How successful are media differentiation attempts?

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Radio stations promote their ability to reach particular market segments more successfully than their competitors. However, previous research has suggested that radio station sales propositions on audience composition are somewhat misleading, with audiences being far more mass than the stations claim (Nelson-Field, Lees, Riebe, & Sharp 2005). Our study extends Nelson-Field et al. (2005) to three consecutive years of data, which capture a major re-shuffle of positioning for most vehicles in the market. We found no improvement on Nelson-Field et al. (2005) in the proportion of the audience not captured in the claimed target audiences. Nor did we find a difference in the degree to which a media's core audience varies demographically from that of competitors. These findings suggest that advertisers should look beyond sales propositions to determine whether high reach networks offer a more strategic buy irrespective of their lack of audience skew. Further research should consider the cost effectiveness of such targeting efforts.

Keywords: Audience research; radio

Introduction

Never before have advertisers had so much opportunity to target their markets. Where once the media was dominated by a few major players, now many media vehicles vie for the attention of both audiences and advertisers (Katz 1991; Montanus 1998; Collins et al. 2003; Green 2003; Saunders 2004). In addition, in an attempt to reduce the sharing of audiences with direct competitors, intra-media sectionalisation is occurring, resulting in further fragmentation of audiences. For example, most newspapers are now heavily sectionalised and include several pre-print magazines and other niche products. Such changes in the media landscape have encouraged the use of audience targeting strategies, which now dominate media selection (Abatt & Cowan 1999; Paech 2005).

Audience targeting strategies involve an advertiser placing their advertising where it is most likely to be seen by members of their target market, rather than choosing media vehicles for their audience volume (Ephron 1998; Paech 2005). By aiming for a particular target market, it is thought that costly wastage – that is, buying listeners, readers or viewers outside of the specified target market - will be minimized. The alternative, buying media vehicles with a large, but general audience, may, by contrast, expose the message to many non-users (Cannon 1987; White 2000; Stengel 2003).

Faced with increasing competition for advertising revenue, and to capitalise on the targeting trend, media owners have adopted differentiation strategies and claim to be able to deliver a particular target market more effectively than their competitors (Tankel & Wenmouth 1998; Keith 2004). Media owners also aim to create targeted vehicles through their use of editorial and programming changes or by creating completely new audience delivery products (Nowak et al. 1993; Picard 1999; Nelson-Field et al. 2005). Then, in their promotional material aimed at advertisers, they claim the ability to reach, or target, a particular demographic (e.g., "we are the 18-39 year old network").

Evidence of media differentiation strategies dates back to the time of Alfred Politz's seminal work in the 1950's on magazine audience composition, which was the catalyst for the promotion of the distinctiveness of reader profiles (Bogart 1966). This is a strategy now considered by many media organisations as necessary for their survival, and is particularly pertinent to radio, given the proliferation of networks resulting in fragmentation and smaller audiences.

This move by media to differentiate is an approach that is analogous to traditional strategies of product differentiation, where the goal is to provide a product offering that is unique (whether real or perceived), and hence to provide a reason for buying that brand over the competition (Smith 1956; Dickson & Ginter 1987; Romaniuk & Gaillard 2006). There is, however, some debate surrounding the impact and likely benefactor of such targeting strategies. Ephron (1998) suggests that the more targeted the medium, the less value that medium offers to the advertiser and the more the media owner reaps the benefits. Ephron also argues that advertisers who choose targeted media actually get less reach in the chosen segment than they would if they had simply bought less targeted media. "When a brand can reach more of a target by targeting less, the benefits of targeting cannot be large" (Ephron 1998). Hence, Ephron believes that exclusivity, which is a basis for differentiation, is largely non-existent.

A large body of research exists on media strategy and key concepts such as reach and frequency, advertising exposure and recency planning, yet surprisingly, considering how central audience targeting is to media planning, there is much less research on the audience composition of media brands. The little empirical work that has considered audience structure has primarily focused on the presence (or otherwise) of television audience segmentation (Barwise & Ehrenberg 1988; Collins, Beal & Barwise 2003). Contrary to popular industry assumption, this research has concluded that the demographic make-up of television audiences at channel level tends to differ very little (Paech 2005). While some exceptions did occur, they were rare and were interpreted to indicate 'functional differences' between channels. For instance, some genre-specific channels (particularly language-based channels, such as Hispanic channels) had a different audience profile than general interest channels. Moreover, where such differences in audience profile were apparent the differences in those profiles were smaller than might have been expected given the vastly different programming of the channels.

In 2005, we reported upon claimed and actual audience composition for New Zealand radio stations. This study was preceded by work on TV audiences that had shown that TV stations attract largely the same kinds of viewers (Barwise & Ehrenberg 1988; Collins, Beal & Barwise 2003). We concluded that competing radio networks also appeal to audiences of largely similar composition, however, we also considered the differentiation claims of the networks and concluded that these claims were largely inaccurate, describing the audiences as niched, and different from one network to the next. Typically 51% of a radio network's audience fell outside of its stated demographic target, and the more targeted the network claimed to be, the less the audience composition constituted that stated core demographic. Like many brand differentiation attempts, we also found that any one vehicle's claimed target audience was not typically exclusive to that station. In fact, networks that claimed excellence in reaching a particular segment were often outperformed in this respect by larger, more mass competitors.

While these findings suggested that advertisers should be wary of radio network audience composition claims, this market was in a state of flux at the time of this initial research. In the two years following the research there was a significant re-shuffle of the positioning of many of the networks. Arguably, the original research may have reflected outdated claims from the stations about the nature of their audiences. The current study therefore included data from the three years over which the re-positioning of stations occurred, to determine whether the findings of the initial study still held.

Method

The data used in this research came from the official New Zealand radio audience surveys by Research International. It is an amalgam of radio diary-based data from 13 marketplaces (with similar national operating reach) collected in 2003, 2004 and 2005 (minimum cumulative sample of close to 17,000 respondents). Hence, this research reports on three consecutive years of radio survey data using the same regional and network base.

Radio listening was collected using diaries. Each diary was pre-printed with all the participating radio stations in the region listed. The diaries were placed for a week with respondents over 10 years of age in randomly selected households. During that week the respondents had to indicate the radio station they listened to for each period of eight minutes or more. The definition of listening was '…able to hear the spoken announcements being broadcast and so identify the station broadcasting'.

The survey data was weighted by age, gender and geography based on census data to ensure the demographics of the sample matched those of the New Zealand population, and this study's results are based on the average weekly Monday to Sunday, midnight to midnight audience.

Results

Table 1 shows the advertised propositions of the networks analysed across the three consecutive years. First, it is apparent that while there is some overlap, it would seem that each network attempts to claim a distinctive audience profile. Second, while the networks' sales propositions remained unchanged from 2003 to 2004, it is obvious that 2005 brought about many changes in the market, including new entrants, withdrawals and the repositioning of existing network formats.

Given that over half of the entire market was repositioned (either through a new entrant or a restructure of an old proposition), it was expected there would be more alignment between the sales propositions and actual audience reached in 2004 and 2005 than had been the case in 2003. Table 2 shows a comparison of the reach achieved within each network's core audience and the average reach achieved (by all direct competitor networks) within that segment. This data allows us to examine whether the major reshuffle in 2005 led to a decline in overall wastage level (i.e., the proportion of the audience not described by the station's claimed core target), and whether this impacted upon the degree to which a network's core audience is (demographically) different from that of its competitors.

Table 1: Networks stated core demographics (Sales Proposition) across three years

Network	2003 Sales Proposition		2004 Sales Proposition		2005 Sales Proposition		Proposition Status
Newstalk ZB	All	35+	All	35+	All	35+	Same
Classic Hits	All	25-54	All	25-54	All	25-54	Same
More FM	All	25-44	All	25-44	Female	25-44	Changed
ZM	All	18-39	All	18-39	All	18-39	Same
Solid Gold	All	40-54	All	40-54	Female	40-54	Changed
Channel Z	All	15-39	All	15-39	-	-	Rebranded
Local Works	All	25-44	All	25-44	-	-	Rebranded
The Edge	Female	10-29	Female	10-29	All	10-29.	Changed
Easy I	Female	25-49	Female	25-49	-	-	Rebranded
Hauraki	Male	25-49	Male	25-49	Male	25-49	Same
The Rock	Male	20-44	Male	20-44	Male	20-44	Same
Pacific	Male	45+	Male	45+	Male	45+	Same
The Coast	-	-	-	-	All	40-59	New
Radio Live	-	-	-	-	All	35-54	New
Viva	-	-	-	-	Female	25-49	New/Rebranded
The Breeze	-	-	-	-	Female	35-54	New
Kiwi FM	-	-	-	-	All	15-49	New/rebranded

In terms of non-core demographics, Table 2 shows that only one of the three networks to reposition themselves (The Edge) markedly reduced its non-core demographic by increasing its share of its stated core demographic (37% in 2004 to 67% in 2005). In this case, the network broadened its stated core demographic from being female skewed to having no gender bias. In one case (where the network tightened their target), repositioning the network actually increased the level of the non-core demographic markedly by losing share of its stated core demographic (More FM) (48% in 2004 to 27% in 2005). Of those who were new entrants to the market, an average of only 38% of these networks' audiences skewed towards the stated core demographic.

Furthermore, the more targeted the radio network, the less the audience skews towards the stated core demographic. In other words, those who claim a skew towards a single gender have a much higher degree of non-core demographic in their audience than those who claim no gender skew – hence confirming Ephron's (1988) sentiment. Overall, there was no improvement across the three years in the degree of non-core demographic (53%) that is included in a radio station's audience, despite the positioning and brand movements in the market.

In terms of whether stations were able to deliver a different (even exclusive) audience from competitors, it is clear that repositioning the brands in the market did not improve the degree to which a network's core audience is (demographically) different from that of its competitors. Across all three years, while networks claim excellence in reaching a specific core audience, their skew to these segments is trivial in that there is no real difference between their skew towards this core target and the average skew of competitors to this same segment. In some cases, networks actually have less reach into that segment than stations that do not make such claims. It should be noted here that while some exceptions did occur (e.g., The Edge, The Rock and Hauraki), they were less numerous than expected, which resulted in an overall non-core demographic level of 53%.

Table 2: Networks' performance in their stated core demographics compared to competitors – across 3 years.

	2003		2004		2005	
Network	**Share %**	**Avg share% direct comp**	**Share%**	**Avg share% direct comp**	**Share%**	**Avg share% direct comp**
Newstalk ZB	84	85	83	83	84	79
Kiwi FM	-	-	-	-	79	80
The Edge	40	32	37	31	67	52
Classic Hits	64	63	65	63	64	59
ZM	56	57	68	69	55	58
The Coast	-	-	-	-	45	39
The Rock	39	25	38	27	39	27
Solid Gold	33	30	37	31	38	30
Hauraki	41	22	38	27	37	20
Radio Live	-	-	-	-	34	30
Viva	-	-	-	-	34	30
Pacific	32	29	33	33	32	30
More FM	42	39	48	43	27	19
The Breeze	-	-	-	-	25	21
Channel Z	72	69	71	69	-	-
Local Works	40	46	42	43	-	-
Easy I	34	29	29	29	-	-
'Wastage' Level	**48**	**44**	**49**	**46**	**47**	**41**

Furthermore, to quantify the weakness in a network's typical skew and considering the population bases of these networks vary, we also analyzed the data in absolute reach numbers (000's) to determine whether some stations were able to reach both a large number of their core demographic and also large numbers of other demographic groups. We looked at each network's core demographic in actual reach (000's) and compared it to the actual reach (000's) in the same demographic of each competitor across the three years. However, as some of the networks do not have a national coverage we considered just the Auckland market for this part of the research. The Auckland market is the largest market in New Zealand and 13 of the 14 networks broadcast there. Table 4 shows the comparison between each network's performance in reaching their stated core audience (shown in 000's), and their competitors' performance within that demographic. For example, Kiwi FM claims a core audience of 'All 15-49 year olds', of which they reach 11,000, while The Edge (which targets all listeners 10-29) reaches 76,000 of this same demographic.

Table 3 consistently shows that more (usually many times more) of any network's target listeners (the group it claims to excel in reaching) actually listen to direct competitor networks. In fact, in virtually all cases, only the networks of each program type with the most overall reach are able to reach more of their core demographic than any other network (e.g., The Edge, Classic Hits and Newstalk ZB). Of the 13 networks in the Auckland market, only four reach a larger number of their core demographic than any other competitive network. This was particularly prevalent among the highly-targeted networks.

Table 3: Networks performance in their stated core demographics compared to competitors in actual 000's (Auckland Survey 2-2005).

Top 40	Kiwi FM	The Edge	The Rock	ZM		
Kiwi FM - All 15-49	**11**	76	82	78		
The Edge - All 10-29	6	**70**	59	63		
The Rock - Male 20-44	4	22	**38**	22		
ZM - All 18-39	9	48	60	**55**		
M.O.R/Easy Listening	Classic Hits	Viva	Hauraki	More FM	Solid Gold	Coast
Classic Hits - All 25-54	**89**	47	53	61	37	29
Viva - Female 25-49	41	**25**	16	30	16	11
Hauraki - Male 25-49	36	17	**29**	22	11	8
More FM - Female 25-44	33	22	12	**25**	11	6
Solid Gold - Female 40-54	24	11	9	16	**13**	14
Coast - All 40-59	53	26	31	28	27	**34**
Talkback	Newstalk ZB	Radio Live	Radio Pacific			
Newstalk ZB - All 35+	**158**	32	28			
Radio Live - All 35-54	82	**15**	10			
Radio Pacific - Male 45+	59	13	**10**			

This seems extraordinary and yet can probably be explained by networks with smaller audiences being more likely to claim highly targeted demographics. This is also pertinent to the new entrants or rebranded stations in the marketplace (Kiwi FM, Viva, The Breeze, Coast and Radio Live). Rather than say they perform worse than their competitors, or that they are a small network, they promote their performance within a particular demographic (but in skew not actual reach). It also sounds better to describe oneself as a niche network than a small, low rating, network.

Discussion and Conclusion

Our results suggest that even in an extreme attempt to re-brand and align a core proposition to an actual audience, differentiation strategies in the radio market are largely unsuccessful. We found that not only did the degree of overall non-core demographic remain consistent across three consecutive years of radio listening, but that the degree to which a station's core audience was different from that of its competitors did not improve. While there were some exceptions, they were fewer than expected given the size of the market reshuffle that had occurred.

These results also suggest that advertisers would often be wiser to aim for high overall reach, rather than to look for appropriately niched radio networks because media with large overall reach simply have the opportunity to attract more listeners. From a long term cost efficiency perspective, it may be wiser to aim for better performing mass media and risk so-called 'wastage' (an industry term which we believe is somewhat inappropriate), than to over-invest in an underperforming targeted media with little chance of reaching sufficient numbers of a specific target market. This is certainly aligned to the thinking of Anschuetz (2002) and McDonald and Ehrenberg (2003) on how brands grow. Restricting reach through the use of niche, targeted media is essentially restricting the ability to reach potential buyers of a product or service.

However, further research is required into the cost effectiveness of audience targeting. Theoretically, a station with small reach in a specified target segment may be more cost effective than one with a large reach. The research in this area is limited, but Ephron (1998) and Picard (2000) suggest the opposite; that smaller, more targeted media are less cost efficient than their larger, mass market counterparts. Further research needs to be undertaken to empirically test Ephron's and Picard's findings.

The significance of the research reported here lies in the overall lack of alignment between sales propositions and actual audience reached and that this finding generalized across three years. This finding challenges entrenched assumptions about targeting, and should encourage advertisers to 'crunch' the numbers regardless of the size of the media buy, and not to take media audience propositions at face value.

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