

Shainis & Heltzman, Chartered

Counselors at Law

Aaron P. Shainis
aaron@s-plaw.com

Lee J. Heltzman
lee@s-plaw.com

Suite 240
1850 M Street, N.W.
Washington, D.C. 20036

(202) 293-0011
Fax (202) 293-0810
e-mail: shainis@heltzman@a-plaw.com

December 18, 2018

VIA E-MAIL (lisa.scanlan@fcc.gov)

Lisa Scanlan
Media Bureau
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Lisa:

The attached appeared in yesterday's issue of Inside Radio. I thought you would have some interest in this. If you have any questions, do not hesitate to contact me.

Sincerely yours,

Aaron P. Shainis

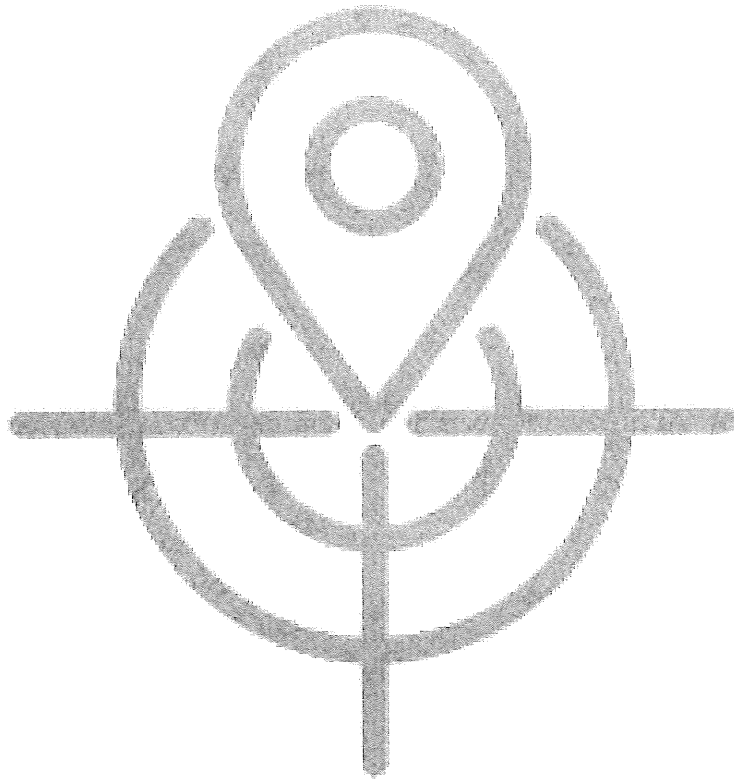
Enclosure

http://www.insideradio.com/armed-with-new-data-zonecasting-developer-makes-noise-in-washington/article_4a5f8136-01cb-11e9-9b35-df504568d38b.html

FEATURED

Armed With New Data, ZoneCasting Developer Makes Noise In Washington.

5 hrs ago



GEO-TARGETING

ZoneCasting, the FM booster-based technology designed to give radio a bigger geo-targeted play, is more than just technologically feasible, according to its developer. Geo Broadcast Solutions, in a series of meetings in Washington, has presented research to regulators and lawmakers suggesting the technology could not only deliver as much as \$750 million in new revenue to broadcasters—but also benefit consumers and the listening public.

It has been six years since GBS first filed a proposal with the Federal Communications Commission to use the technology, which relies on the use several boosters around a main transmitter to produce geo-targeted programming. Unlike FM translators, which simultaneously rebroadcast the signal of a primary AM or FM station on a different frequency, booster stations are essentially “fill in” translator stations on the same frequency as the main station. GBS proposes those boosters instead be allowed to originate programming to produce geo-targeted programming. The company argues that allowing the technology to be rolled out would enable FMs to provide “targeted ‘hyperlocal’ programming” directed to specific portions of their service area. That could be programming, such as local high school sports play by play, or advertising, like a local retailer that wouldn’t draw customers from across the entire market.

In recent meetings with several top officials at the Commission, including Audio Division chief Al Schuldiner as well as media advisors to FCC chair Ajit Pai, supporters advocated that a formal rulemaking be launched. “Radio is the only mass medium that cannot target its content. It is time for radio broadcasters to have the opportunity to participate in the future of the media ecosystem,” said a disclosure filing about the meetings.

Changing A Single Sentence

Unlike a lot of technical proposals that land on the FCC’s doorstep, GBS believes only a “tweak” to a single sentence in the FCC’s rulebook is needed for ZoneCasting to be allowed. Under current regulation, FM translators must fully simulcast the main FM station. GBS is asking that stations be allowed, but not required, to originate programming in order to create that localized opportunity. Perhaps most critically, it isn’t asking the FCC to change current interference standards.

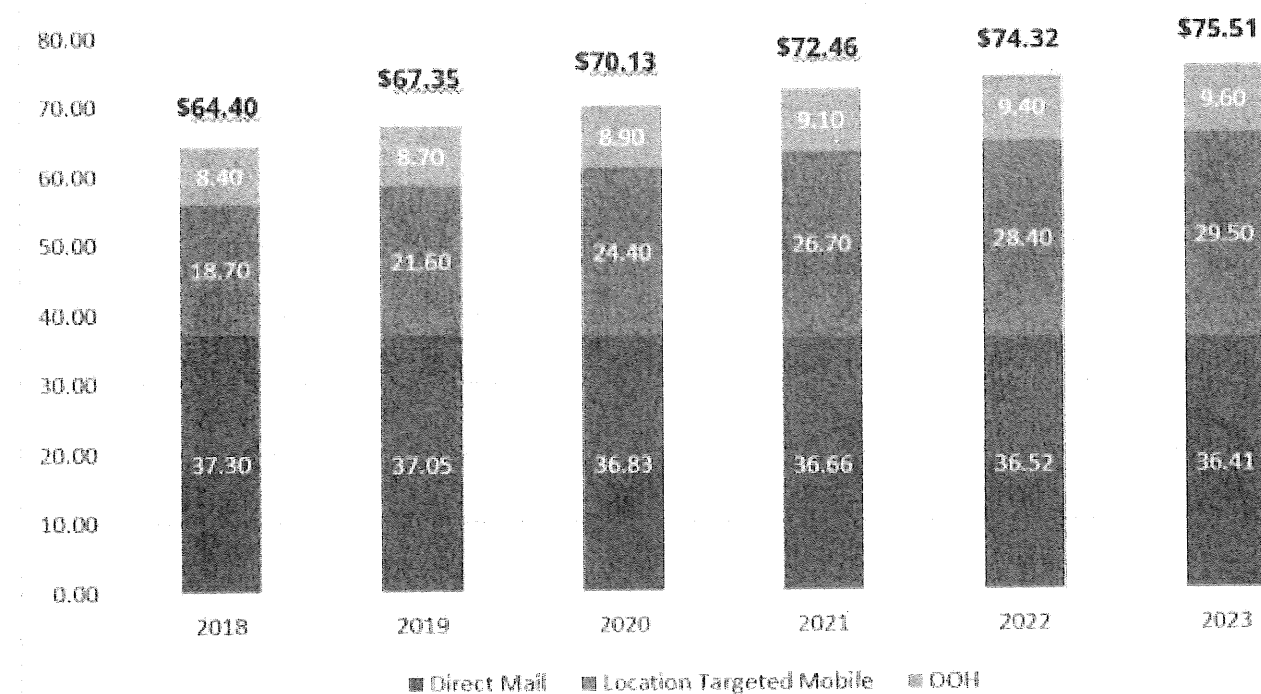
During the past decade GBS has conducted three field tests to prove its technology works, mostly recently with the late 2016 demonstration in Milwaukee using Alpha Media’s rock WIL-FM (95.1), which utilized 11 booster signals to geo-target its programming. Earlier tests were done using experimental authority in the Salt Lake City market in 2010 and in the Lakeland-Winter Haven, FL market in 2011. “Field tests have shown that deployment of ZoneCasting does not result in harmful interference, either between the primary station and boosters or among the booster cluster itself,” GBS told regulators.

The FCC signaled interest in the proposal earlier this year. Sensing an opening, GBS hired attorney Gerry Waldron from the Washington powerhouse law firm Covington. He most recently helped steer Pearl TV’s securing of approval for the ATSC 3.0 next-generation television standard.

A \$750 Million Opportunity?

BIA Advisory Services estimates \$64.4 billion will be spent this year on location-based marketing, mostly with direct mail, mobile, and out-of-home vendors. As location-based mobile ad use expands, BIA estimates the sector will increase 17% to \$75.51 billion by 2023.

Growth of Location-Based Marketing

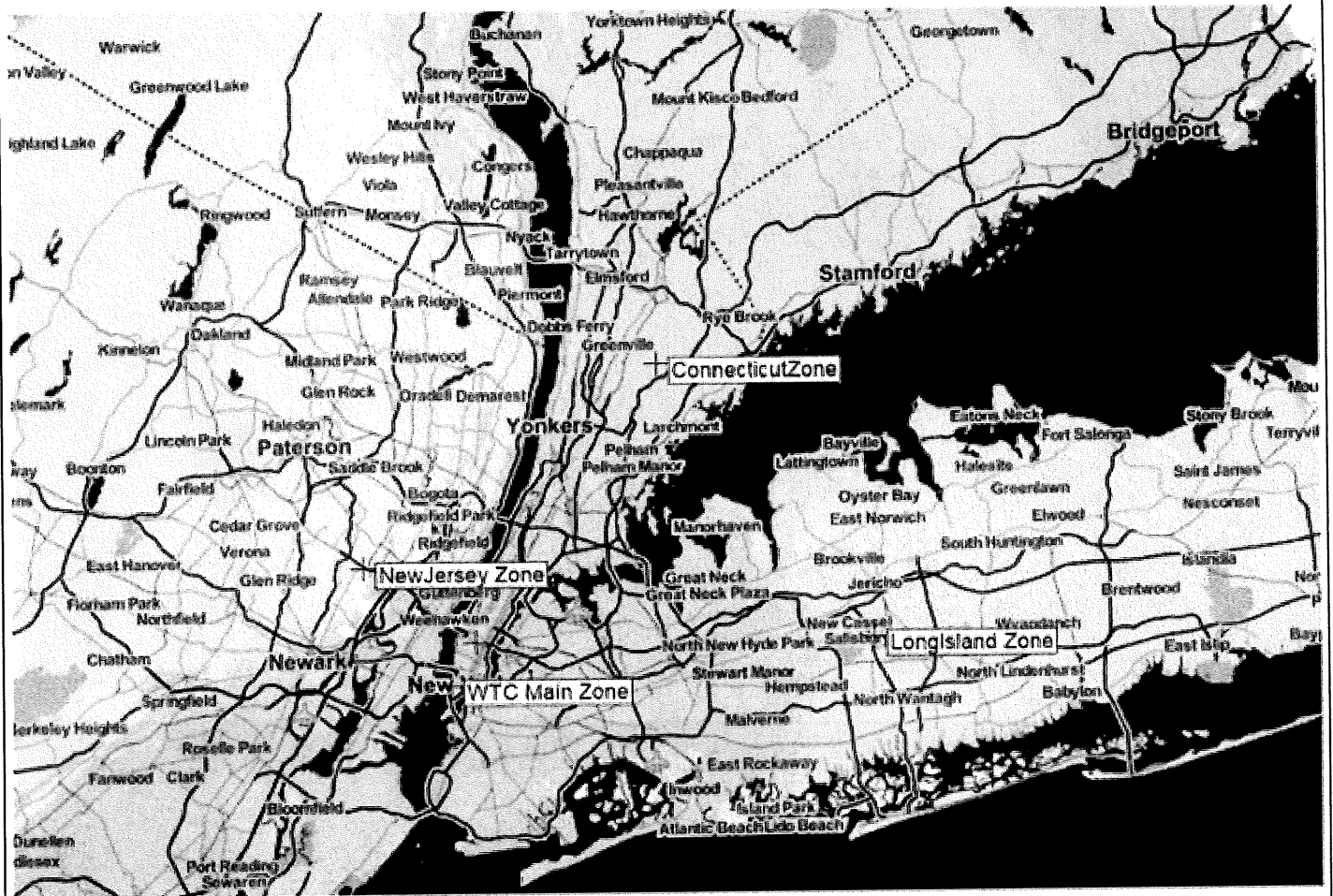


Source: BIA Advisory Services, November 2018

Demand for geo-targeted ads on radio may already exist. GBS commissioned BIA to survey advertisers and it found a majority of radio ad buyers (59%) would like to place ads by ZIP code. And 39% said they'd like to buy ads based on street address.

In an analysis of ZoneCasting's potential, BIA points that dozens of Nielsen markets cross state lines and least 10% of the metro population in 38 markets is distributed across multiple states. It's why 50% of radio buyers surveyed said they'd like to be able to target their spots to a specific state. Advocates of ZoneCasting point out that geo-targeted advertising typically receives a premium compared to less targeted campaigns. "With a zone-based coverage product for advertisers, local radio stations have a much better chance of selling into a growth segment that might otherwise be inaccessible to them," BIA said in the report.

One Market Contains Many Zones



Based on the data, BIA estimates if ZoneCasting enjoyed a maximum deployment by radio and acceptance by advertisers, as much as \$751.2 million in additional revenue could be banked by broadcasters based on 2017 revenue data. Even in a less robust rollout, BIA estimates \$181.6 million could be added to the industry's revenue total.

GBS calls the analysis a "conservative" estimate of the potential windfall. "The benefits for radio broadcasters, who face increasing competition from streaming and multimedia services for audience share, are enormous," CTO Bill Hieatt said in a statement. "Advertisers benefit by reaching the population they desire at a significantly reduced price, and consumers receive public safety, news and other content that matters most to their lives."

Building A Research Case

In order to sell the FCC on ZoneCasting, GBS set out to show that geo-targeted radio isn't just something that would help station owners but also listeners. So it employed Edison Research to ask the public about how it could change what they hear. The results were music to the company's ears. Edison found 77% of respondents said they'd pay more attention to ads on the radio if they were for business or products in their local area. And 72% would listen to radio more often if commercials were better targeted to their local areas.

It also showed just how little Americans want to travel. Clear majorities said they travel ten miles or less to do things like go to a supermarket, bank, big box store, or restaurant. The results are based on data collected during the summer from 1,051 adults (18+) in the top 100 markets who said they listen to broadcast radio at least once a month.

"This makes sense," GBS told the FCC, noting few listeners want to hear a spot for a political candidate they'll never be able to vote for or against. Or hear an ad for a car dealer two hours away. "By modifying the rule at issue, the Commission can benefit a consumer's entire listening experience, including both produced content and advertising," it said.

Lobbying Radio & Capitol Hill

Beyond the FCC, sources tell **Inside Radio** that GBS has also been meeting with several members of Congress. Lawmakers have so far seemed receptive to the idea, in part because as advertisers themselves, they see the value in geo-targeted broadcasts. The decision rests with the FCC, but GBS hopes securing lawmakers' backing will help pressure the agency to not allow the ZoneCasting proposal to continue lingering.

GBS has also begun meeting with radio executives hoping to ignite additional support. The effort has been well-received so far. Sources say one group liked it so much it suggested an exclusive licensing deal—something GBS rejected. Several radio owners told the FCC last summer they support the use of the technology, as did one radio lender. Emergency management officials have said they also see ZoneCasting as a possible way to fine tune delivery of Emergency Alert System messages.