

Email from Kathleen Cox sent November 12, 2004

Thank you again for joining CPB at our Round Robin meeting last month. Across the five meetings, there were lively discussions about the state of our industry and thoughtful reactions to the primetime, children's and local research we presented. We wanted to share with you some of the common themes we heard during the meetings and the feedback we've received since, as well as our plans to provide you with additional materials so that you can share this work with others.

Top Station Issues

At every Round Robin, each General Manager was asked to list the top issues facing the public television system today. Six issues accounted for 70 percent of the responses:

Funding challenges

- Concerns about national programming
- The digital transition
- Lack of system-wide common vision and collaboration
- The need to maintain and grow viewership
- Public television's overall survival/relevance

While many of the concerns involved specific aspects of our business (e.g., how do we increase major giving, how do we increase viewership), what was striking was a pervasive concern about the overall strategy of our industry - our ability to work as a unified system and to agree on a common vision. Many of you mentioned tension between the stations and the national organizations and the need to work better together.

When we asked you to identify the issues that directly affected your stations, the tenor of your responses changed and the everyday business of running your enterprise took center stage. Funding challenges (particularly in securing state funds and developing major giving support) and the digital transition were most commonly mentioned. Improving local services and programs, as well as ensuring strong station management in the face of tightening budgets, capital needs, and smaller staff emerged as the next set of concerns.

NPS-Primetime Programming

Half of our time at the Round Robins focused on the primetime audience research project, and several common themes or issues emerged from the discussions of the data. At every session, for example, questions were raised about the different attitudes between viewers and members, and about what potential truly exists to increase reach and frequency of viewing, particularly among the four audience segments most closely aligned with public television.

The point was often made, as well, that some familiar and important terms in public broadcasting - localism, non-commercial, education - were not included in the 10 distinct audience principles identified in the first phase of the NPS research. As Chris Schiavone noted, however, these concepts are an integral part of the entire audience principle "building." They are, as he put it,

the very material from which the entire building is built.

At several of the meetings, questions were raised about the impact of new technologies, such as TiVo and VOD. We discussed that while national PVR penetration is only 4 percent today, this type of technology is more common in one of our most attractive audience segments for new growth - the "Innovating & Inclined" segment - and presents us with both a challenge (because it gives users more choices on demand) and an opportunity (because it makes it easier to integrate our programs into their busy schedules).

Finally, many of you discussed the applications of the research at the local station level. Implications for pledge messages, member guides, and promotion were most frequently mentioned.

At the Round Robins we shared five strategic considerations that were derived from the research:

1. Secure and Strengthen the Core - stop the erosion of existing loyal viewers and increase their time spent viewing
2. Drama - an important genre for members, especially women who look for a particular kind of drama from Masterpiece Theatre and Mystery!
3. Science/Nature - these genres in general, and NOVA specifically appeal to a segment of the audience that represents best target of opportunity for growth
4. Keep the Door Open - approachable content that appeals to the lightest viewers as well as the most loyal, dedicated members
5. Accessibility - obstacles and barriers to viewing public television that must be overcome

When General Managers were asked to rank these, two issues rose to the top of the list. Secure and Strengthen the Core received the highest rating overall, with an average rank of 1.6, and Accessibility was second, with an average rank of 2.6. In fact, accessibility - its multiple meanings, implications and applications - sparked lively discussion at all of the Round Robins, with many of you pointing out that it has an impact across genres and is likely the greatest barrier to viewing PTV. Here's how the managers ranked the five strategic considerations, with a score of 1 being top priority:

Secure and Strengthen the Core	1.6
Accessibility	2.6
Science and Nature	3.5
Keep the Door Open	3.9
Drama	4.3

Our discussions of strategic considerations also focused on the role that individual genres play in our schedule. In several Round Robins, science programming was discussed to understand if Scientific American Frontiers met our needs and what other science shows were a possibility. Public affairs, history, and performance were also mentioned as genres with a significant footprint that were not proportionately mentioned in the research. The other major topic that many of you mentioned as a potential strategic consideration was the need for greater local/national collaboration and connection. Finally, there was general agreement that there are still unanswered questions around limited series and repeat strategies.

NPS - Children's Service

General Managers were nearly unanimous in their belief that a strong children's service was important for mission and for state/federal funding reasons. In discussions, GMs expressed concern about the declining ratings, weakening education level and the financial state of PTV's children service. GMs mentioned few specific recommendations on how to address these concerns beyond increasing PBS's investment in this area. Several of you mentioned online and other technology as a way of attracting children to our service. At several Round Robins there was discussion about the PBS Kids cable channel deal with Comcast. There were a number of questions and some concerns as General Managers sought to have a better understanding of the full impact of the proposed deal.

Local Service

Five insights from the local service research were shared at the Round Robins:

1. A station's local presence and identity is a core part of its value to its audiences - viewers recognize and value that their station is locally-owned, responsive to local concerns, and reflects local issues.
2. Local services depend on a mix of direct and indirect revenues to be sustainable - except in the case of educational services, direct revenues do not cover the cost of local services. But local services can be an important part of the case for indirect revenues.
3. Providing high quality, trusted programming is the local service that resonates with a broad, general audience - when local programming is unique and engaging, it is an important part of this service and a strong asset to the station.
4. Educational service providers can be divided into three tiers - for the first tier, educational services are a core part of their business and are typically self-sustaining. For the other two tiers, educational service is an ancillary business that, on average, breaks even.
5. While the system has dedicated a significant amount of time and resources to building our digital infrastructure, developing digital services is still in a nascent form - individual stations are in the process of identifying potential markets and establishing business models, but the future direction for public digital services are still to be defined.

At each session the discussion was liveliest about local programming. Local programming is the most significant local service for many stations in terms of time, staff, and cost, and General Managers expressed a strong interest in learning from the experiences of others. In many of the meetings, General Managers shared stories of successful models in their own markets and a number of managers spoke about the need to leverage our local content across the system, either through regional collaborations, sharing best practices, or collaborating to build up a large genre library (e.g., local arts segments). General Managers were also interested in better understanding what separated programs that resonated well with those that did not.

Although little time was devoted to discussing educational services at the Round Robins, several managers of state licensees emphasized the point that these services provide the bedrock of their

institutional support. They noted constant challenges to deliver high levels of educational service and affirm their relevance to these stakeholders.

Finally, General Managers were asked to identify local service issues that could benefit from system-wide attention, and most of the responses fell into five categories:

1. Leveraging local content (through regional collaborations, building connections between local and national programming)
2. Educational services
3. Sharing local programming best practices
4. Developing datacasting business models
5. Enhancing outreach, particularly through increased partnering

Materials

At each meeting, we distributed several items to complement the meeting. These included a DVD entitled "PTV Prime," a booklet describing the primetime audience principles, and two segmentation booklets - one narrative and one with data-tables. In addition, all stations will receive a white paper on the local service research that provides additional data to support the findings presented at the meeting, as well as four additional DVDs. These DVDs will be:

- Quality & Trust - an overview of the first phase (Consumer Insight) of the NPS research
- Audience Principles - a self-guided set of clips illustrating all of the audience principles
- Segmentation - a self-guided set of clips illustrating the different audience segments
- Local Service - copies of clips used during Round Robin session

It is our hope is that these materials will allow you to share this research with your staff and board in an accessible way.

Several GMs have already requested copies of the PowerPoint presentation and additional copies of the primetime research materials. To meet these requests, CPB is creating a web page on www.stations.cpb.org where you will be able to download an annotated copy of the PowerPoint presentation as well as other relevant materials. We expect the web page to be available by December. Additional copies of the primetime materials are being printed, and will be made available for a nominal charge to help offset printing costs. Ordering information will be posted on the web site as soon as it is available.

Next Steps

We continue to receive comments from General Managers, which help us refine CPB's key priorities going forward. We will be meeting in mid-December with the Affinity Coalition Group to discuss the themes raised at the Round Robins and their implications for CPB's investment priorities.

Given CPB's ongoing commitment to make sure that all of our research becomes "working knowledge," we will be sharing the NPS primetime research with the programming community at the Miami PTPA meeting. We are also beginning to design a new project with the goal of

developing PTV Producer Principles that can be used to guide program development. This project will involve working closely with the producing community on PTV programming principles (that complement the audience principles) and on the creative and operational challenges highlighted by the audience research conducted over the past 12 months.

Meanwhile, CPB continues to refine our approach to programming investments. We have set aside a significant portion of CPB's discretionary programming funds to invest in new programming to advance public television's primetime programming strategy. Next month we will discuss with the Affinity Coalition Group potential new models for station input into CPB's decisions to invest these funds. We want to insure strong station involvement in CPB program investments that are designed to strengthen station's primetime program schedule. Finally, we are working with PBS to refine the CPB-PBS NPS agreement to ensure that this research is incorporated into the NPS programming strategy and into NPS program investment priorities.

For children's programming, we are particularly interested in hearing more on what stations, CPB, PBS and producers can do together to grow and develop this important service. CPB and PBS are currently working to understand how the PBS Kids Go! block is resonating with children ages six to eight. Our current phase of the Local Service project will conclude with the white paper. For Local Services, as well, station feedback is very useful in helping CPB identify any necessary follow-on work.

Your thoughtful participation and input continues to be vitally important to us as work in the areas of primetime programming, children's programming and local services progresses. Clearly, success will be built on both the local and national level - but frankly, we believe local work and change are more important to our long-term success. Nationally-provided tools and system-wide conversations have much more impact with action at the local level. CPB and our station and system partners in this effort look forward to continuing to work with you as together we develop mutually beneficial solutions.

Please do not hesitate to contact me, or any of the staff members involved in these projects with additional thoughts or recommendations - Andy Russell arussell@cpb.org , Terry Bryant tbryant@cpb.org, Loren Mayor lmayor@cpb.org , or Duffy Winters dwinters@cpb.org. Thank you again.

Sincerely,

Kathleen Cox
President & CEO
CPB