

From the *ARAnet* On-Line Library
of Public Radio Research

Public Internet Consumer Insight Study (PICIS)

**Interim Report
September 2000**

**by Peter Dominowski and Eric Nuzum
(12 pages)**

Originally published as:

Dominowski, Peter and Nuzum, Eric. "Public Internet Consumer Insight Study (PICIS), Interim Report," September 2000.

Copyright © 2000

Market Trends Research, Inc., WKSU-FM, and the Corporation for Public Broadcasting

Copyright © 2000

Audience Research Analysis, Inc.

All Rights Reserved

Public Internet Consumer Insight Study (PICIS) INTERIM REPORT

Peter Dominowski, Market Trends Research Inc.
&
Eric Nuzum, WKSU
September 2000

OVERVIEW

Over the past several years, the public radio industry has made relatively large investments, on both the local and national level, in online ventures, with the hopes of porting the value our radio services provide into new media. This has been done with little to no researched-based knowledge about our audiences' online usage and attitudes. Originally conceived as a local project for WKSU, our preliminary studies indicated that the focus group feedback we received could be of substantial utility to our entire industry.

In the spring of 2000, the Corporation for Public Broadcasting awarded WKSU a Future Fund grant for the Public Internet Consumer Insight Study (PICIS) to study public radio listener attitudes and opinions about the industry's presence online. Soon after, WKSU secured a variety of partner stations and organizations. They include WUNC (Chapel Hill, NC), Michigan Radio (Ann Arbor, MI), KPBS (San Diego, CA), Public Radio Program Directors (PRPD) and Development Exchange Inc (DEI). Public Radio International also joined the study as a partner during August, 2000. Each partner contributed \$5,000 in cash (or in the case of KPBS, trade for research services), plus an average of ten hours of employee time each month toward project tasks.

Additionally, WKSU contributed the costs of its preliminary research, plus an average of 25% of the professional time of WKSU's Director of Programming and Operations (Eric Nuzum) for the course of the project. WKSU contracted with Market Trends Research Inc. of Palm Harbor, FL (Peter Dominowski, President) to co-manage the project and provide all associated research services.

There is a Web site with PICIS related materials for view by anyone interested in the project. It contains much of the background information on the project and all distributed findings. The URL for this site is:

<http://www.wksu.org/picis>

RESEARCH OBJECTIVES

This is what we want to find out through the PICIS project:

- What content do listeners use on a public radio Web site? What content do they wish they could use? How does public radio fit into their online universe?
- How did listeners learn about their public radio Web site? What would influence them or others to return?
- Has the Web influenced how much and/or why they listen to public radio? Might it in the future?
- What are the acceptable limits and thresholds of e-commerce and advertising on public radio Web sites?
- What impact does the Web have on individual giving, now and in the near future? Can / should the Web site provide value-added to givers?

In order to accomplish this first phase of the PICIS, we conducted sixteen focus groups during the month of August – four in each of our participating markets. The information contained in this interim report reflects the findings of those attitudinal focus groups. As the quantitative information is gathered and analyzed this winter, we will see this data evolve and mature. That may cause us to look back at these focus groups, and what we can take home as a result, a bit differently. In fact, we anticipate that the most-useful information about content and personal giving will be gathered in the quantitative survey.

To fill these focus groups, we recruited station listeners, attempting to half the groups divided in half by gender and by age ... with half the respondents under the age of 45, and the other half over. We didn't accomplish a precise split by age, but came close enough to represent a significant cross-section of listeners.

We also screened for Internet usage. Intermediate users had to know how to bookmark a web site or purchase an item online. Experienced users had a significantly higher Internet-use threshold and must have used audio streaming within the last month. In hindsight, we probably set the Intermediate threshold too low – but we also discovered that a public radio listener who was even the most minimal online user still had many well-formulated opinions about our role online.

The four focus groups conducted in each market were broken down accordingly:

- Group 1: Internet Experienced members
- Group 2: Internet Experienced non-members
- Group 3: Internet Intermediate members
- Group 4: Internet Intermediate non-members

FINDINGS

The preliminary findings reported in this interim summary will be divided into five areas:

- Online content
- Online integrity
- Advertising
- E-commerce
- Online positioning

We'll also list some appropriate and inappropriate conclusions to draw from this portion of the study.

More in-depth information can be found in the individual market reports found under different tab in this report.

ONLINE CONTENT

We talked to many public radio junkies, but didn't find any public radio ONLINE junkies. We hoped to find people who listened to public radio and lived a lot of their life on line. We further hoped that these people would be frequent users of our web sites and our online content would be of equal importance to them as our radio service – we found no one that fit into this category. That doesn't mean they don't exist or won't exist in the future. Throughout this report, you'll notice that listeners have a lot of affinity to us as a radio service, and their interest in us simply begins and ends there. The pool of listener interest in our presence online appears very shallow.

Listeners are most interested in public radio online content that provides additional information on on-air programming, archive and time-shifted audio programming, and on-air signal streaming. And that's about it.

When asked to come up with the features they regularly use on a public radio Web site, the list was very short. Some of their interests were at one time, previously found in station program guides, such as:

- Program schedule.
- Host and announcer pictures and biographies.
- Events calendar (including cultural, educational, community events not associated with the station).

While others are unique to the Internet, such as

- Archived and time-shifted programming.
- Adjunct information on program content.
- Links for further information on music or news discussed on air.
- Programming not carried on station.
- Fundraising on net to cut on-air drive.
- Search and organize data efficiently.
- Targeted e-mail informing listeners of programming or information related to their stated interests.

ONLINE INTEGRITY

In this case, integrity has a double definition, it refers not only to the integrity of our program service, but to stations and program suppliers as well. We placed this early in the report, because it is a theme that will permeate everything in each of the following sections.

To summarize: **Listeners have a well-defined perception of what public radio is. We risk losing their trust when we violate their high image and expectations of us.**

Though listeners view us as one of the last bastions of integrity in media – their trust of that integrity is paper thin. Even when not prompted, many listeners can perceive dangers for stations heavily involved in Internet ventures that mix editorial content and advertising or e-commerce.

Such concerns include:

- The potential influence of new media ventures on the programming and editorial decision-making process at a radio station.
- A seed change in relative importance of listeners funding: replacing the importance of community support with big business influence through advertising.
- The squandering of resources otherwise used to produce radio – the perception that if 20% of time and resources is spent on Internet ventures, that leaves only 80% of attention to producing the radio product they depend on and support – at best a zero sum game.

Interestingly, few listeners articulated the dangers to the viability of stations that don't use Internet-related and other new funding sources.

Some verbatims from the focus groups include:

"I think it takes away from the whole concept; most of the world now is saturated with advertising, I'd like to see some stronghold that isn't."

"We're an elitist little group here; we expect a higher standard; we expect our commercialism to be a little classy. I'm worried about who is and isn't making a decision about whether it's classy or not."

"They tell me every year I need to donate money, how come I never hear them thanking me, when I hear them 4 times a day thanking ADM for underwriting."

In reference to the presence of banner advertising on public radio web sites:

"I'll never see my name up there, and I donate."

ADVERTISING

In the study we showed respondents advertisements, including a variety banner ads and page sponsorships. To summarize: **Advertising on public radio web sites should reflect the values and parameters of on-air underwriting.**

Several of the banner advertisements we showed to listeners rated very poorly, these banners had several characteristics in common.

- Flashing or animation.
- Garish, extremely bright, or clashing color combinations.
- Mentions of price and specific items.
- Blatant calls to action and attempts to sell.

The type of company that advertises can influence perceptions. The more that listeners perceive a product to be related to public radio's image and programming, the greater will be their acceptance of the advertisement. For example, ads for Travelocity.com and Time Magazine were considered to have greater affinity for the public radio listener than ads for a discount long distance service or a computer game program.

Please see the "Focus Group Visuals" tab of this report to see examples of the web pages associated with these responses.

Some verbatims from the focus groups include:

"It's odd that you're promoting a public radio station and you've got this big banner ad. I always thought they were above this kind of thing."

"The flashing at you on and off, they're really shoving at you hard."

"I think it's OK to have it static, but this is blatant—the price, flashing, blatantly advertising, it kind of goes away from what public radio is supposed to be, it's too commercial."

"This is a lot like ads you'd see on a porn site..."

The size of an ad and where it is positioned on the page can influence perceptions. In general, an ad that is equal to or smaller in size than the other major content elements on a page will enjoy greater acceptance. Similarly, an ad that is positioned at the middle or the bottom of a page is considered less intrusive than a banner ad at the top of a page.

"Yes ... you have to scroll down, you might not see it—out of sight, out of mind."

"100% better at the bottom."

"It's less irritating, but it's still advertising."

Listeners had greater acceptance of ads that were prefaced by a phrase similar to what they are accustomed to hearing on the air, such as "Support for WKSU is made possible by..." adjacent to the advertisement. The presence of such a phrase was one of the most important aspects in gaining listener acceptance of Web advertising.

"Let it be nothing more than the name of the company, and a very small description. That would eliminate promotional advertising and a whole lot of things that I'd find offensive."

"That says underwriting to me, because it simply describes the company and says they support public radio, it's not advertising the products."

"Looks more like underwriting, because it says 'made possible by...' indicates more like a grant, it doesn't say 'buy something.'"

"I think we've been brainwashed by KPBS to associate the words 'made possible by' to think that it means it's underwriting."

One interesting exception to listeners' reservation about the placement of commercial advertising on a public radio web site is national entertainment shows, such as *Car Talk* and *A Prairie Home Companion*. Listeners perceive these as largely commercially produced programs that are purchased with station dollars. Since these programs don't rely directly on listener income, listeners have markedly fewer reservations about ads on related web sites. The same types of commercial advertising would *not* be acceptable on a station web site, or on a site directly connected with news programming.

"I find it less offensive for them to read a commercial than for Bob Edwards to read a commercial, it would jeopardize his credibility. Car Talk is different, they're entertainment."

"Car Talk doesn't ask me to send money; WUNC does."

"I do not think that KPBS should have such blatant links to go to commercial places like this. I would not respect KPBS as much as a not-for-profit information source if they sent me to a commercial site like cars.com to get to Car Talk."

E-COMMERCE

Listeners have very mixed feelings about us engaging in a retail relationship with listeners. While opinions varied, their opinions can be best summarized as: **The more an e-commerce opportunity is perceived as directly relating to programming, the greater its acceptance by listeners.**

During this segment of the focus groups, we showed respondents a variety of mocked-up e-commerce pages created to look as if they resided on their public radio station's Web site.

There is a deliberate progression present; each example moves further and further away from programming. It is interesting to note how the opinions change as listeners viewed each item.

Please see the "Focus Group Visuals" tab of this report to see examples of the web pages associated with these responses.

First, we showed respondents an opportunity to purchase a Car Talk CD directly from the station:

"It doesn't bother me that they sell things, in this case, they're selling music, books or items that have been on their program, that doesn't bother me."

"I think it's expanding on what the website has to offer. It's better than going to Amazon.com, it keeps you on Michigan's website. Let them keep the profit."

"As long as it's associated with something with a show, as long as they don't turn into Amazon.com, that's OK."

"This is Michigan Radio selling products specifically to support radio; I think it's a big difference, they're advertising their own store rather than somebody else's; they're not compromising their principles."

Next, we showed a book for sale directly from the station. Next to the information on a book was a graphic saying "As Heard on ATC"

"I think it's pretty neat that you can get something you heard on a program. You don't have to go to Barnes and Noble to find it."

"It's a win-win situation. KPBS listeners get a tax write-off and KPBS gets the support they need."

"If WUNC initiated it and reviewed it first and then it was available as an afterthought, and then offered it to us, that'd be fine. If instead the publisher came and said we'd like you to review Ulysses and put on your website to sell, I'd object to that."

Next, we showed just a generic book with no obvious association with programming.

"Where do they draw the line? If it doesn't relate to the program, how do they get this stuff?"

"They hadn't discussed it on a show?"

"I think WKSU would be accountable for selling this book, why is it there, what if it was something really controversial—I guess they shouldn't be selling things on their website without a reason why."

"They're not a commercial radio station, now they're practicing commercial radio practices."

"I don't think that's their fundamental purpose—do what you're good at."

Finally, we showed them something with no direct connection to programming – garden tools available for purchase directly from the station.

When shown this product – respondents would usually break into laughter – or moans.

“What does this have to do with anything????!!!!”

“If they’re making \$2 off a garden tool, I’d rather give them \$102 instead of \$100.”

“If you’re on the path, you’re going to go down the path. How is this really benefiting the station? Is this going to make it worthwhile? Is this what my money is supporting?”

“What does this have to do with KPBS’ mission?”

“That’s the tail wagging the dog. The website isn’t the reason for KPBS. This is just a little added convenience for people who listen to their programs.”

“After this, they’re going to start selling salmon!”

The products with the specific identification to a public radio program met with the greatest level of acceptance. Even selling a book about a subject discussed on public radio – but not specifically connected to a programming segment – fared far worse.

Listeners seemed to have far more questions about the mechanics of station e-commerce than interest in actually using them.

There were many red flag issues that came up time and time again that should be taken into consideration when engaging in such activities. When stations engage in e-commerce, it is important that they make certain facts *very* clear to listeners. Subtle statements were not sufficient. Stations should make the following information easily accessible on their site:

- Statements that all e-commerce directly helps support the station. Listeners suggest being as specific as possible regarding the amount or percentage of support the station receives from online sales transactions.
- An online privacy policy that discusses whether consumers’ names or other information will be shared.
- An online security policy that outlines how credit card information is protected.
- An online ethics policy stating that underwriting and ads do not influence programming content.
- The name of the company that will actually fulfill the order.
- An exchange and return policy for any e-commerce activities.
- A quality statement about the products being sold on the site

Interestingly, these listeners seem to perceive that public radio stations’ financial needs are finite and stations are able to meet these needs through current fundraising methods. Most listeners who support e-commerce, or online advertising, assume that the new revenues will enable the stations to cut back on other fundraising efforts. For instance, success in selling of a online banners might translate into fewer underwriting messages on-air. E-commerce could translate into fewer days of on-air fundraising.

ONLINE POSITIONING

Public radio listeners depend on their station in order to connect them with their world. In order to remain informed and aware of the issues they feel are important, in a way that reflects their values. Our online service does not similarly impact their lives the way our radio service does.

As purely a marketing position issue, our Internet "place of mind" to our listeners is troubling. To summarize: **While public radio has a great deal of value to our audience as a radio service, we are insignificant in their online universe and they have little emotional buy-in to our online offerings.**

Public radio listeners who are active online visit (and are loyal to) a large number of Web sites, just not *our* Web sites.

We have a theory as to why this is. We believe that most people look at Web sites as utilities – like the power company: we have a news utility, an auction utility, and a book or CD purchase utility. Public radio thrives on an emotional and intellectual relationship with our audience. The problem stems from the fact that there seems to be very little emotional value in *any* web site, rather than just public radio. The electric company is a public service, yet most do not have an emotional relationship with it.

A "gosh-golly" response to a new "cool" online component is different than an on-going emotional relationship.

Further, listeners who understand streaming audio are already aware that we have lost our monopoly on format and program distribution.

Some verbatims include:

"We can listen to one NPR station in our car but we can listen to any NPR station on our computer."

"Before the web, we were trapped. They [KPBS] need us more than we need them."

Significantly, most listeners still view us as a radio service. The walls around that definition are very high: listeners see our primary mission as revolving around our broadcast offerings, and that any other media ventures (such as online) are purely ancillary and adjunct to our radio service.

"I look at it as a support service; the mission is the radio."

CONCLUSIONS:

Even at this early stage of the project, we can see some information emerging that is acceptable to hold as a conclusion from the PICIS project thus far.

They include:

- **Just because we *can*, doesn't mean we *should*.**
For several years, our industry's discussions of online ventures have had a decidedly "wild west" quality to them – our boundaries are only limited by our imaginations.

This is obviously not true. While we do not yet fully understand these boundaries, it is obvious that they exist.

- **Currently, stations are “small time” online.**
While we occupy roughly a third of our listeners time spent on radio, we are lucky to occupy 1% or 2% of their online Web time.
- **The Internet has not significantly affected radio usage.**
While we have been fearing this for sometime, there is no evidence that public radio listening has eroded due to new media use.

There are also some things we DON'T want readers to conclude at this early stage. They include:

- **“This is cast in stone and won't change as the Internet evolves.”**
This study is a snapshot in time. While we don't know how long the information will remain pertinent, with the fast pace of technological change, coupled with the ever-increasing number of entertainment options and the speed at which they are adapted by consumers, it is obvious that this study and its results will provide a baseline, but with terminal utility.
- **“We simply aren't throwing enough money at the Internet.”**
Many have feared that public radio is undercapitalized, thus accounting for our lack of online market share with our listeners. While there may be some truth to this, we see nothing in our results to prove or disprove this line of thinking.
- **We shouldn't be doing advertising or e-commerce.**
Just as listeners have anxiety over our underwriting practices and its potential influence on our operations, similar anxieties are present in regards to online money-making.

DISTRIBUTING PICIS KNOWLEDGE:

We have been very active and aggressive in marketing and distributing the information gathered in the PICIS project. In addition to PUBRADIO and PRADO messages announcing the PICIS Web site (<http://www.wksu.org/picis>) as a clearinghouse for all project information, we have authored articles on the advertising and e-commerce findings of the study (*Current* – September 18, 2000) and on the content and integrity findings (*PRPD NewsWrap* – coming in November, 2000). We plan to publish further articles as the survey is designed and completed. We also presented a report on the project (very similar to this summary) at the annual PRPD conference in San Diego during September 2000 and have booked a similar presentation for the Association of Music Personnel in Public Radio (AMPPR) conference in February 2001 in Tucson. We have requested session time at the PRC located in Seattle during May 2001. No confirmation of this session has been forthcoming.

Industry interest and response to the PICIS project has been extremely high and well-received. We look forward to updating our partners and CPB about our progress as the project continues.