

# Audience Research Analysis

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*What would an ideal public radio system and its service look like in 2010?  
How might CPB's competitive funds encourage movement toward this ideal system?*

## Principled Pragmatism

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Every few years the public radio industry is compelled to reinvent itself – to name new priorities, set new directions, create new visions.

In fact, public radio continues to thrive because it is the realization of a singular, enduring vision: a public service so important in listeners' lives that they voluntarily contribute financial support. This vision was set forth by the Carnegie Commissions and the Public Broadcasting Acts. It is the legacy of countless public radio professionals who forged a vibrant industry – one with great value and purpose – from the poetry of our founding documents.

Every few years public radio does well to reinvigorate (not reinvent) the vision of its founders – to modernize the means of enhancing its public service, keeping true to its core values, and staying on track toward financial self-sufficiency.

Indeed, these three attributes – public service, noncommercial core values, and financial self-sufficiency – comprise a **principled and pragmatic** set of guidelines so clear and powerful that they can be applied to every activity, challenge, and opportunity – both now and into the future.

### 1. Our Public Service

The widely-recognized, operational definition of public service is significant programming heard by significant audiences.

Public radio programming is presumed significant in content and quality if judged worthy of air by a program director. But inherent significance alone does not a public service make. Programming worthy of our industry's limited resources must also serve a significant audience – not the biggest or the richest audience, but an audience large enough to make that programming financially sustainable.

## 2. Our Financial Sustainability

With governmental and licensee support in predictable decline, public radio is increasingly dependent on listener-sensitive income – member and business revenue streams that exist because of the public service generated by our programming. While we need to explore new opportunities to expand and enrich our enterprise, we can ill afford to make investments that may undermine our primary public service and public support. New ventures of any kind must be analyzed rigorously for financial sustainability within a reasonable time.

## 3. Our Noncommercial Nature

Our noncommercial nature lies at the foundation of all core values.

Public radio holds the esteem of its listeners chiefly because it is perceived as one of the few remaining media outlets uninfluenced by money and power. However, the rising pressure for additional income increasingly draws public broadcasters to commerce and commercial techniques. An incipient willingness appears to be developing to adopt practices that erode our core values and our listeners' trust.

The need for new revenue is certainly paramount. But public radio must believe in – and seek out – creative fundraising and management solutions that allow it to remain, in perception and in reality, uncompromised and noncommercial.

### Implementing Policy

Together, these pragmatic principles suggest that

***CPB's funding priorities should be guided by a pragmatic and principled vision of sustainable public service that promotes the noncommercial core values on which public radio is founded.***

CPB can measure its investments and activities in light of these pragmatic principles by drawing upon a rich system of concepts and metrics already in place – the fruit of system investments in research and thinking over the last 20 years.

### Evaluating Public Service

Public service is the product of **programming significance** and **audience significance**: both are necessary, neither is sufficient.

The **significance of the audience** is readily measured in listener-hours. Measuring the **significance of the programming** is less direct but eminently achievable.

The efficacy of the **personal importance** metric was first demonstrated the 1980s; it has been a cornerstone of several major studies since.

AUDIENCE 98's rigorous statistical analysis showed that **giver-based return per listener-hour** is an excellent proxy for the value listeners place on our programming, as is the readily-available metric of **loyalty**.

Panels, grantors, and program directors often take a **Bayesian approach** to programming significance; to paraphrase Justice Potter Stewart, "we know it when we hear it." Panels, grantors, and program directors can, in fact, know it when they hear it – but only when rooted firmly in the noncommercial core values that promote our self-sustaining public service.

### Evaluating Noncommercial Core Values

Listeners have revealed their core values in study after study over the years. Americans become listeners when their core values resonate with those we imbue in our programming; so by definition, this research reminds us of the ideals we ourselves value, the principles we hold dear, the standards that set us apart from commercial radio. We can well evaluate our noncommercial core values in this mirror.

In doing so, we must take care to distinguish the means from our pragmatically principled ends. Adopting new technologies; acquiring additional broadcast outlets; differentiating service streams; rectifying governance situations; becoming community institutions; seeking minorities; strengthening rural services; supporting independent producers; achieving economies via mergers and acquisitions; investing in research; developing professional capabilities... Each can move us closer to the ideal public radio system, but none is an end – or core value – in itself.

CPB's investment in any means must be measured in terms of its principled pragmatic end: its ability to propagate our essential core values via a self-sustaining public service.

### Evaluating Financial Self-Sustainability

Over the last few decades public radio has evolved from a primarily subsidized economy to a **public service economy** reliant on the public support engendered by the public service it provides. The discipline of **programming economics** was introduced 15 years ago as a means of studying the interaction of public service and public support. Today, stations, networks, and CPB can easily assess their own programming economics using readily-available services.

Most recently a **financial self-sufficiency** metric has been introduced that compares the cost of programming to the net program-specific return on development activities.

### Principled, Pragmatic Progress

Armed with these concepts and metrics, CPB has what it needs to evaluate, select, and direct its investments in service to the vision of principled pragmatism.