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Teaching Note

Old Dog, New Tricks: Staying Relevant in the Digital Era

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Critical Incident Overview

Anders Dahlberg is at a crossroads. As Underwriting Director at WMUK, he must find new ways for the local, NPR affiliate-classical music radio station to remain relevant in a hyper-fragmented digital landscape. The station's listener base is historically affluent and aging; yet it needs to attract younger consumers to listen. For the past two years, WMUK had experienced declining listenership and losing sponsorship revenues from local businesses. A recent online survey among local college students suggested that 77% did not listen to WMUK primarily because they did not know it existed. Anders knew that in order to remain relevant in the ever changing media environment, WMUK needed to these potential local listeners, and that would, in turn, generate new sponsorship revenue for the station. The organization has never seen the need to do much in terms of marketing communication. However, times have changed and the station is competing against several other media outlets for consumers' attention.

This critical incident is primarily suggested for an undergraduate Marketing Principles course; although it also could be used and/or adapted for a non-profit marketing class, a market research class, or marketing communications class depending on which discussion questions the instructor finds most relevant.

Research Methods

This critical incident is based upon primary and secondary information collected by a small student consulting group in conjunction with an actual project completed by WMU's Business Connection Office on behalf of WMUK. It is not disguised.

Learning Outcomes

In completing this assignment, students should be able to:

1. Describe and/or revise an organizational mission statement.
2. Identify an appropriate value proposition.
3. Construct a market research plan to address a specific information need.

4. Identify and construct relevant target market segmentation strategies.
5. Write a positioning statement.
6. Design a marketing communication plan to reach a specific target audience.

Discussion Questions

1. Is WMUK's mission statement product or market oriented? How could the statement be revised to reflect a bigger sense of mission? (LO 1)
2. What is WMUK's value proposition? Is it competitive? (LO 2)
3. What types of market research would you suggest WMUK conduct before developing new strategies to reach a younger target audience? (LO 3)
4. What types of segmentation strategies (variables) do you think are most important for WMUK? (LO 4)
5. Develop a positioning statement for WMUK. (LO 5)
6. Provide Anders with recommendations for low-cost strategies to reach students on campus.(LO 6)

Answers to Discussion Questions

1. Is WMUK's mission statement product or market oriented? How could the statement be revised to reflect a bigger sense of mission? (LO 1)

According to Armstrong & Kotler (2015) a mission statement is a statement of the organization's purpose – what it wants to accomplish in the larger environment. Mission statements can be classified as either product-oriented (defined myopically in product or technology terms) or market-oriented (defined in terms of satisfying basic needs).

WMUK's mission is to "offer high quality programs and information to the Southwest Michigan area." This could be viewed as a product-oriented statement because it focuses on WMUK's programming (product), not on the consumer need they are satisfying in the marketplace. A better, market-oriented mission statement would incorporate different language focuses on the consumer.

Students may struggle with developing a new mission statement. But something along the line of "we educate and entertain people with the most relevant and inspiring music and information in the SW Michigan area."

2. What is WMUK's value proposition? Is it competitive? (LO 2)

There are several different types of value propositions. Value propositions capture the answer to the question "Why should I buy your brand." Armstrong & Kotler (2015) identify five different types of winning value propositions that provide a trade-off between Price and Benefits.

a) *More for More* | Providing the highest quality (upscale) product or service and charging a high price to cover the higher costs.

b) *More for the* Same | Providing higher quality good or service than the competition at a similar price point. Usually used to combat a competitor's "more for more" positioning.

c) *More for Less* | Providing a higher quality good or service at a lower price than the competition.

d) *The Same for Less* | Providing the same quality good or service for a lower price.

e) *Less for Much Less* | Providing a lower quality good or service for a much lower price.

Although there is no "price" associated with listening to terrestrial radio, one of the primary motivators for listeners to migrate to digital or streaming music services is the lack of commercial advertising in that environment. However, WMUK (and other public radio news/talk/music stations) don't have commercial advertising. Students should indicate that WMUK is a "more for less" value proposition, such that WMUK offers a high quality good/service (entertainment and news focused in a particular geographical area) for less than the competition (such as XM satellite radio, which charges for commercial free listening; or other terrestrial radio stations that have commercials). There are other digital radio services, such as Pandora and Spotify may also be "free," but still include some commercial advertising.

3. What types of market research would you suggest WMUK conduct before developing new strategies to reach a younger target audience? (LO 3)

Student answers should vary but should also cover the scope of both the macroenvironment and microenvironment that WMUK operates within.

From a microenvironmental perspective, a competitive analysis is critical. WMUK needs to assess who its main competitors are and what types of marketing strategies they are using to attract and retain listeners. Best practices could be investigated so that WMUK could potentially replicate what is already working for similar

stations without reinventing the wheel themselves. Competitors would include other terrestrial radio stations that serve the same geographic area, as well as the digital radio streaming services.

The most important actor in the microenvironment would be current listeners (customers) and potential listeners (the WMU student). Instructors can further drill down into the different types of research: secondary vs. primary, as well as research methods (qualitative vs. quantitative) or research design (exploratory vs. descriptive vs. causal).

From a macroenvironmental perspective, WMUK should gather information on the changing demographics in the broadcast area. For instance, gaining a better understanding of the "millennial generation," both nationally and within the area, will provide WMUK with important background information. This generation is one of the most widely studied generations in marketing, and it is well documented that technology is a "way of life" (Kotler & Armstrong, 2015) for them. Hence, WMUK also needs a firm understanding of the technological environment, namely digitalization of music/news content and its delivery. In addition, understanding the use of mobile phones as a primary gateway for consumers to access music and news is important.

4. **What types of segmentation strategies (variables) do you think are most important for WMUK? (LO 4)**

The NPR listener and the WMUK listener are relatively similar, and the question students may need to ponder is whether or not those current listeners can be found in a different segment of the population.

There are four primary segmentation variables: geographic, demographic, psychographic, and behavioral. Students should be able to identify examples of each type of variable that may be useful for WMUK.

a) *Geographic* | It should be obvious that this variable is very important given that WMUK can only broadcast a signal a certain distance. Students may suggest that WMUK focus primarily on students that live on campus or within a certain radius of the station.

b) *Demographic* | There are many demographic variables that students should point out are important to WMUK. For attracting a new, younger audience, they would need to specify the age, gender, education level, and/or generation the target market belongs to.

c) *Psychographic* | Lifestyle and personality may be important factors for WMUK. Even though the college target market may have similar demographics, they can have very different psychographic characteristics (general attitudes, interests, opinions). Students should be able to point out that certain "groups" of students may be more attractive target markets than others, such as students within the music programs (who may be

more inclined to listen to classical music) or students within the business school (who may be more inclined to listen for news).

d) *Behavioral* | In this segmentation approach, a market is divided into segments based on knowledge, attitudes, uses or responses *concerning a product.* Specially, WMUK may be interested in variables such as *when* people actually listen to the radio for music/news, *what benefit* they may be seeking from radio listening, the *user status* (i.e., nonuser versus user), or *usage rate* (i.e., light, medium, heavy).

The goal of the discussion should focus on the variety of acceptable approaches as well as a discussion that most marketers rarely limit their segmentation analysis to only one or a few variable. Instead, they often use multiple segmentation bases in an effort to identify smaller, better-defined target groups.

5. **Develop a positioning statement for WMUK. (LO 5)**

The generic positioning statement format is:

"To (target segment and need) our (brand) is (concept) that (point of differentiation)."

Therefore, the student's answers will vary for this question. It will be important, however, for them to specify what they believe is important to the target segment (college students) in terms of a need. The "brand," WMUK, is an easy fill in; however, the "concept" may pose more challenging. The "concept" usually refers to the product category the brand belongs to; however, the challenge will be to get students to think more broadly than filling in the concept with "public radio station" or "terrestrial radio station."   Placing a brand in a specific category suggests its similarities with others in the same category, while its "point of differentiation" is how the brand wants to be perceived relative to the competition.

6. **Provide Anders with recommendations for low-cost strategies to reach students on campus.(LO 6)**

Student answers will vary for this question. But there are a variety of different strategies that could be employed to reach students on campus:

a) *Social media* (Facebook, Twitter, Instagram) will likely be popular choice in student responses because most people think "social media is free." Although there is no fee for posting a Facebook page or Twitter account, someone needs to be responsible for the developing, posting and monitoring the content, and that does involve costs. It also involves a strategy to get people to follow, like and share content.

b) *Guest Speaking* arrangements at Registered Student Organization (RSO) meetings. Anders, or others on staff, could become the "face" of WMUK and get out and talk to students about WMUK, its mission, and why they should listen. There are over 300 RSOs

on WMU's campus, with groups as small as 4, but up to 200 students, who share common interests.

c) *Partner* with the School of Music and/or other academic departments on campus to develop WMU student-specific programming, replay current performances or events, or showcase local artists. For instance, the School of Music holds a variety of performances throughout the year that could be recorded and replayed. There are several prominent guest speakers that come to classes or address larger campus-community audiences whose presentations could be recorded and replayed.

d) *Partner* with the Admissions Office for incoming freshmen tours or events, especially during Fall or Spring welcome weeks.

e) *Develop small "trade show" exhibit* that can be staffed and/or featured at various campus-wide events that are student driven, such as prominent home football games, during homecoming activities, or other annual events.

f) *Develop posters* or other signage that can be prominently displayed (for free or low cost) where the students congregate on campus, such as at the student recreation center, cafes, student center/union, and other high traffic areas.

The point of the question is to allow students the freedom to think creatively on how an organization can reach out and communicate with them. Any suggestion the students develop should have a strong rationale in terms of being an effective tool to increase WMUK's awareness among the student population on WMU.

Epilogue

A small group of senior-level marketing students helped generate recommendations for Anders to move WMUK forward. Those recommendations included:

- A staff addition of a marketing director that reported to the general manager;
- Updated visual identity;
- Connecting with the WMU community at various events/activities on campus, such as: Welcome Weeks, First Year Experience programs, booth at Fall Bronco Bash, and through Western Student Association;
- Connecting with the surrounding Kalamazoo community at prominent music, art, theater, festivals and museums;
- Website, Facebook, and Twitter enhancements; and,
- Mobile and Newsletter enhancements.

Although WMUK did not have the funds for a new hire, Anders assembled a 'marketing executive committee' within WMUK. There was internal recognition that marketing was critical to their future success. The committee was initially made up of representatives from News, Programming, and Underwriting and now includes Membership/Development. In addition, WMUK staff members are now board members or board emeriti for the local communications professional association, Intercom, and the American Marketing Association Southwest Michigan Chapter.

Other key metrics that improved once WMUK started its marketing efforts include:

- Unique page views of the website doubled;
- Facebook "likes" doubled;
- Smartphone App experiencing 30 downloads per month, used by 250-300 people per day;
- Underwriting revenue up 20%; and,
- Two national awards for news reporting (which led to increased PR/recognition and support, that in turn, led to a new hire in the News department to keep pace with digital news reporting).

Overall listenership trends have stabilized. WMUK is longer losing listeners. Anders is optimistic about the new Arbitron study that is due to be published in July (2015) to see if they have made any significant headway in attracting a younger audience.

References

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