

# **Attachment E**

**OVER-THE-AIR RADIO SERVICE  
TO DIVERSE AUDIENCES –  
AN UPDATE**

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April 28, 2008



# TABLE OF CONTENTS

<b>Executive Summary</b> .....	<b>1</b>
<b>Introduction</b> .....	<b>3</b>
<b>Specific Programming to Diverse Audiences</b> .....	<b>4</b>
Spanish–Language Programming .....	4
Urban Programming.....	6
News Talk Programming .....	8
<b>HD Radio Service</b> .....	<b>10</b>
<b>Conclusions</b> .....	<b>13</b>
<b>Appendix 1 – List of Formats Being Offered Via Multicast Signals</b> .....	<b>15</b>

## Executive Summary

In their continuing battle to attract listeners and generate advertising revenues, local radio stations are vitally interested in improving the attractiveness of their programming. Facing competition from numerous radio stations as well as other sources of audio programming, radio broadcasters continually seek to adjust their programming services offered in local markets. As a result of this marketplace competition, radio broadcasters are increasingly providing service to more diverse audiences, including different demographic groups, in their local markets.

The purpose of this paper is to examine the diversity of programming resulting from radio broadcasters' efforts to attract audiences in a competitive marketplace. We will update a prior report that analyzed some of these same issues. Additionally, we will examine the extent of digital radio service, specifically examining the number of stations on air, the number utilizing the multicasting capabilities of that new technology, and the various types of programming being offered.

The results of this update clearly show that the trend for greater service to local markets continues:

- ❖ The number of Spanish-language stations continues to increase, with the number having grown by nearly 56% in just the past eight years.
- ❖ 53.3% of the Hispanic population in Arbitron markets now resides in markets with 10 or more Spanish-language stations, with over 90% located in markets with at least three such stations.
- ❖ The percentage of African Americans in Arbitron markets with six or more Urban programmed stations increased to 22.8% in April 2008 from 14.3% in 2006 and 6.6% in 2000. About 72% of African Americans in Arbitron markets now reside in markets with three or more Urban programmed stations, compared to only approximately 62% in 2000.
- ❖ Six of ten people residing in Arbitron markets are in markets with at least six news/talk stations, and over three-quarters of the population in these markets are in markets with at least four news/talk stations. Since 2000, the number of news/talk stations has increased 23.7%.
- ❖ The number of radio stations broadcasting in digital has increased dramatically to over 1,700, with 786 additional multicast programming streams now being provided.
- ❖ Nearly one-half (45.6%) of the population located in Arbitron markets are in markets with 10 or more digital multicast signals, and nearly three-quarters (71.6%) are in markets with at least three.
- ❖ Multicast signals are bringing more diverse programming into local markets. For example, of the 46 markets with new Classical multicast signals, 14 had no other Classical stations in the market; similarly, of the 28 markets with new multicast Smooth Jazz signals, 21 had no other Smooth Jazz stations in the market; and, of the 18 markets

with new Rhythm/Blues signals, 15 previously had no other Rhythm/Blues stations in the market.

It is quite apparent that over-the-air radio stations are continuing to search for new and different programming in response to competitive pressures in today's digital, multichannel marketplace. Whether it is adjusting their program elements (e.g., play lists, personalities) or changing entire program formats, radio broadcasters are always seeking to improve their programming to attract larger audiences. As the findings summarized above show, one option has been for radio stations to provide increased programming appealing to specific demographic groups, and another to expand the provision of news/talk programming. Also, radio stations that are broadcasting in digital expand the diversity of programming by providing new types of programming in their local markets so as to attract new listeners.

## LOCAL RADIO SERVICE TO DIVERSE AUDIENCES – AN UPDATE

### Introduction

In their continuing battle to attract listeners and generate advertising revenues, local radio stations are vitally interested in improving the attractiveness of their programming. Facing competition from other radio stations as well as other sources of audio programming, radio broadcasters continually seek to adjust their programming services and differentiate their programming from that of their competitors. As a result of this marketplace competition, local radio broadcasters are increasingly providing service to more diverse audiences, including different demographic groups, in their local markets.

The provision of more diverse programming has also resulted from radio stations broadcasting digitally, with many of these stations also multicasting one or two additional programming streams. Airing additional programming streams allows broadcasters to experiment in their programming choices and to provide programming on a local level that would not have been financially viable and sustainable on their main signal.

The purpose of this paper is to examine the diversity of programming in local markets resulting from radio broadcasters' efforts to attract audiences in a competitive marketplace. In a previous paper,<sup>1</sup> we examined the delivery of programming targeted at diverse audiences, including various demographic groups and including specifically news/talk/informational

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<sup>1</sup> Mark R. Fratrik, *Over-the-Air Radio Service to Diverse Audiences*, October 23, 2006, submitted as Appendix G, NAB Comments in MB Docket 06-121 (“*2006 Radio Diversity Study*”).

programming. We will update those results since that earlier analysis. Additionally, we will examine the growth of digital radio service, specifically examining the number of stations on air, the number utilizing the multicasting capabilities of that new technology, and the various types of programming being offered.

Clearly, the earlier study and this updated report demonstrate that radio stations are serving increasingly diverse audiences in their local markets, and, with expected growth in digital services, this trend should only continue. Faced with continually increasing competition in the audio marketplace, local radio stations are reacting by offering new and varied programming while continuing to provide news and informational services.

### **Specific Programming to Diverse Audiences**

To evaluate the extent of local radio stations' provision of service to specific audiences, we examined the number of radio stations providing Spanish language, Urban, and News/Talk programming, as well as the coverage of these stations.

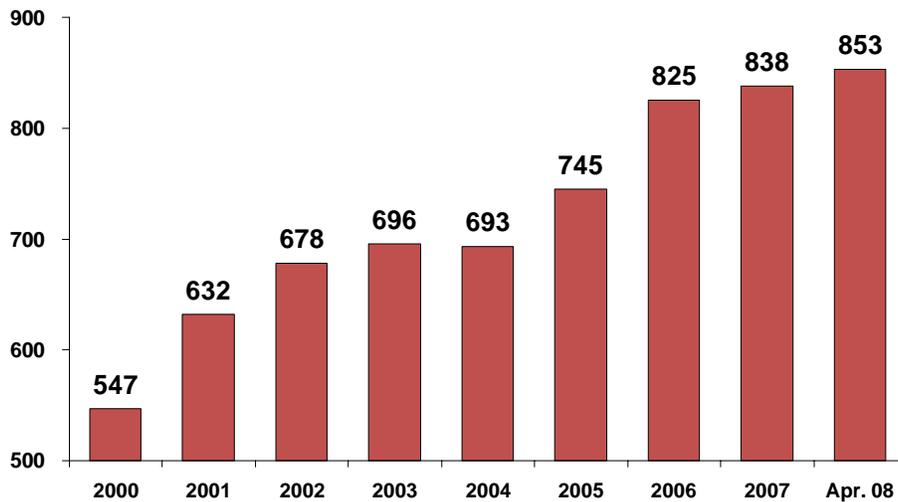
#### **Spanish-Language Programming**

The radio industry continues to increase the amounts of Spanish language programming throughout the U.S. Increasing populations of Hispanics in many markets have led more radio stations to provide programming targeted to this population, including in smaller and more rural markets.<sup>2</sup> Figure 1 below shows the number of radio stations providing Spanish-language programming over the last eight years.

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<sup>2</sup> For example, in the Birmingham, AL radio market, where only 2.8% of the population is of Hispanic descent, there are now five radio stations airing Spanish-language programming.

**Figure 1**  
**# of U.S. Spanish-Language Radio Stations**



Source: Media Access Pro, BIA Financial Network

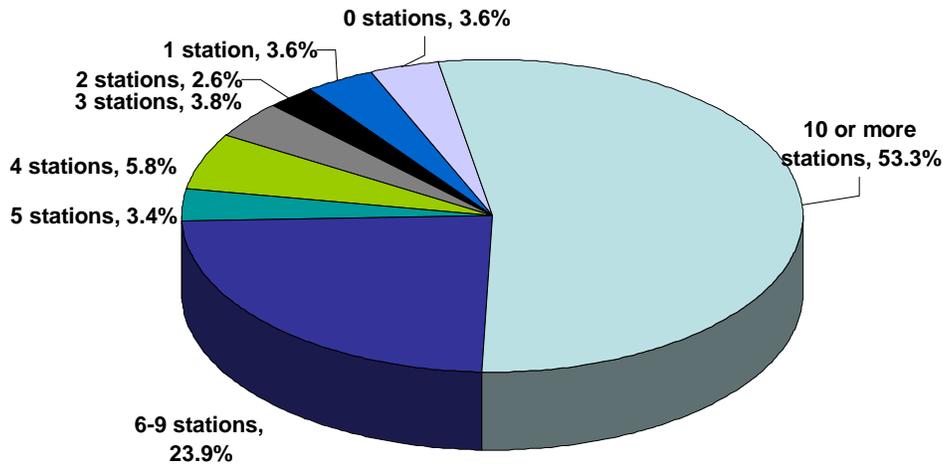
In just eight years, the number of U.S. Spanish-language radio stations has increased nearly 56%.<sup>3</sup> These Spanish-language stations are offering varied programming, including different types of music – Mexican, Tejano, Tropical, Ranchero, etc. – and news/talk programming.

Another way of evaluating the service being provided to the Hispanic community is to examine the number of stations in each market providing Spanish-language programming. In particular, examining the percentage of the Hispanic population in Arbitron metro markets with

<sup>3</sup> This number actually understates the number of Spanish-language radio stations as it does *not* include the Mexican radio stations airing this programming and serving U.S. populations in markets along the U.S.-Mexican border.

varying number of Spanish-language stations provides a clear picture of the widespread provision of this programming to this demographic group. Figure 2 shows that distribution.

**Figure 2**  
**Percentage of Hispanic Population Receiving Spanish Programmed Stations**



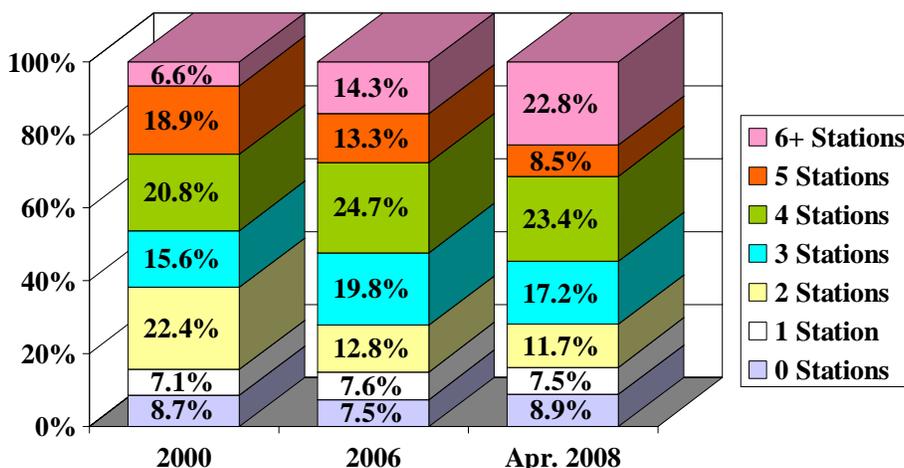
These percentages have not changed significantly since the *2006 Radio Diversity Study*. Still, 53.3% of the Hispanic population in Arbitron markets now reside in markets with 10 or more Spanish-language radio stations, an increase of nearly three percentage points (from 50.4% in 2006). Currently, over 90% (90.2%) of the Hispanic population located in Arbitron markets are in markets with at least three Spanish language stations.

### Urban Programming

In the earlier study, it was shown that African American listeners were being provided with increased amounts of targeted programming, as more radio stations in local markets offered

Urban programming.<sup>4</sup> The increase in service to this demographic group from 2000 to 2006 was noteworthy, and radio broadcasters have continued to increase programming designed to serve the African American audience since that time. Figure 3 shows the percentage of African Americans within Arbitron radio markets that are served by varying numbers of Urban programmed stations for 2000, 2006 and 2008.

**Figure 3**  
**Percentage of African American Population**  
**Receiving Urban Programmed Stations**



While the share of African Americans in Arbitron markets with three or more Urban programmed stations has not changed substantially in the past year and a half (71.9% in April 2008 and 72.1% in October 2006), the percentage in markets with 6 or more stations has shown a

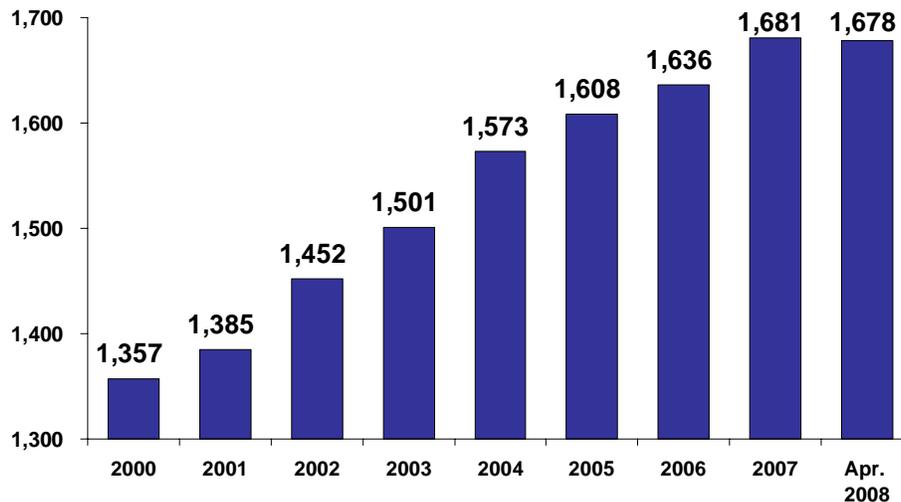
<sup>4</sup> See *2006 Radio Diversity Study* at 11-12. As previously noted, Urban stations, like Spanish-language ones, are quite varied, with stations targeting different demographic groups within the African American community by offering programming ranging from Urban/Talk to diverse music formats, including Urban AC, Urban CHR, Urban/Jazz, Rhythm and Blues and even Urban/Gospel.

dramatic increase, growing from 14.3% to nearly one quarter (22.8%). Significantly, in 2000 only 61.9% of African Americans located in Arbitron markets were in markets with three or more Urban programmed stations, compared to 71.9% today, and a mere 6.6% were in markets with six or more Urban stations in 2000, compared to 22.8% today.

### News/Talk Programming

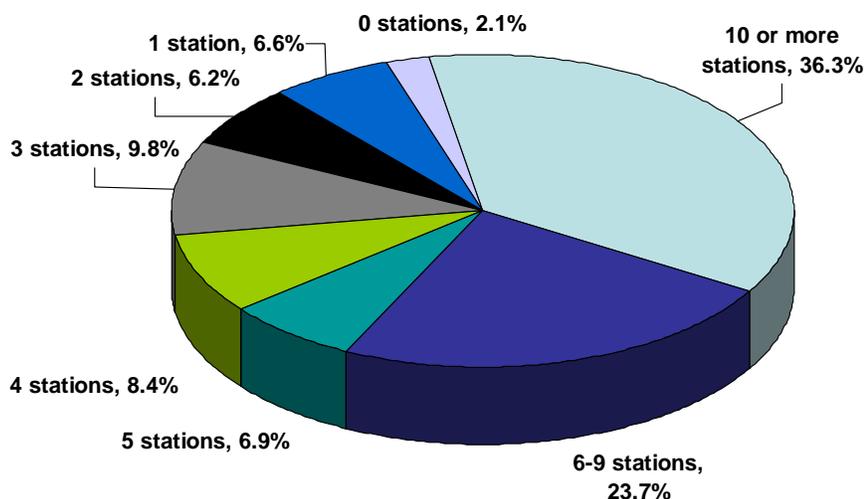
Beyond providing expanded services to specific demographic groups as shown above, radio broadcasters continue to increase the news and information being provided to their local communities. The number of radio stations airing news and talk programming has steadily increased. Figure 4 shows the number of news/talk programmed stations over the past eight years.<sup>5</sup>

**Figure 4**  
**# of U.S. News/Talk Radio Stations**



Over the last eight years, the number of news/talk local radio stations has grown by over 300, a 23.7% increase. Just citing the number of news/talk stations may, however, not fully demonstrate the true level of service being afforded by these stations in local markets. As with Spanish-language and Urban stations, the widespread service afforded by news/talk stations is best shown by examining the percentages of the population in Arbitron markets receiving service from different numbers of news/talk radio stations. Figure 5 shows this distribution.

**Figure 5**  
**Percentage of Population Receiving**  
**News/Talk Programmed Stations**



The availability of news/talk programming in local markets clearly continues to increase. Six of ten people (60.0%) residing in Arbitron markets are in markets with at least six news/talk stations (2006 value: 55.5%). Three quarters (75.3%) of the population in Arbitron markets are in markets with at least four news/talk stations (2006 value: 70.8%).

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<sup>5</sup> It should be pointed out that these totals do *not* include stations that are either sports or

## HD Radio Service

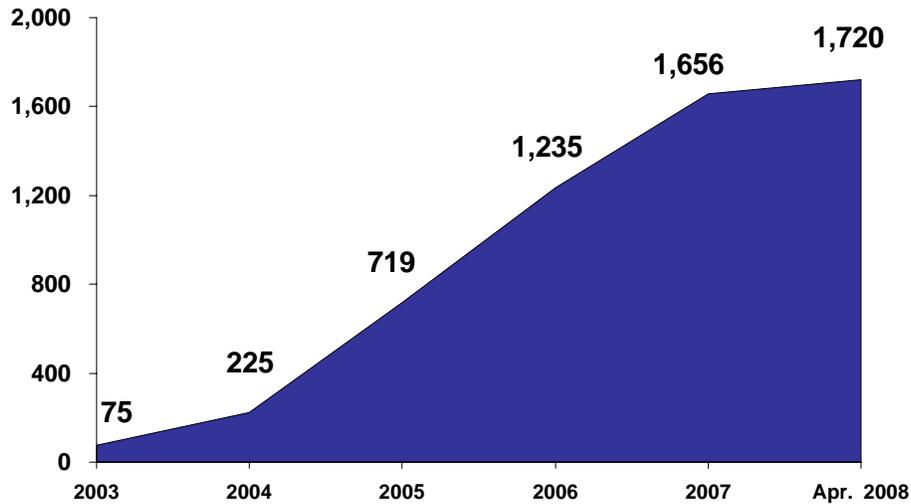
In addition to adjusting their programming to respond to competitive conditions, the radio industry has made significant investments in improving its technical facilities and expanding programming services. Investment in the new digital radio service, HD Radio, has been widespread and significant by radio broadcasters across the country. Although the number of HD radio receivers in the marketplace is still relatively small, many radio stations are presently broadcasting in digital, with the expectation that the new and improved services provided by this technology will lead to more widespread consumer acceptance of digital radio in the next few years, just as digital television has gradually been embraced by consumers.<sup>6</sup> Figure 6 shows the number of digital radio stations on the air for each of the past 6 years.

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sports/talk stations.

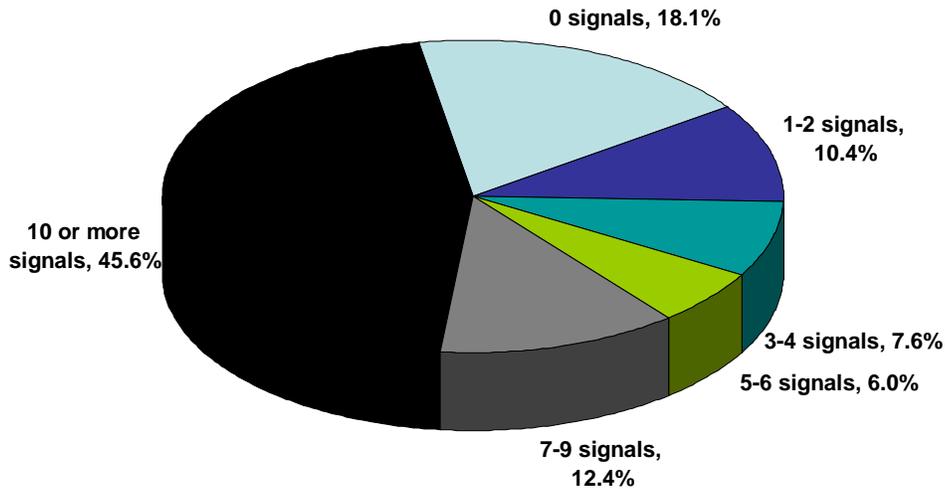
<sup>6</sup> Many broadcasters are currently streaming their multicast programming over the Internet, providing this new programming service to consumers who have not yet purchased an HD Radio receiver.

**Figure 6**  
**Number of HD Radio Stations at Year End**



Local radio stations are offering digital service for several reasons. One is to improve the quality of their sound in an era where consumers have many choices for audio entertainment. Another is the ability to provide additional programming through multicasting. Currently, 786 additional multicast programming streams are being provided to audiences by their local radio stations. To see the breadth of this service, Figure 7 shows the percentages of the population in Arbitron markets served by varying numbers of multicast radio signals.

**Figure 7**  
**Percentage of Population Receiving**  
**Multicast Signals**



Nearly one half (45.6%) of the population located in Arbitron markets are in markets with at least ten multicast signals, and nearly three-quarters (71.6%) are in markets with at least three. This number will grow as more stations that are already operating in digital determine the types of programming best suited for their multicast signals and as more stations convert to digital.

To attract listeners to these new multicast signals, many radio stations are offering programming that differs from any programming presently being offered in their local markets. Appendix 1 identifies the various types of programming now being offered in local markets via these multicast signals. After analyzing some local markets in detail, it is clear that multicasting has significantly enhanced the diversity of programming available to consumers. For example:

- Of the 46 markets with new multicast Classical signals, 14 had no other Classical stations in the market;

- Of the 28 markets with new multicast Smooth Jazz signals, 21 had no other Smooth Jazz stations in the market;
- Of the 30 markets with new Alternative signals, 9 had no other Alternative stations in the market; and
- Of the 18 markets with new Rhythm/Blues signals, 15 had no other Rhythm/Blues stations in the market.

## Conclusions

It is quite apparent that over-the-air radio stations are continuously searching for new and different programming in response to competition from both over-the-air radio stations and other audio programming sources. Whether it is adjusting their program elements (e.g., play lists, personalities) or changing entire programming formats, radio broadcasters are always seeking to improve their programming to attract larger audiences. One option for radio stations has been to provide increased programming appealing to specific demographic groups. This paper confirms the findings of an earlier study showing increases in the number of stations offering services targeted to specific audience segments.

As a result of the development and adoption of digital technology, stations are also now able to expand their services to local communities by airing multiple programming services on multicast signals. While provision of certain programming services that appeal to smaller numbers of listeners may not make financial sense on the main signal of a radio station, and could not be sustained, such niche programming may well be economically viable on one of a station's multicast signals.

Further expansion of free over-the-air radio services to diverse local audiences is also likely to occur as the radio industry’s transition to digital broadcasting continues and the number of multicast programming streams grows. Radio stations have a strong economic incentive to expand their reach by offering more niche programming on these streams, thereby greatly expanding radio service in local markets. These expanded services will be necessary for local radio stations to respond to growing competition and will also benefit local listeners and communities.

**Appendix 1 – List of Formats Being Offered Via Multicast Signals**

70's & 80's	Ethnic	Rhythmic & Blue
70s Hits	Gospel	Rhythm/Blue
70s Oldies	Hip Hop	Rhythmic
80s Hits	Hot AC	Rock
AAA	Hip Hop/R&B	Rock & Roll
AAA/Folk	Hurban	Rock AC
AC	Info/News	Rock/Alternative
AC/Rhythmic	Information	Rock/Variety
AC/Urban/Oldies	Inspiration	SAC/News/Talk
Adult Hits/Variety	International	Smooth Jazz
Adlt Stndrd	Jack	Soft AC
Adult Std/Easy	Jazz	Southern Gospel
Adult CHR	Jazz/Classical	Span/AC
Adult Hits	Jazz/NPR	Span/CHR
Alternative	Kids/CHR	Spanish/Oldies
Americana	Lite AC	Span/Talk
AOR	Lite Rock	Spanish/Tejano
Big Band	MdRck/PubSv	Span/Variety
Blue Grass/Americana	Mexican	Spanish
Blue Grass	Mix AC	Spanish AC
Bright AC	Modern AC	Spanish/CHR
CHR	Modern Rock	Spanish/News/Talk
CHR/Rhythmic	New Rock	Spanish/Variety
Christian	News	Spanish AC/Rhythmic
ChrsContemporary	News/Alternative	Sports
Christian/AC	News/Info	Sports/Talk
Christian/CHR	News/Talk	Talk
Christian/Hip Hop	NPR	Talk/News
Christian/Inspiration	NPR/Classical	Talk/Sports
Christian/Rock	NPR/News	Tejano
Classical	NPR/News/Information	Top 40
Classical/News/Inf	NPR/News/Talk	Top40/Dance
Classic Hits	New Rock/Alternative	Top40/Rhythmic
Classic Rock	News/Jazz/NPR	Tropical/Oldies
Classical/AAA	News/Talk/Information	Urban
Classical/Jazz	News/Talk/Jazz	Urban AC
Classical/News	News/Talk/Sport	Urban/Gospel
Country/Rock	Oldies	Urban/Rhythmic
Country/Variety	Pop	Urban/Variety
Comedy	Pop/Dance	Variety
Country	Public	Variety/Hip Hop
Cst/Hip Hop/Urban	R&B	
Cst/Rock/Alternative	Rock/Hip Hop	
Dance	Reggaeton	
Diverse	Rhythmic/AC	