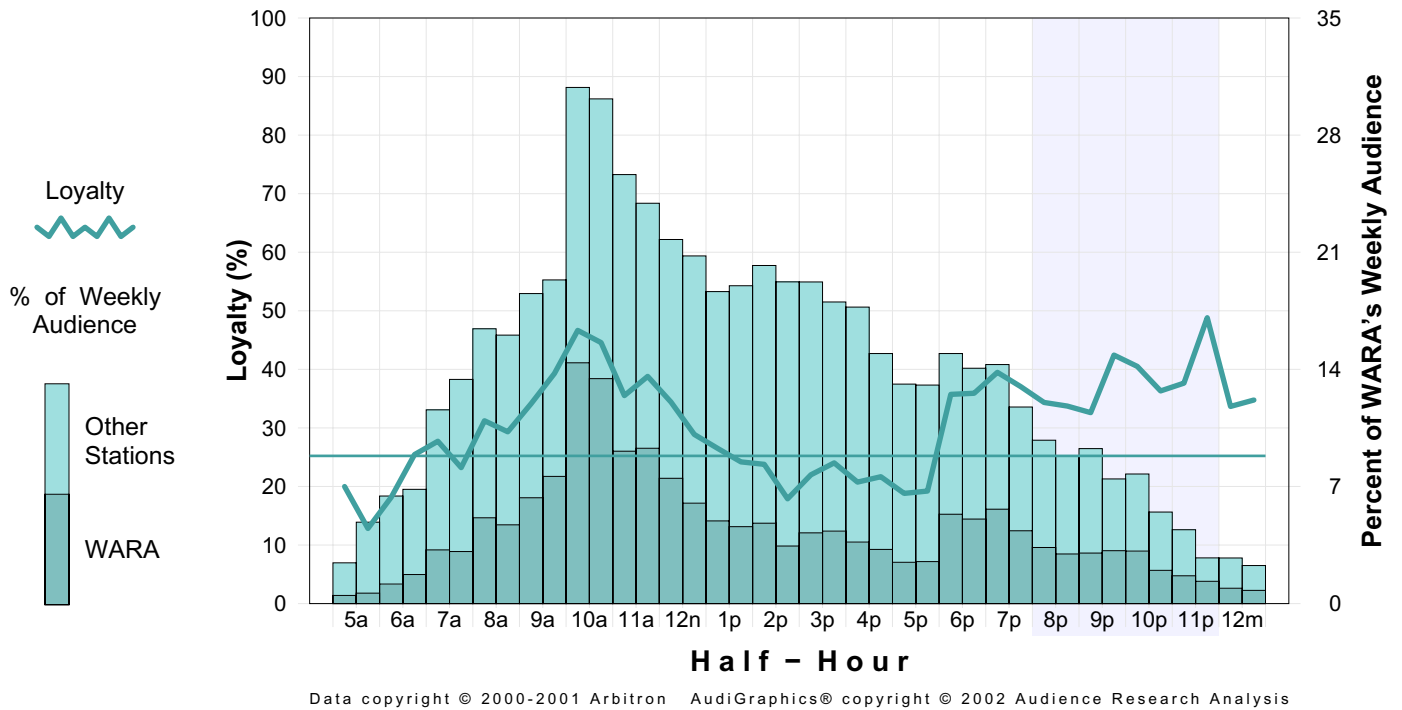
Loyalty of WARA's
Total Audience

Sunday
Anytown USA
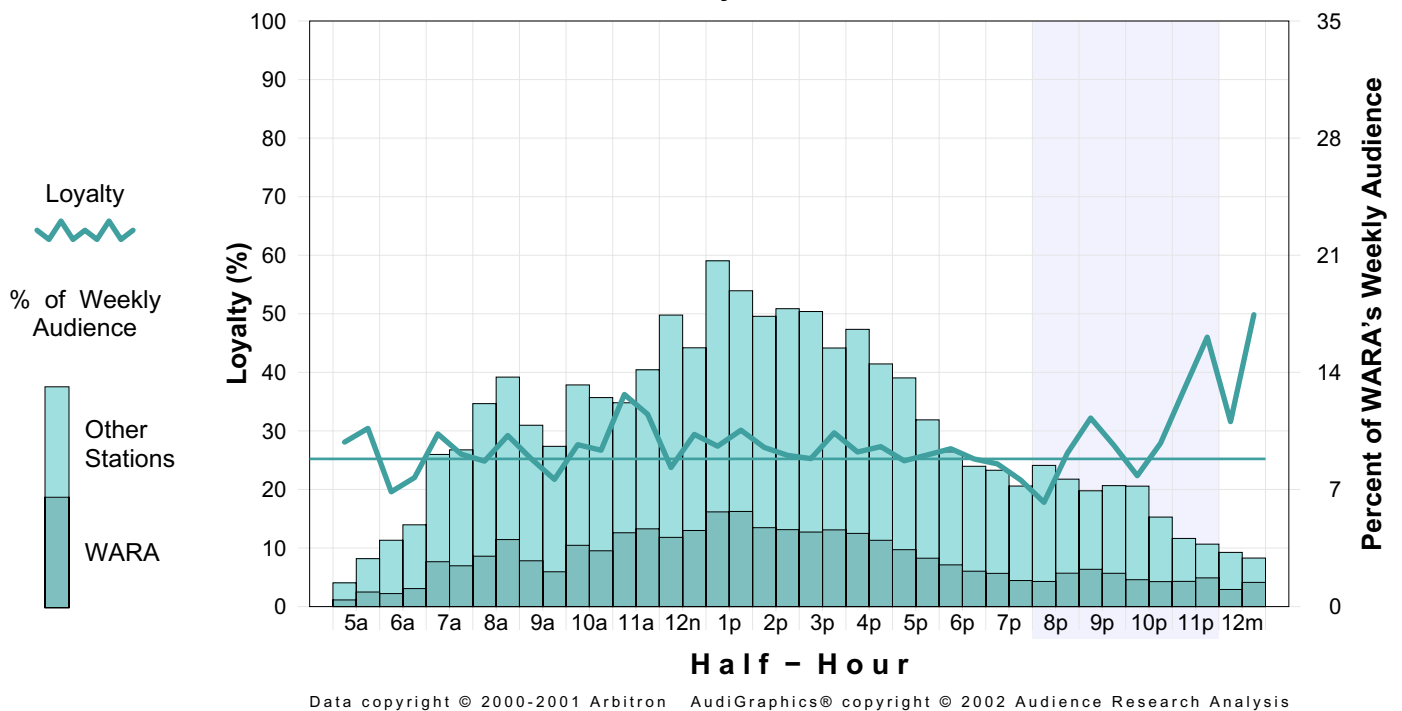
Loyalty of WARA's
Folk Music Listeners
Monday-Friday
Anytown USA
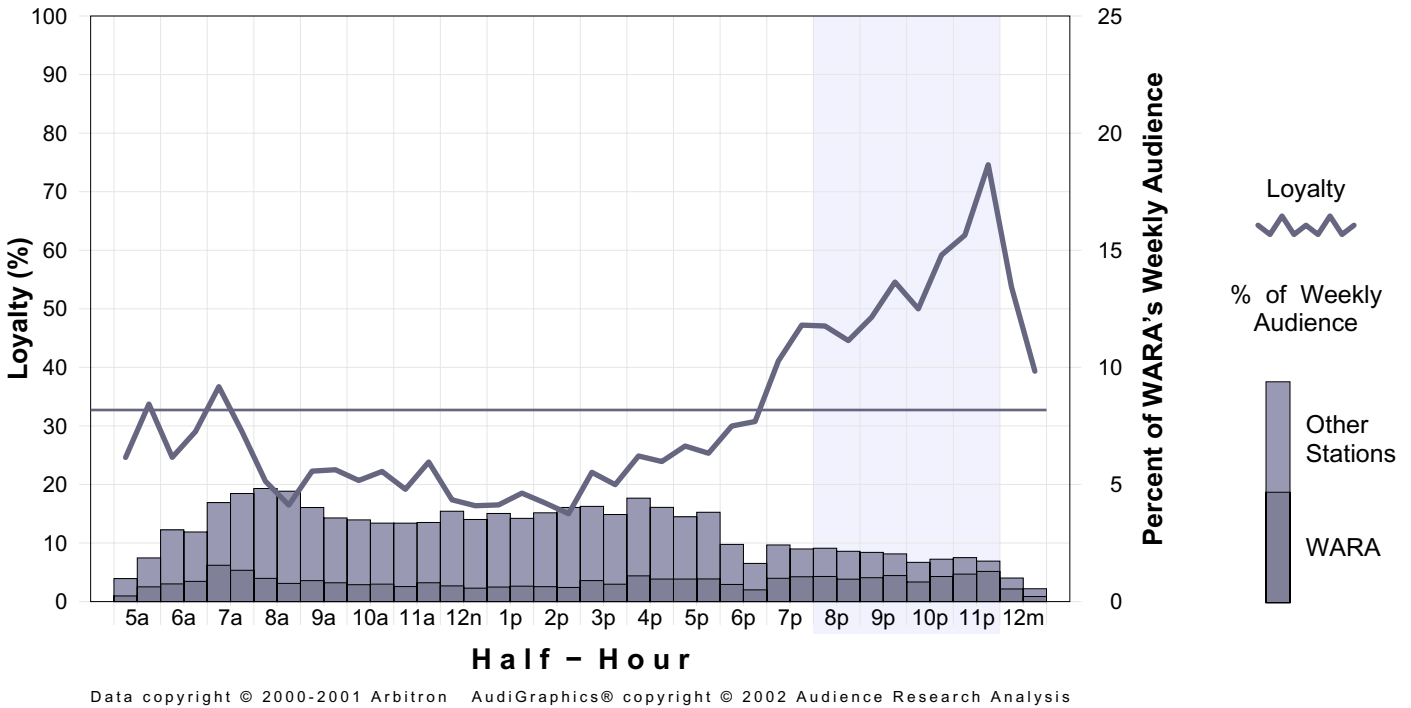
Loyalty of WARA's
Folk Music Avoiders
Monday-Friday
Anytown USA

6
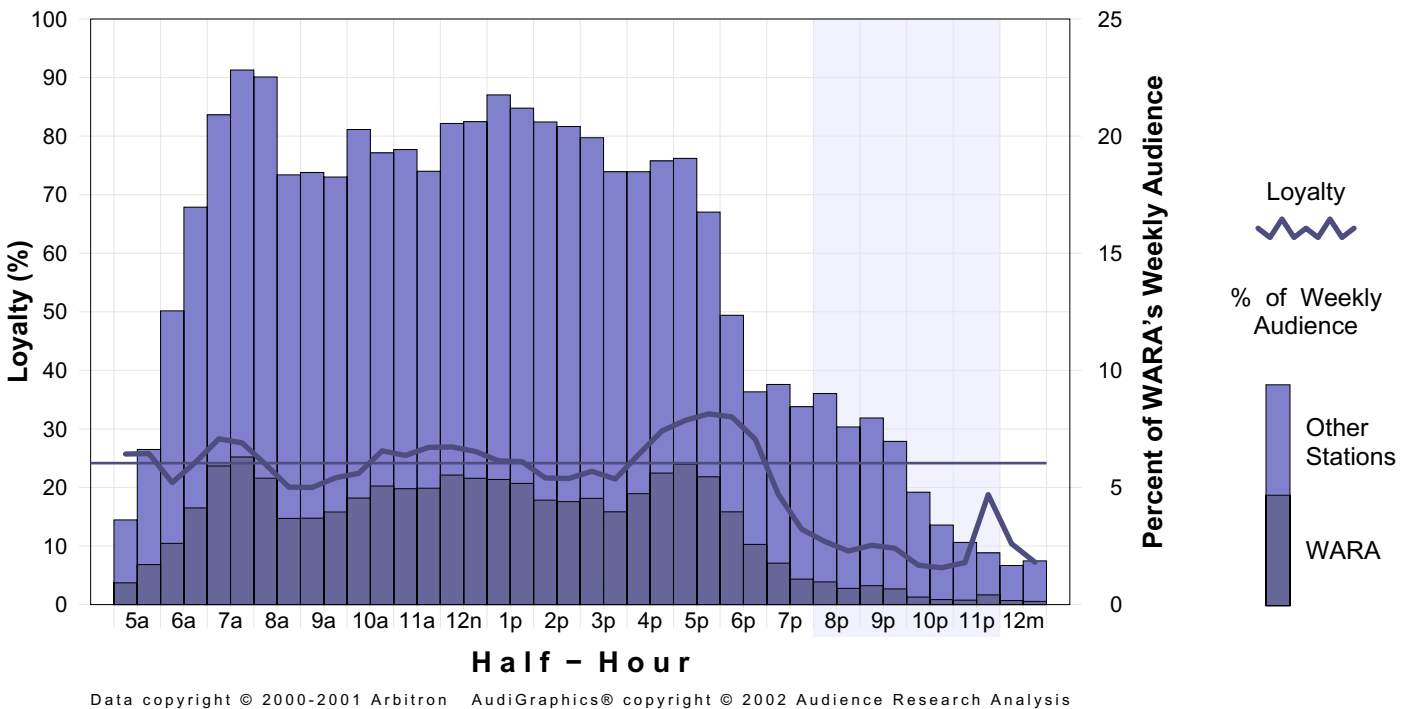
Loyalty of WARA's
Folk Music Loyalists

Monday-Friday
Anytown USA
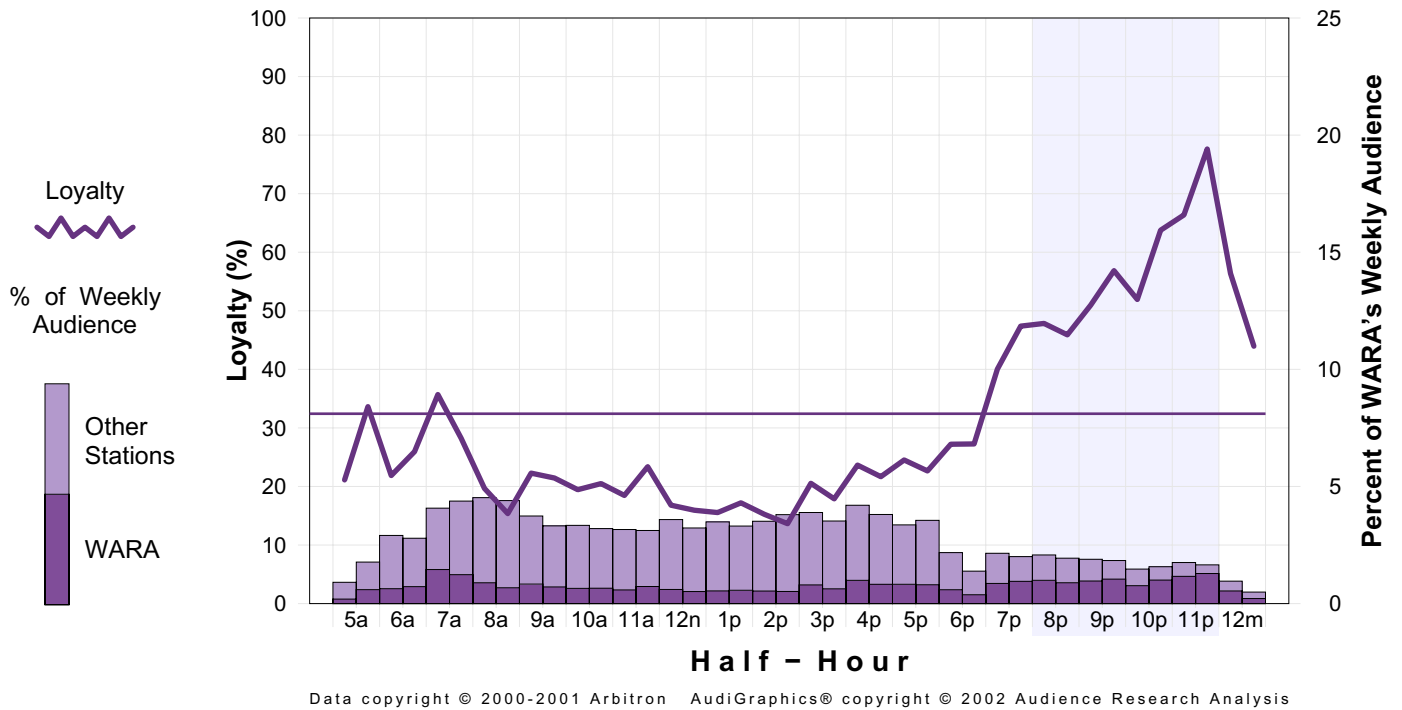
Loyalty of WARA's
Folk Music Disloyalists

Monday-Friday
Anytown USA
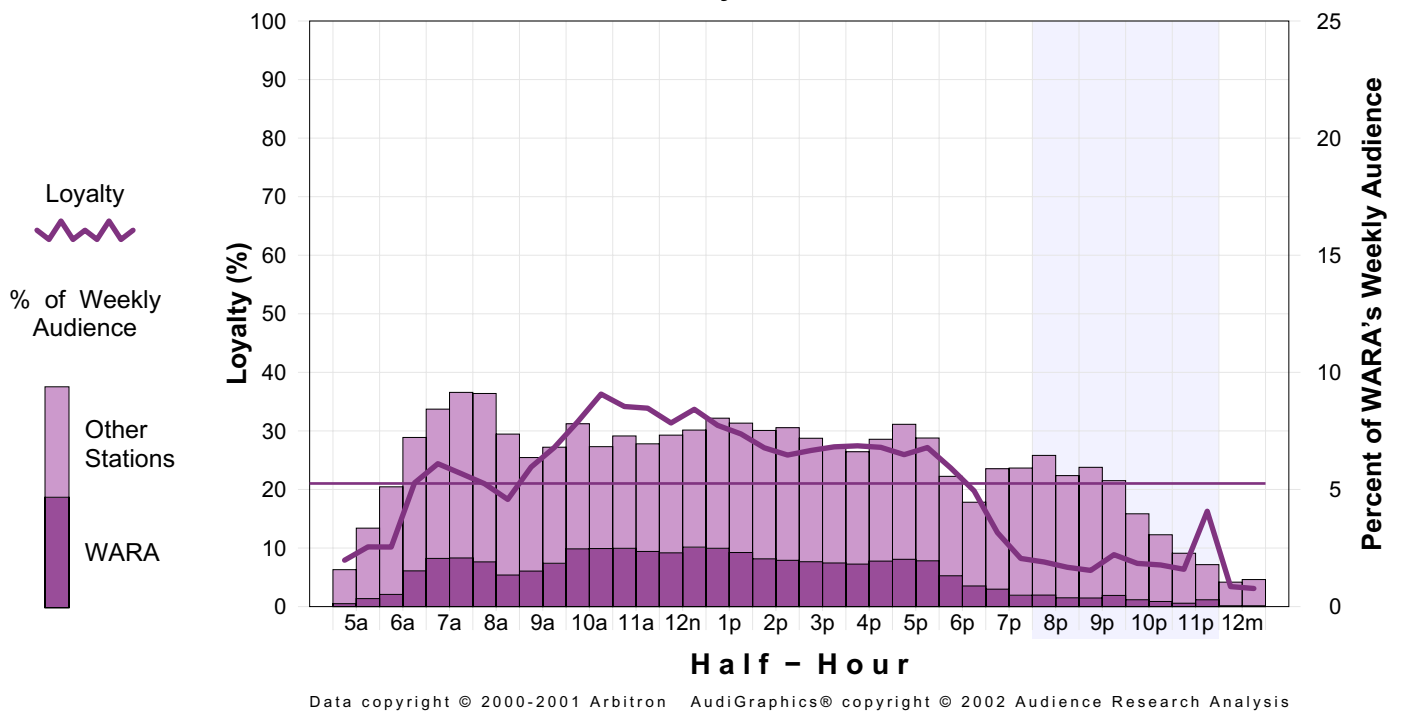
Loyalty of WARA's
Folk Music Listeners

Saturday
Anytown USA
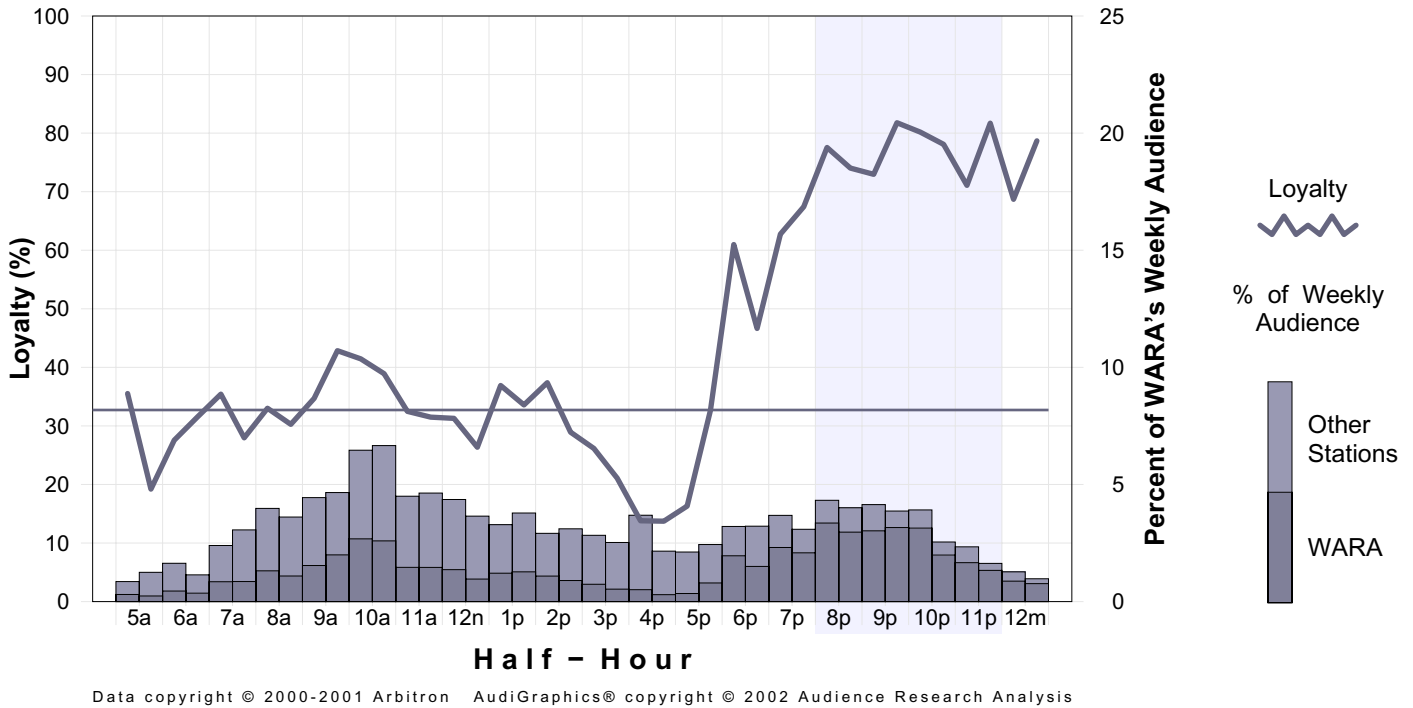
Loyalty of WARA's
Folk Music Avoiders

Saturday
Anytown USA

8
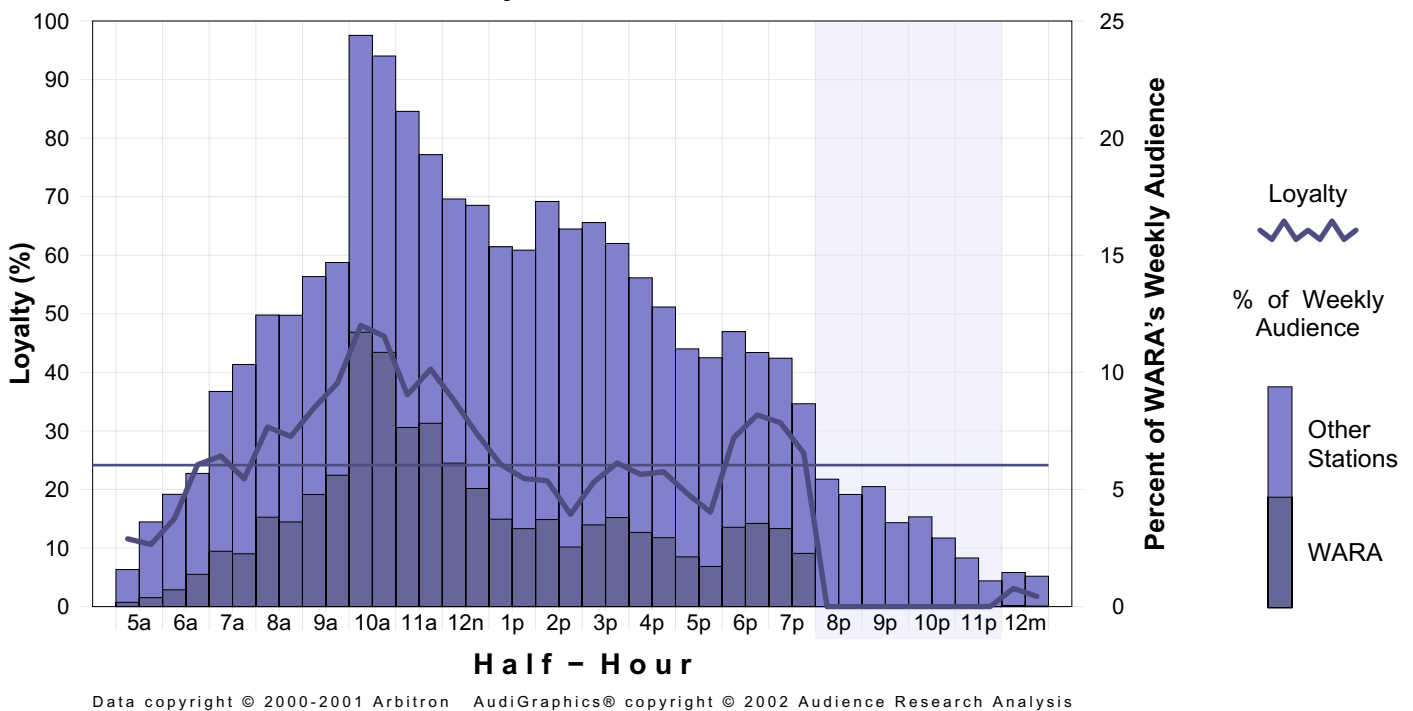
Loyalty of WARA's
Folk Music Loyalists

Saturday
Anytown USA

Loyalty of WARA's
Folk Music Disloyalists

Saturday
Anytown USA

Loyalty of WARA's
Folk Music Listeners

Sunday
Anytown USA

Loyalty

% of Weekly Audience

Other Stations

WARA

Loyalty of WARA's
Folk Music Avoiders

Sunday
Anytown USA
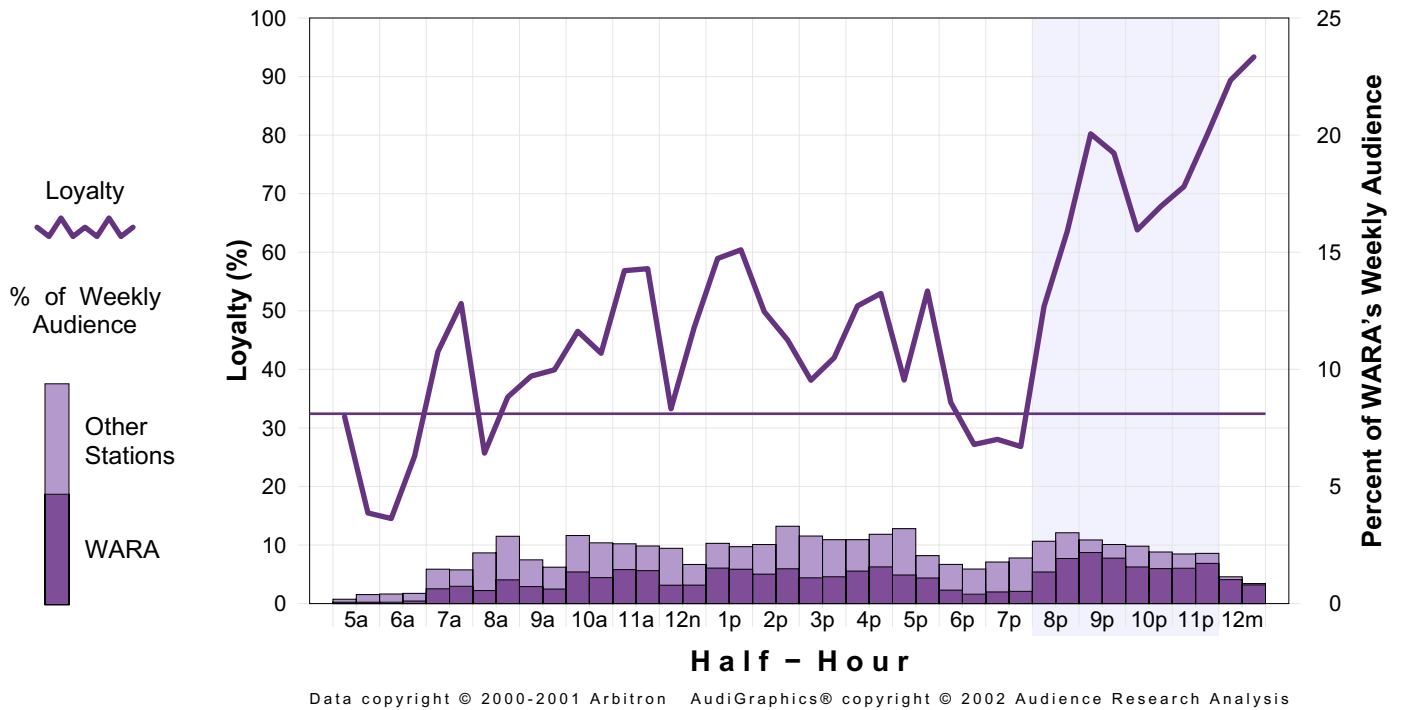
Loyalty

% of Weekly Audience

Other Stations

WARA

Loyalty of WARA's
Folk Music Loyalists
Sunday
Anytown USA

Loyalty

% of Weekly Audience

Other Stations

WARA

Loyalty (%)

Percent of WARA's Weekly Audience

5a 6a 7a 8a 9a 10a 11a 12n 1p 2p 3p 4p 5p 6p 7p 8p 9p 10p 11p 12m

H a l f − H o u r

Loyalty of WARA's
Folk Music Disloyalists
Sunday
Anytown USA

Loyalty

% of Weekly Audience

Other Stations

WARA

Loyalty (%)

Percent of WARA's Weekly Audience

5a 6a 7a 8a 9a 10a 11a 12n 1p 2p 3p 4p 5p 6p 7p 8p 9p 10p 11p 12m

H a l f − H o u r

11
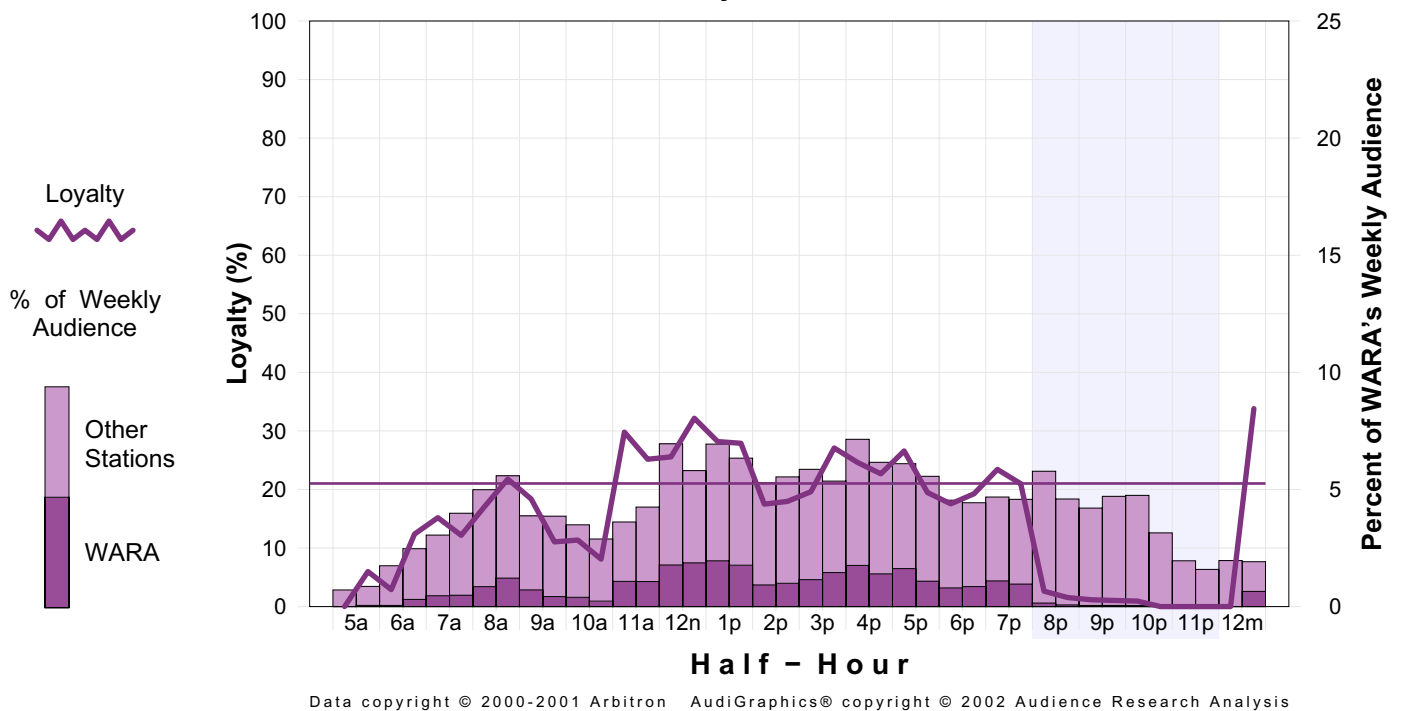
Planning for Programming Change

Programming change is an investment with two returns − the public service the new programming might generate, and the public support engendered by that public service.

But like any investment, programming change involves risk, and that risk must be both understood and managed.

Without knowing how much listening and revenue a change puts at risk, broadcasters may become paralyzed by their fear of negative consequences. And those who do make change, but who inadequately manage its impact, may not remain in their posts long enough to collect the return on their investment.

This analysis calculates the continuum of risk for any programming change. It establishes a range in which risk is likely to fall, and sets a floor under which audience and revenues will not drop even if the new programming were a disaster. In this way it both informs and encourages the betterment of the station's service.

This analysis assesses immediate downside risk among the station's current weekly cume. It does not predict the number of new listeners the new programming might attract or the speed with which they might arrive.

Estimating the Impact of Programming Change

Every programming change involves a continuum of risk. Managing that risk requires identifying the possible range of outcomes, preparing for the worst, and planning for the most realistic.

The matrix below identifies eight outcomes plus the status quo, along with their rankings (upper right). Each outcome is shown in terms of listening and gross listener-sensitive revenues (the combination of individual giving and underwriting).

The worst outcome is the red box in the lower right; the best is the green box in the upper left.

You can narrow the outcomes to a tighter, more realistic range by evaluating how Loyalists and Disloyalists might accept the change (see below).

The graphic on the opposite page maps each outcome from the matrix along the full continuum of risk.

Loyalists Will Listen	Disloyalists Will Listen		
	MORE	**THE SAME**	**NOT AT ALL**
THE SAME	Gain 2% $316,000 **1**	No Change **2**	Risk 0% ($15,000) **3**
LESS	Risk 1% ($79,000) **4**	Risk 3% ($395,000) **6**	Risk 3% ($410,000) **7**
NOT AT ALL	Risk 2% ($312,000) **5**	Risk 4% ($628,000) **8**	Risk 5% ($644,000) **9**

How to Use: Choose the row that matches your assessment of the new programming's impact on Loyalists. Loyalists will listen:

− *THE SAME if the new programming is similar in appeal and power to the old;*

− *LESS as the appeal of the new programming diverges somewhat from the old in its appeal;*

− *NOT AT ALL if the new programming is extremely different in its appeal from the old.*

Choose the column that matches your assessment of the new programming's impact on Disloyalists. Disloyalists will listen:

− *NOT AT ALL if they find the new programming to be totally unappealing;*

− *THE SAME if they find the new programming as attractive as the old;*

− *MORE if they find the new programming more powerful than the old.*

Impact on Listening and Revenues
Along the Continuum of Risk

Folk Music
WARA   Anytown USA

Gain 2% $316,000   **1**
Loyalists: Listen The Same
Disloyalists: Listen More

Risk 0% ($15,000)   **3**
Loyalists: Listen The Same
Disloyalists: Do Not Listen

Risk 1% ($79,000)   **4**
Loyalists: Listen Less
Disloyalists: Listen More

Risk 2% ($312,000)   **5**
Loyalists: Do Not Listen
Disloyalists: Listen More

Risk 3% ($395,000)   **6**
Loyalists: Listen Less
Disloyalists: Listen The Same

Risk 3% ($410,000)   **7**
Loyalists: Listen Less
Disloyalists: Do Not Listen

Risk 4% ($628,000)   **8**
Loyalists: Do Not Listen
Disloyalists: Listen The Same

Risk 5% ($644,000)   **9**
Loyalists: Do Not Listen
Disloyalists: Do Not Listen

0%   10%   20%   30%   40%   50%   60%   70%   80%   90%   100%   110%

Status Quo   **2**
Loyalists: Listen The Same
Disloyalists: Listen The Same

Based on 1,009 Arbitron diaries from Fall 2000 to Summer 2001.

Affected programming: Friday 8:00 p.m. to midnight
Weekends 8:00 p.m. to midnight

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Calculating the Outcomes

The assumptions underlying the impact estimates are presented here to assure readers of the validity of this analysis and to alert them to its limits as they plan for the impact of programming change.

Every outcome is based on three assumptions. First, listening to the unaffected programming will remain unchanged. Second, the times at which people listen to the radio, and their extent of radio listening, will remain unaffected by the programming change; only their loyalty to the station during the affected programming is in play.

Third, listening during the affected time period will vary as a function of each segment's loyalty. How each segment's loyalty varies is as follows.

LOYALISTS, SAME. As the old programming serves Loyalists better than anything else on the station, they are unlikely to listen more to the new programming than the old. The most optimistic assumption, therefore, is that they'll listen the same. This is the likely outcome when the new programming is similar in appeal and power to the old.

LOYALISTS, LESS. As the appeal of the new programming diverges from the old in its appeal and/or power, Loyalists may listen less. How much less? The most defensible estimate is that their loyalty to the new programming will drop to match their loyalty to the unaffected programming.

LOYALISTS, NOT AT ALL. Of course, Loyalists may also stop listening when the new programming is extremely different in appeal from the old. The most pessimistic assumption recognizes this possible but unlikely outcome, and thereby sets a floor under which Loyalist listening cannot drop.

DISLOYALISTS, NOT AT ALL. Like Loyalists, Disloyalists may find the new programming totally unappealing and avoid it altogether. As with Loyalists, this unlikely but possible outcome sets a floor under which Disloyalist listening cannot drop.

DISLOYALISTS, MORE. The most optimistic assumption is that Disloyalists will listen to the programming after the change. How much more? The best, most defensible estimate is that their loyalty to the new programming will rise to match their loyalty to the unaffected programming. This would be the case when the new programming has the same power and appeal as the unchanged programming on the station.

DISLOYALISTS, SAME. Of course, if they find the new programming about as attractive (appealing and powerful) as the old, they will listen about the same. This is the mid-level assumption.

Looking for New Cumes

Almost any programming change will cause some listeners to leave the cume. The models used in this analysis assess the expected impact on existing cume only. As such, they help to manage the downside risk of programming change.

None of the models assumes the influx of new listeners into the weekly cume. If the new programming is sufficiently powerful, the station's weekly cume will grow. The extent and speed of that growth, however, is not modeled here.

Making Financial Assumptions

As listener-sensitive revenues are a function of listening, the financial impact of each outcome is estimated in exact proportion to the amount of listening lost or gained. For instance, if listening is estimated to decrease by 10%, listener-sensitive revenues are also estimated to decrease by 10%.

The assumption that listener-hours are undifferentiated in their value is probably inexact. At most stations, listeners and underwriters value some programs more than others.

If listeners and underwriters value the new programming about the same as the old, then the financial estimates of impact in this analysis are as good as they get. If they value the new programming more than the old, the financial estimates of dollars at risk are overstated. If they value the new programming less, the financial estimates of impact are understated.

Remember that listener-sensitive revenues are shown in gross dollars; they do not take into account the fixed or variable costs of raising them.

Also remember that the revenue estimates are based on the financial information currently in your station's Strategic AudiGraphics Financial Ledger. They are only as current and accurate as the data in that ledger.