

Appendix One - RNZ MUSIC STRATEGY SUMMARY - CONFIDENTIAL - February 2020

RNZ's new music strategy is based on achieving two objectives:

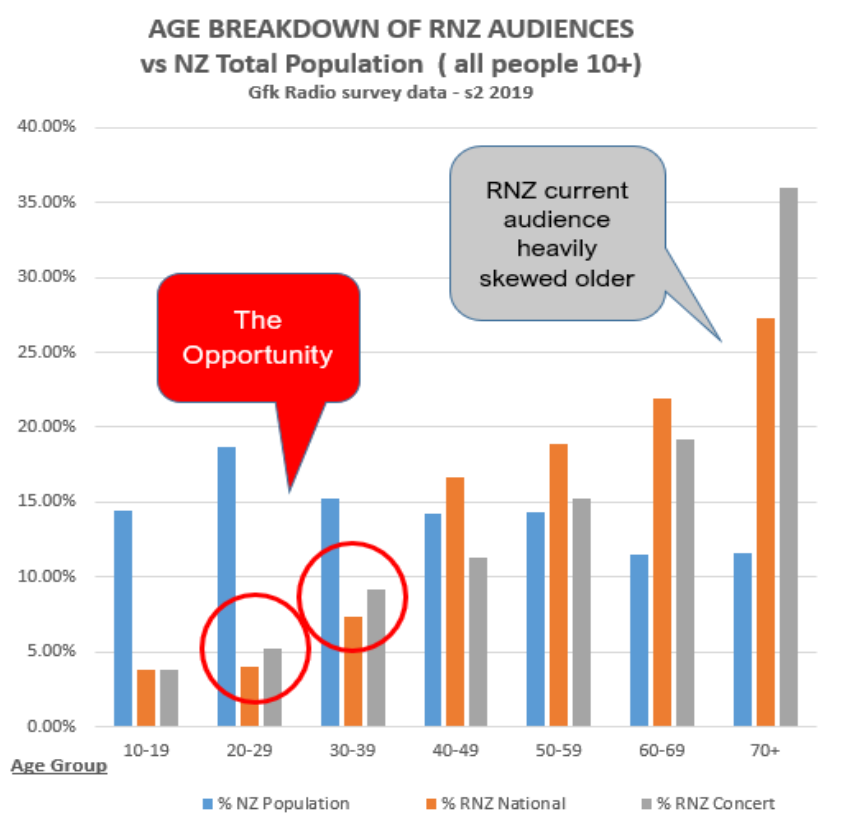
- a) Firstly, the need for RNZ to extend its audience reach into under-served sectors of New Zealand, if it is to optimise its Charter performance and achieve its strategic goal of reaching one in two New Zealanders by 2022; AND
- b) Secondly, the need to address the under-performance of the current RNZ Concert service, in terms of both its audience reach and its operational efficiency.

The new strategy involves RNZ Concert still continuing to offer New Zealand listeners a 24/7 classical music service, but in the most noticeable change, Concert will no longer be available on FM radio.

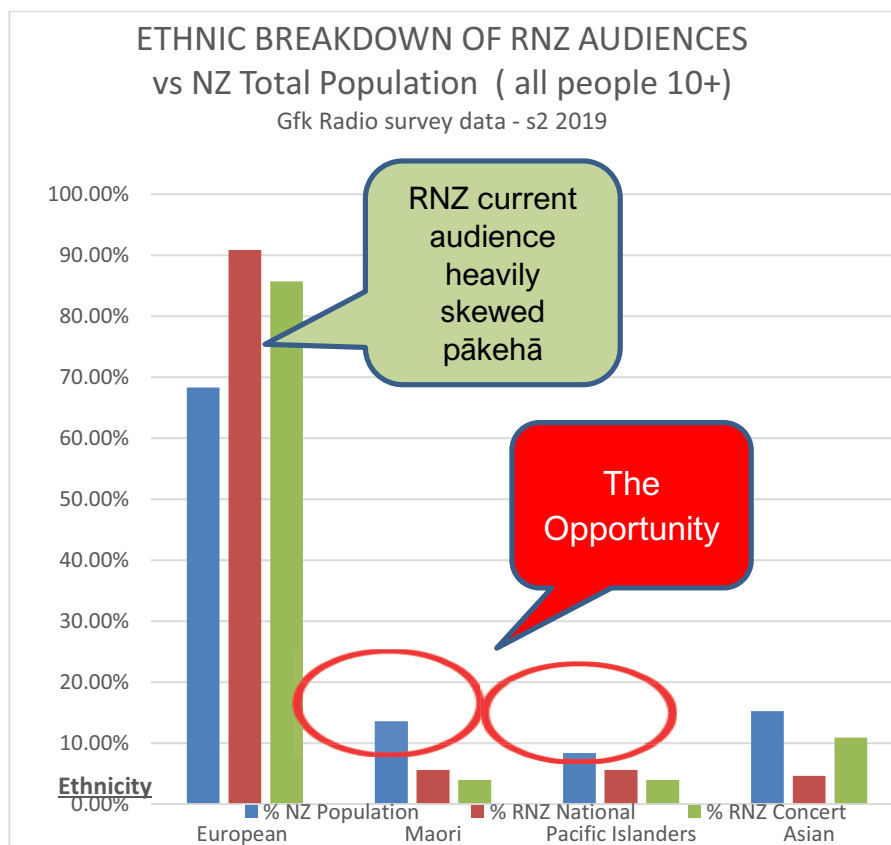
RNZ Concert will become an automated music service available for listeners on AM utilising spare capacity on the Parliamentary Network, and on its existing digital platforms.

The Opportunity

Our existing and new research confirms that the new opportunity with music is clear, and also confirms how skewed RNZ is towards older audiences.



The research also confirms the opportunity with diverse audiences.

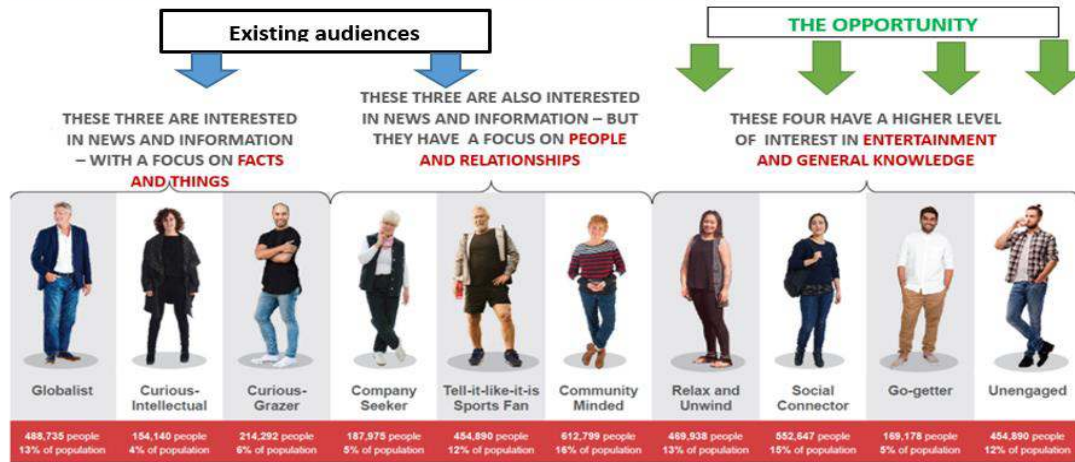


Segmentation Research

Our latest segmentation research tells us which sectors of the New Zealand population we already have an existing relationship with, and which sectors currently have low levels of awareness and/or interaction with RNZ services.

It also clearly identifies four audience segment opportunities which a new RNZ Music service would target.

RNZ AUDIENCE SEGMENTS – THE 10 NEW ZEALANDERS

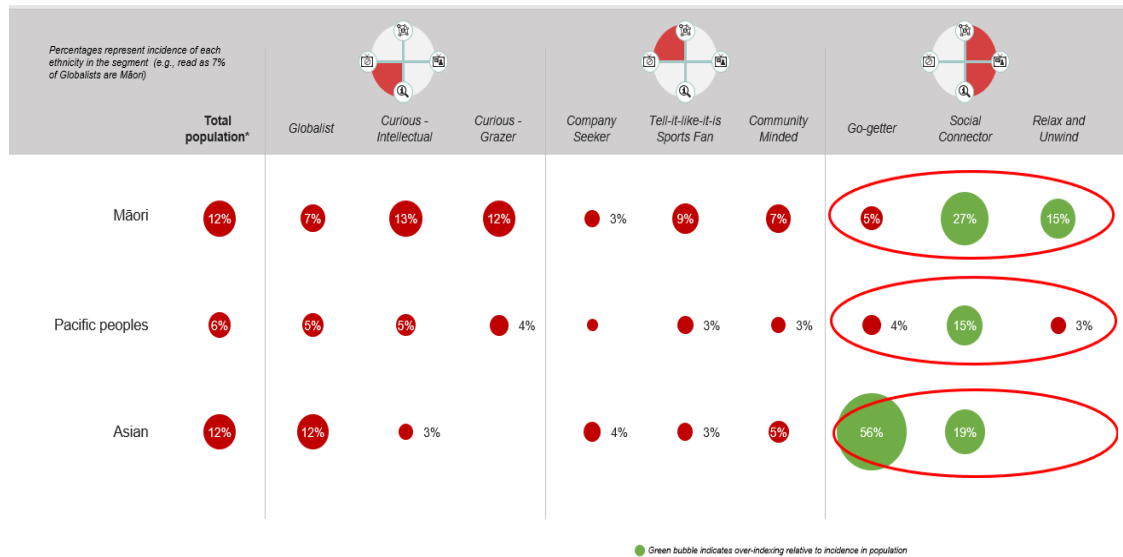


Source: Colmar Brunton, RNZ Segmentation, 2019

They are more likely to be younger and from Auckland:



They are also more likely to be Māori , Pacific, or Asian:



And we know what these new audiences want



Relax and Unwind
(469,938 people; 13% of population)

They've had to think during their day, so when it comes to media content they just want something that allows them to **mentally switch-off and relax**. They want simple, easy to follow storylines – something that is not mentally taxing.



Social Connector
(552,647 people; 15% of population)

Young men and women in their 20s. Social media is part of the fabric of their life. They're looking for content that lifts their mood – something that makes them laugh, or inspires them, or **simply music**. They're also wanting to **connect** – through a shared interest or activity, or that gives them something to share with friends ... something that has shock value ("OMG did you see when ...").



Go-getter
(169,178 people; 5% of population)

These young men have a desire to succeed and get ahead. They're looking for content that gives them an advantage whether it be for work (business and finance content), life (investments), and generally (tech). They want to **feel they're a step ahead**.



Unengaged
(454,890 people; 12% of population)

They're typically young men with little interest in news and information. They're more interested in entertainment – particularly content that allows them to connect with others – however they consume a lot less media than the other groups.

They do like listening to music.

Segments presenting the best opportunity to grow

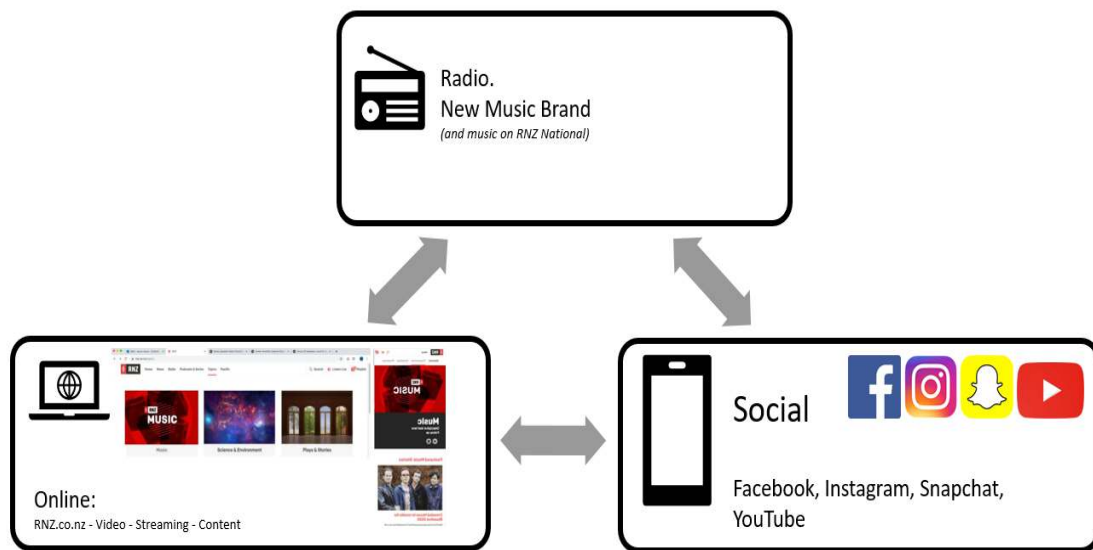
Total = 1,646,653 New Zealanders



The New Service

An entirely new brand will be created for young New Zealanders, targeting the 18–34 demographic.

Unlike RNZ Concert which is primarily a radio-only service, the new brand will use all the platforms the target audiences use. This will entail a purpose-built, multi-platform service with each platform supporting and complementing the others, and includes the existing Concert FM radio frequencies.



The key brand attributes include:

- Non genre-specific playlists. Genre is no longer relevant to this audience. Market research and streaming data has borne this out.
- A creator of new content, and high New Zealand content in the music playlist.
- Driven by diverse range of influencer talent and personalities
- Created and delivered by a new product team based in Auckland and an injection of fresh and diverse presentation talent.

The new brand's content will target younger New Zealanders, and especially Māori and Pacific Islanders, capitalising on the opportunity to achieve both the objectives at the top of this document from this one initiative.

The vision is for RNZ to be as strong in music and with younger New Zealanders, especially Māori and Pacific Islanders, as we are in News and with older pākehā audiences.

The creation of the new music brand will be done by re-directing funding and resources currently allocated to RNZ Concert, which shares 60% of its audience with RNZ National, to a completely new music service, targeted at completely new and different audiences.

The Board recognised the potential for this proposal to greatly enhance delivery of its strategic and statutory objectives, and approved the strategy on December 06, 2019.

The strategy will be implemented by a new product team – all based in Auckland, and led by RNZ Music Manager, Willy Macalister.

Why we are making the changes to RNZ Concert

In 2015, RNZ commissioned Nielsen to conduct Concert listener research, talking in depth to current, lapsed and prospective listeners to RNZ Concert with a view to understanding how to maximise programming for existing and prospective listeners

In the workshop summary which followed this research, Nielsen included amongst its key audience observation themes:

- Too much unrelated talk on some programmes takes away from the enjoyment of the music.
- Concert is about music
- News can be intrusive and interfering and there can be too much of it – keep it but keep it short unless there is a crisis.

Nielsen's concluding statement following the workshop action plan was that:

‘ Based on the research findings from the focus groups we conducted (and including feedback from the listeners at the end of the Concert workshop) Nielsen's view is that the team may not be going far enough to broaden the audience through this plan of action.”

‘ In our view the Concert radio offer needs to go further towards drawing in the Popularists*and that it isn't enough to say we will get them by appealing to the Traditionalists* ”

‘The Popularists represent one of the best ways to increase listenership. Their needs are different in that they like and use classical music to soothe and relax, to wind down, as an alternative to the ‘noise’ that other radio offers.’

Traditionalists 'Keep on playing the classics'

- They want to hear the great composers
- There is scope to educate them a little so that they can derive even more enjoyment from the key classics that they love
- Maybe some works from the old masters that they hadn't yet considered.

Popularists 'Lighten it up for me'

- To appeal to the Popularists there is a need to lighten up the offer
- Consider music from musicals and movies, more popular artists such as Sol3 Mio, Freddie Mercury and Montserrat Caballe, Andrea Bocelli and even Andre Rieu for some of the time
- If we can bring in the Popularists for some of the time then we may be able to bring them in on the beginning of a journey of classical music.

Explorers 'Take me somewhere new'

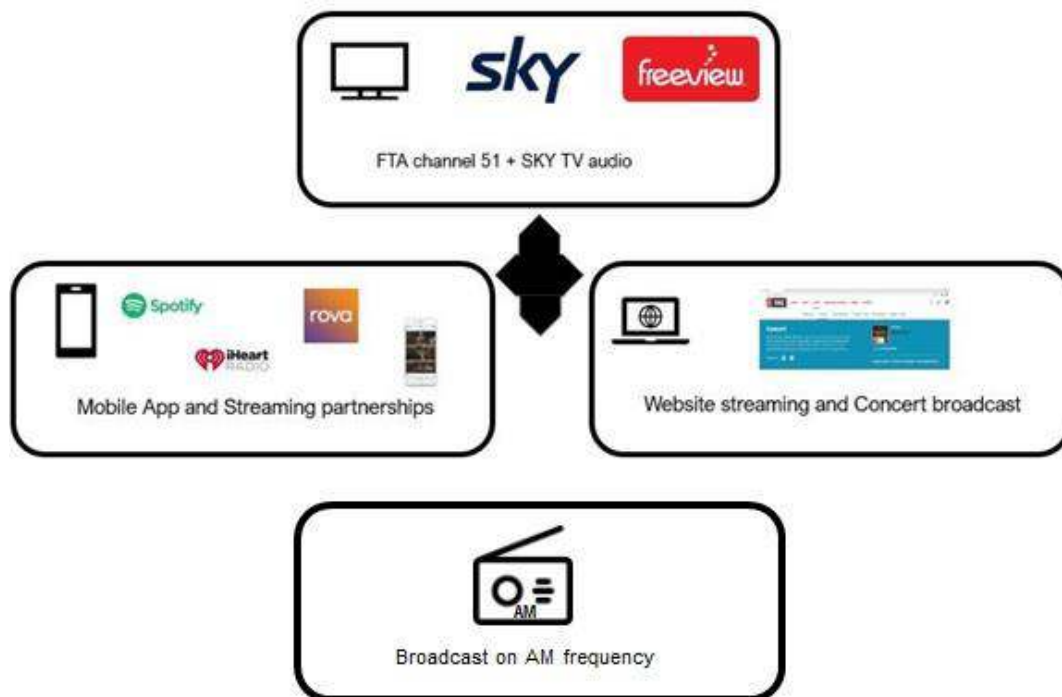
- Want to discover new things and many of them are doing this digitally and this looks to be the way forward for them.
- Aficionados 'Tell me something I didn't know'
- Are looking for the breadth and depth of classical music
- As well as the great composers they want more esoteric and contemporary composers included.
- Catering only to the Aficionados though would render Concert far too high-brow for the vast majority, and it could be seen to be an exclusive club only for the cognoscenti

A cross section of the RNZ Concert team attended this workshop.

What this means for the current RNZ Concert service and audience

RNZ Concert will continue to offer New Zealand listeners a 24/7 classical music service, but not on FM radio.

RNZ Concert will become an automated music service available for listeners on AM (utilising spare capacity on the Parliamentary Network), on Freeview channel 51, Sky Digital channel 422, on their mobile through the RNZ app and our streaming partnerships like iHeart Radio, Rova & Spotify, and through any other internet connected device.



Concert's music selection will aim offer a more accessible streamlined format, with no regular fulltime hosting, utilising automation wherever possible, but still with the capability to take 'live' concerts of any genre and deliver special programming. It will have pre-recorded station ident linkers.

RNZ Concert will transition to its revised service on the back of its programming over this last summer holiday break, so there will be reduced news bulletins and talk content, and mostly automated shifts before the new Concert music service starts in April.

The new Concert music format will start on its existing FM frequencies, and the AM network frequencies from early April and include an 'alternative listening options' on-air & off-air publicity/information campaign to prepare the audience for the future.

Then from late May 2020, RNZ Concert on FM will be replaced by an automated new brand music-only service. (new brand soft launch phase 1)

The new RNZ Concert service will be run by the Concert Programmer, and the Concert Scheduler, with the RNZ Music scheduling operation for RNZ National also being simplified to allow for multi-brand scheduling.

RNZ will continue to record selected live concerts of all genres with existing Operations specialist engineering staff for both RNZ Concert and RNZ National.