

2 Radio

WHEN RADIO TRANSMISSION WAS FIRST PROPOSED more than 100 years ago, even Thomas Edison was skeptical. Upon hearing that his former assistant, Reginald A. Fessenden, thought it was possible to transmit voices wirelessly, Edison replied, “Fizzie, what do you say are men’s chances of jumping over the moon? I think one as likely as the other.”¹

For his first transmission, in December 1906 from Brant Rock, Massachusetts, Fessenden broadcast a Christmas-themed speech and music. It mainly reached radio operators aboard ships, who expressed surprise at hearing “angels’ voices” on their wireless radios.² But the medium vividly demonstrated its power in 1912, when the sinking *Titanic* used radio to send out one of the first SOS signals ever sent from a ship. One nearby ship, the *Carpathia*, heard the distress call through its wireless receiver and rescued 712 passengers from the ocean. When the *Titanic* survivors arrived in New York City, they went to thank Guglielmo Marconi, regarded as the “father of radio,” for their lives.³

But it was a boxing match in 1921 between Jack Dempsey and Frenchman George Carpentier that transformed radio from a one-to-one into a one-to-many medium. Technicians, according to one scholar, connected a phone with “an extremely long wire that ran out of the stadium and all the way to Hoboken, New Jersey, to a giant radio transmitter. To that transmitter was attached a giant antenna, some six hundred feet long, strung between a clock tower and a nearby building.” The blow-by-blow coverage was beamed to hundreds of thousands of listeners in “radio halls” in 61 cities.⁴ As the *Wireless Age* put it: “Instantly, through the ears of an expectant public, a world event had been ‘pictured’ in all its thrilling details.... A daring idea had become a fact.”⁵

The Birth of Radio News

Radio boomed after World War I, as department stores and manufacturers of receivers used broadcasts to promote radio sales. Commercial broadcasting began in 1922, and between 1922 and 1923 the number of licenses issued by the Department of Commerce rose from 30 to 556. The number of radios sold rose from 100,000 to over 500,000.⁶

As the number of stations grew and programming became more varied, news began to play a role, initially with broadcasters reading newspapers aloud as filler. Then news and political coverage expanded to include emergency news alerts, presidential speeches, and special news events like the Scopes “Monkey Trial” in Tennessee.⁷ But in 1925, news and political coverage still made up only 2.5 percent of programs broadcast.⁸

Radio audiences in general have declined little over the last decade. But the number of people who said that they listened to news on the radio dropped from 54 percent in 1991 to 34 percent in 2010.

The 1930s saw the rise of broadcast networks, fueled by advertising. This in turn increased pressure to develop new programming.⁹ In the fall of 1930, NBC-Blue, one of the four major radio networks of the period, became the first to introduce news as a regular feature in radio programming when it launched a 15-minute, five-day-a-week newscast by Lowell Thomas.¹⁰

At first, newspapers did not feel threatened, in part because they owned or were affiliated with between 50 and 100 of the nation’s 500 stations.¹¹ Beginning around the time of the Great Depression, however, the print media came to believe that radio news was in fact undercutting their business by using news from the Associated Press (AP), United Press, and International News Service—the same wire services they relied on.¹²

Newspapers saw their combined ad revenue decrease from \$800 million before October 1929 to \$450 million in 1933.¹³ Meanwhile, radio revenues expanded despite the Depression, from \$40 million in 1929 to \$80 million in 1932.¹⁴ After the 1932 election, a survey of AP’s newspaper membership found that 70 percent opposed giving AP news services to any radio stations under any circumstances. These tensions were further aggravated in 1933, when

President-elect Franklin D. Roosevelt was nearly assassinated in Miami and a CBS radio reporter got the story first.¹⁵

In December 1933, newspaper stakeholders banded together around what would become known as the Biltmore Agreement. Under pressure, the major radio networks, with their affiliates following suit, agreed to stop gathering their own news, to air news bulletins no more than five minutes in length, and to air morning news only after 9:30 a.m. and evening news only after 9 p.m. so as not to impact newspaper sales.¹⁶

But the independent stations continued to use the wire services, and newspapers became increasingly interested in radio as a profitable opportunity, so within a few years the Biltmore Agreement fell apart.¹⁷ Soon after, the number of radio stations owned by or affiliated with newspapers doubled from 15 percent to 30 percent, leaving J. R. Knowland, publisher of the *Oakland Tribune* to concede, “We cannot hope to sweep back the ocean with a broom... Radio is here to stay.”¹⁸

During World War II, radio news took center stage as Americans sought reliable, up-to-the-minute information on developments in Europe. In response to the demand for instantaneous updates, CBS’s news chief pioneered a broadcasting practice in which reporters were stationed in different locations around the world to give real-time commentary directly from the site of a news event.¹⁹ Both NBC and CBS set up foreign news bureaus for this purpose. In 1944, CBS scheduled 1,497 hours of news programming, and NBC aired 1,726 hours. Americans could follow the war live from their living rooms, from events like the D-Day invasion to Japan’s final surrender.²⁰ For those who bemoan the role of amateur journalists in today’s Internet startups, it is worth noting that one of that era’s big new stars of radio, Edward R. Murrow, had little real journalism experience when he started broadcasting from the rooftops of London for CBS radio.²¹

A national poll conducted in 1944 found that over 50 percent of Americans cited radio as their most accurate source of political information, while only 25 percent chose newspapers.²² Stations grasped the significance of radio’s new role and dramatically increased news programming. After World War II, one poll found that 13 percent of radio programs broadcast in 1946 included news and politics, a sharp increase from 1932, when only 2.6 percent of radio programs did.²³

After World War II ended, consumers’ appetite for goods (such as radio and phonograph equipment), suppressed during wartime, surged, resulting in an overwhelming demand for new AM, FM, and television licenses. The FCC was faced with competing requests for spectrum from FM radio inventor Edwin Armstrong, on the one hand, and television stations, on the other. The FCC ultimately decided to take away Armstrong’s FM frequencies and give them to television broadcasters. FM was reassigned to different bands on the VHF spectrum, rendering between 400,000 and 500,000 existing FM receivers obsolete.²⁴ The public, advertisers, and investors lost confidence in FM, and it would not be until the 1960s that FM radio would capture the public’s interest.

Since radio stations could no longer rely on war news to fill airtime, news directors began to focus on local and regional stories. This trend was further encouraged by the release of an FCC report, *Public Service Responsibility of Broadcast Licensees*, which stated that the FCC would consider the inclusion of local news programs to be a positive factor when deciding whether to grant or renew licenses.²⁵

TV stations began to lure talent away from radio, forcing radio stations to develop new programming strategies in order to better appeal to listeners—for instance, shifting emphasis from prime time to “drive time” to reach people during their commute to and from work.²⁶

During the 1960s, some stations experimented with all-news formats. Radio pioneer Gordon McLendon introduced all-news programming on Mexican station XETRA in the early 1960s and then brought it to WNUS in Chicago in 1964. Impressed with his success, several major-market stations, including WINS-AM in New York, converted to all-news a year later.²⁷ At about the same time that all-news was taking off, KGO-AM in San Francisco launched the first news/talk format, in which conversation was scheduled between lengthy news blocks. By the 1970s this hybrid approach became more popular than its all-news predecessor, and similar stations sprang up in other cities, including KYW in Philadelphia and WMAL in Washington, D.C.²⁸

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Although they initially focused on national news, many all-news stations soon found a niche covering local events. For example, in the 1950s WMAL's broadcasting consisted of 75 percent national news and 25 percent local news, but by 1960 it was 90 percent local. Andy Ockershausen, WMAL's general manager, explained, "No one else was doing it and it gave us a reason to exist... It helped us better serve the community and our advertisers loved it." They were fortunate, Ockershausen said, that the *Evening Star* newspaper, the owner of WMAL at the time, allowed them to make this commitment to local news.²⁹

Other all-news stations, such as Chicago's WLS-AM in the 1970s, carried news around the clock, with five-minute newscasts at night and two-minute casts from 6 a.m. to 6 p.m. daily. To comply with the FCC's "ascertainment" requirements (See Chapter 26, Broadcast Radio and Television.), WLS broadcast a half-hour agricultural report every morning at 5 a.m. to serve farmers in rural areas of the Midwest.³⁰

Meanwhile, music was becoming increasingly popular on the airwaves. Largely because FM stations aired music with higher fidelity sound (and in part because the FCC had stopped issuing AM licenses),³¹ FM radio became the fastest-growing segment of American broadcasting.³² In 1976, FM listeners made up 40 percent of the U.S. radio audience, and FM stations earned 20 percent of all radio income; by 1986, FM listeners made up 70 percent of the audience, and FM stations earned 70 percent of radio income. As a result, many AM stations switched from music to more specialized formats, such as news, talk, and sports.³³

Even many stations that were not "all-news" offered some news and public affairs—typically an average of five minutes of news per hour, which focused heavily on local stories or the local angle of national and worldwide headlines.³⁴ During this period, most radio stations producing news hired a news director to manage the news staff, supervise the news budget, deal with the radio technologies involved in news operations, and, in general, oversee the station's news coverage.³⁵

Deregulation

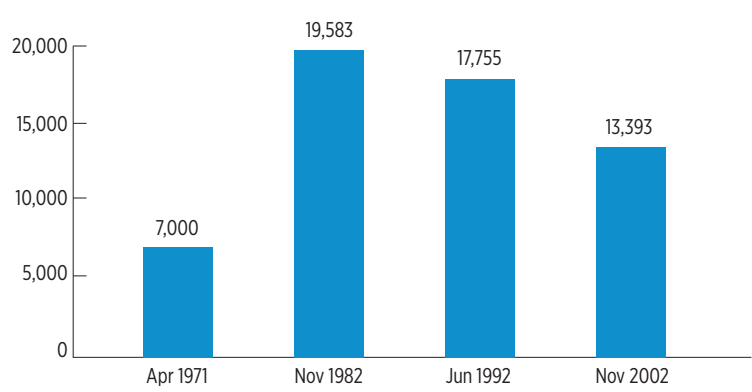
The FCC's deregulatory policies reshaped the radio landscape in the 1980s. Up until that time, radio stations had been offering extensive news and public affairs programming, in part because that's what was encouraged—and to some extent required—by regulators. While local news radio, unlike local television news, was not a guaranteed profit center, stations that offered news benefited from FCC guidelines that guaranteed fast-track processing of station license renewals if the stations offered a certain amount of non-entertainment (i.e., news and public affairs) programming. However, in 1981, the FCC eliminated the guidelines, specifying that news and public affairs should account for 8 percent of programming for AM stations and 6 percent of programming for FM stations. Optimistically, the FCC concluded, "We are convinced that absent these guidelines significant amounts of non-entertainment programming of a variety of types will continue on radio."³⁶

At least in terms of local news programming, this prediction proved to be wrong. Seventeen percent of major-market stations—those serving populations of one million or more—experienced cutbacks in news programming,

while only 2.1 percent reported increases, according to a 1987 study. Among large-market stations—those serving populations between 250,000 and one million—13.5 percent said that deregulation had caused cutbacks in news programming, while 3.8 percent reported gains.³⁷ Scholars, such as John Kittross of Temple University, argued that public affairs programming, including debates, documentaries, and discussions, had substantially declined due to deregulation.³⁸

Additionally, since the FCC no longer required stations to air news programming, many station executives de-

ESTIMATED FULL TIME EDITORIAL WORKFORCE IN RADIO



Source: David H. Weaver, Randal A. Beam, Bonnie J. Brownlee, Paul S. Voakes, and Cleveland G. Wilhoit⁴¹

mandated that news operations show profits, which made it difficult to sustain local news programming.³⁹ At most stations, news coverage was cut to fit into a one-to-four-minute slot, in which one or two major stories were highlighted. Some FM music stations relied on their DJs to provide commentary on current events; others outsourced news reporting to distribution services.⁴⁰ News staff positions, which had risen from 1971 to 1982, declined by several thousand from 1982 to 2002, as the chart at left illustrates.

In 1989 and 1992, the FCC loosened the ownership rules.⁴² In 1996, Congress enacted the Telecommunications Act of 1996, which lengthened radio license terms to eight years, revised the process for reviewing license renewals, and dramatically expanded the number of radio stations an entity could own, eliminating the nationwide cap altogether and setting local limits based on the size of the market. These new ownership provisions had an immediate impact. Rapid consolidation yielded a sharp rise in profits and station valuations as corporations like Clear Channel combined facilities and staff under one roof. Merger and acquisition activity was intense. According to one industry publication, 2,045 stations were sold the year the act went into effect.⁴³ Clear Channel grew from 196 stations in 1997 to a total of 1,183 stations (AM and FM) in 2005. (The second largest radio station owner, Cumulus Broadcasting, had 297 stations.)⁴⁴

John Hogan, Clear Channel's CEO, says that radio is not the highly consolidated industry many people believe it to be:

"We are the largest radio company in the country—we own 857 [FM] radio stations, which sure sounds like a lot—but in fact radio is the least consolidated medium that I can think of. There are well over 10,000 radio stations in the country, and we own less than 1,000. There isn't anybody who's an 800-pound gorilla, despite what people have been led to believe.

"There are enormous economic challenges, there are enormous technological and, in turn, competitive challenges, and while I think radio is a terrific medium and important medium, I think it is as challenged today as it has ever been."⁴⁵

Other radio industry executives, like Jeff Smulyan, CEO of Emmis Communications, argue that consolidation was necessary for firms to survive—and keep pace with the rest of the economy.⁴⁶

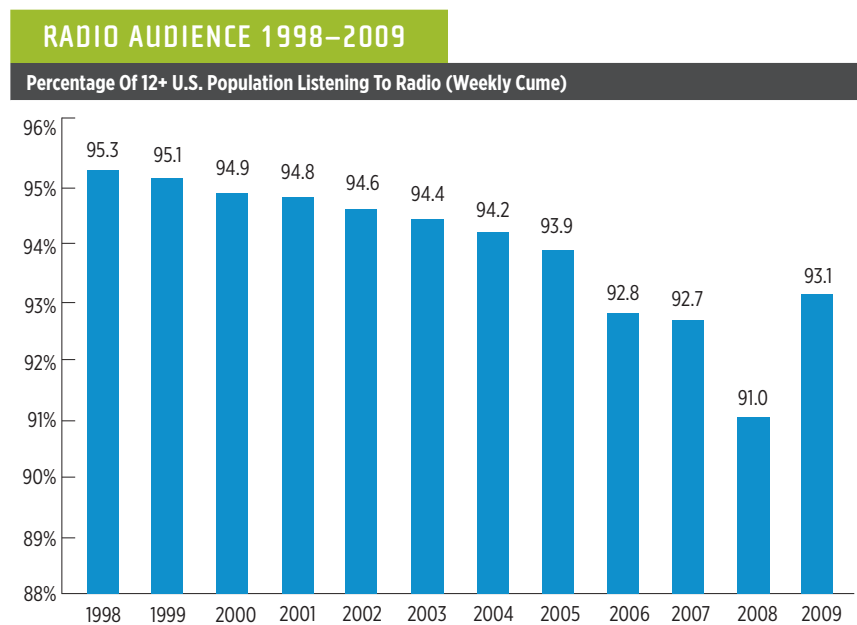
Whether or not consolidation was imperative, its impact has been to make the industry much more bottom-line focused. Analyst Zemira Jones argues:

"This new breed of group owner was much more focused on efficiency and bottom-line performance and top-line growth of audience and revenue. In the 1990s top-line growth was being taken for granted by many of these operators as well as their investors who encouraged the mind-set of leverage, expansion, and quarter-to-quarter growth."⁴⁷

The Current State of Radio

In many ways, radio seems surprisingly healthy. Audiences have declined very little over the last decade and almost 240 million Americans—more than 90 percent of the population over age 12—listened to at least some radio during an average week in the fall of 2010.⁴⁸

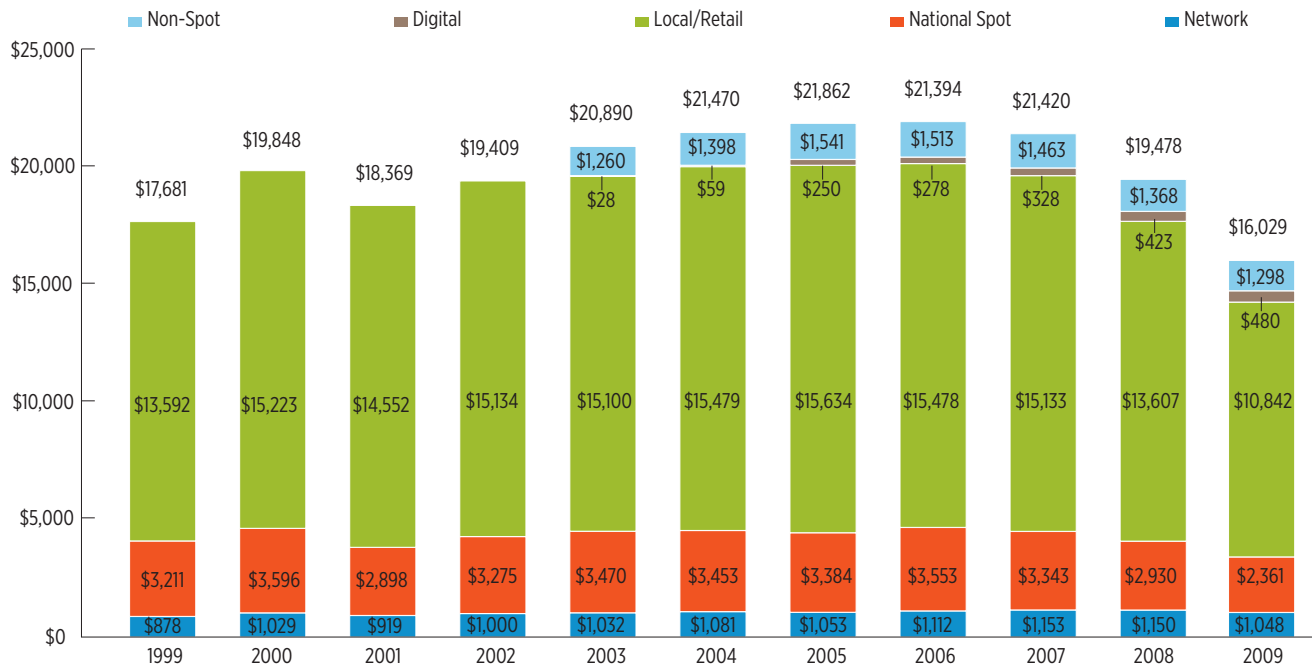
It is true that radio revenues declined in 2008 and 2009 due to the recession, but those declines came after growth in revenues over the prior decade, as the chart on the next page demonstrates.



Source: Arbitron, Radio Today Report: General Listening Series 1998-2010.⁴⁹

RADIO STATIONS REVENUE (1999–2009)

(in millions)



Source: SNL Kagan 10-Year Historical Broadcast Revenue Report: June 29, 2010

With respect to profits, a 2007 FCC staff paper concluded that radio companies earn higher gross profits but lower net profits than the average S&P 500 firm, often because they carry high debt loads and pay high levels of interest on that debt.⁵⁰ Still, radio station profits have remained over 20 percent (with a couple of exceptions) in the last few years.

Local News Radio

But while radio in general has fared reasonably well, local news radio has not. In the mid-1980s, the Radio Information Center reported that there were 50 commercial all-news stations throughout the United States,⁵¹ but in 2010 there were only 30 all-news stations.⁵² Commercial all-news stations serve no more than 30 to 40 percent of the nation's listeners.⁵³

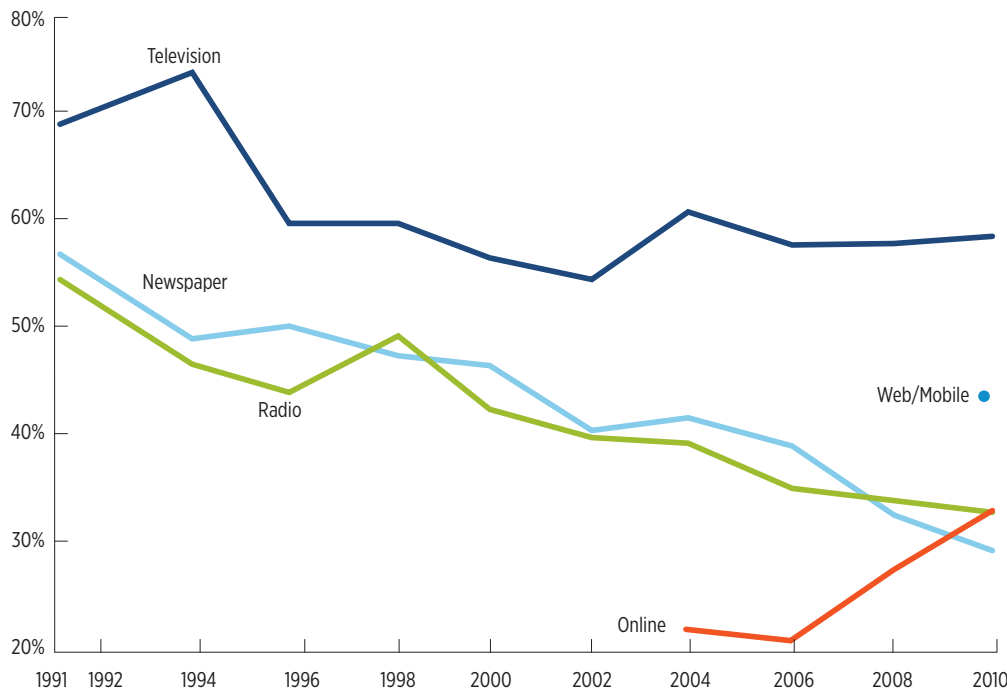
Whether this is the result of consolidation or other factors—such as the growth of the Internet or the economics of news versus entertainment—it is clear that fewer people are relying on radio for their news. The number of people who said that they listened to news on the radio dropped from 54 percent in 1991 to 34 percent in 2010, according to a Pew Research Center study.⁵⁴

This is a much sharper decline than that seen in overall radio listenership, which remained above 90 percent, during the same period.⁵⁵ (Only newspaper readership suffered a greater decline, from 56 percent in 1991 to 31 percent in 2010; while TV news viewership fell from 68 percent to 58 percent during the same period.)⁵⁶

In a recent interview, one of the major architects of radio consolidation, former president of CBS Station Group, Mel Karmazin, explained how competitive pressures led to the decline in local news programming:

“The last thing I wanted to do was commoditize radio. Every station was different, had a different audience, a different fabric, and by putting all these things together you’re going to homogenize and not make it successful standing alone. So, long story short—CBS goes in the same direction as Clear Channel, as ABC, as every other company, and in the course of that consolidation and the course of trying to figure out how to save money—well, gee, you don’t need this many reporters on the street and you don’t need as many people doing public affairs programming.... A lot of these larger companies abandoned what had made these radio stations enormously successful, which was local, local, local.”⁵⁸

WHERE PEOPLE GOT THEIR NEWS “YESTERDAY”



Source: Pew Research Center, June 8–28, 2010⁵⁷

Longtime radio consultant Paul Jacobs, a partner at Jacobs Media, says consolidation has hurt local programming:

“You could almost measure the impact of deregulation [by] reading the trades and headlines. [The headlines about radio] went from content-based stories about great content and great personalities to Wall Street–based stories on radio. All of a sudden, the trades were filled with companies buying others, consolidation, and everything else. The conversations we had to have with [our clients], radio owners, changed dramatically because we had to help them figure out how to completely re-integrate their operations, bring competition into their buildings, and, from a programming standpoint, how to take advantage of owning a lot of stations.... The headcount at radio stations decreased dramatically. Local content, especially news, has disappeared. In a lot of cases, local programming and local focus have deteriorated and have been replaced by a lot of syndicated programming.”⁵⁹

The “hub-and-spoke” system enables large radio conglomerates to have their urban stations produce and package local news stories for sister stations in distant markets. Lee Hood, an assistant professor at Loyola University Chicago’s School of Communication, found that by 2007 more than 40 percent of all radio stations were outsourcing news.⁶⁰ When Clear Channel owned a station in Casper, Wyoming, its news was produced in Denver, more than 200 miles away, and just 4 percent of the stories related to Casper. When the station was sold, however, the news was no longer produced remotely and 41 percent of the stories were local. Hood explained:

“If you listened to Casper news that came out of Denver, you would have thought Casper was a very different place from what I was experiencing on the ground. I was there when they had a parade, and it was like a local holiday with people standing three deep on the sidewalk, and not a single bit got on the newscasts. In addition, there was a forest fire outside of town, and that did not make the local newscast produced out of Denver. I was astonished as to how different my experience in Casper was compared to what I was hearing on the remotely produced newscast.”⁶¹

On the other hand, John Hogan, Clear Channel CEO, explains that radio station owners use the hub-and-spoke system to tailor the news for local audiences.

“I am not sure where the whole notion of hub-and-spoke or that nomenclature comes from, because I don’t think of it that way at all. What I think of is connectivity between markets.

“What we do is gather news from any one of our markets, and we have a number of locations where we have better, more qualified readers of the news. We become more efficient: instead of having news gatherers and anchors in every market, we have news gatherers and anchors in some markets. It’s a way for us to make sure we have the highest-quality presentation of the news. The economy has gotten tougher and tougher and tougher, and we’ve had to stretch to be able to be as innovative as we can, and that’s one of the things that we use.”⁶²

J. P. Skelley, a reporter for KORN-AM in Mitchell, South Dakota—a station that has retained its commitment to locally produced news through several changes of ownership—says:

“From what I have seen, the larger groups such as Clear Channel are focused on the bottom line, [and] when those companies acquire stations, the first thing they want to do is see how much they can get away with.”⁶³

But Clear Channel’s Hogan notes that the content that is of most interest to local listeners is not always local news. When it comes to radio news, he says, often the Clear Channel stations are giving the audience exactly what they want:

“The way that we view local is you’ve got to give the people what is compelling or interesting for them. [A]nd sometimes it might be the school board and sometimes it might be something about Britney Spears and sometimes it might be something about what’s happening in Washington, D.C. We can’t possibly provide resources [enough to] have somebody from every market in D.C. or somebody from every market focused on these entertainment pieces, so we use content from our stations in Los Angeles, which are closer to entertainment. We use content from [our] stations in Washington, and we share those things that are most interesting and most compelling and those things get repurposed. So that way, we have the widest variety in the biggest menu of choices for our listeners. People want to be informed and entertained, and they don’t particularly care where it comes from as long as it connects with them—that’s what they’re really interested in.”⁶⁴

Whether driven by user interest or management preference, radio news staffing has declined sharply. Robert Papper, director of the Radio Television Digital News Association’s RTDNA/Hofstra University Annual Survey, says that the survey sample size makes it difficult to use precise numbers, but the trend is clear: “I can say this without a doubt—there are far fewer stations doing news than 10 years ago, there are far fewer people hired by commercial radio to work in the newsrooms, and the median number of people employed in a commercial radio newsroom has been ‘one’ for quite a few years.”⁶⁵

The latest surveys of commercial radio newsroom staffing indicate, similarly, that most radio newsrooms, if they exist, are small. In 2009, the typical median-size radio station had just one employee working on the news. At the same time, the typical radio news director was overseeing news on three stations, and more than 80 percent of news directors surveyed said they were stretched thinner with station responsibilities that extend well beyond the news.⁶⁶ In 2009, 30.7 percent of news directors oversaw the news on more than three stations, while in 2010, 48.5 percent did. In markets where more than one related station runs news, almost two-thirds (66.2 percent) share a centralized newsroom.⁶⁷

The decline in local news coverage is sharply evident in minority-owned radio stations, as well. As one news commentary noted, “Black-oriented radio journalism in the nation’s capital has plummeted from 21 reporters at three stations, 30 years ago, to four reporters at two stations [in 2003].”⁶⁸ (See Chapter 23, Diversity.)

In the words of one of radio’s harshest critics, Andrew Jay Schwartzman, professor of communications at Johns Hopkins University and senior vice president and policy director of the Media Access Project:

“It [local radio] has largely abdicated its responsibility to generate local news coverage to public radio.”

The aggregate numbers would be even lower if it weren't for a few extraordinary stations that continue to employ larger news staffs to produce local programming, and thus skew the numbers upward. For the past ten years, one such station, 95.9 WATD-FM in Marshfield, Massachusetts, has earned the Associated Press "Bay State Award," which honors the state's best local news operation. Station owner, Ed Perry, and his dozen staffers, plus a squad of volunteers, produce from 15 to 20 original news stories a day. Perry describes his station's niche in the local market:

"In certain times, we would be lucky to have 500 people listening, and that would be when we do special locally serviced things, say a high school football game where we are just doing one community in the area. Then, there will be times when we have 50,000 people listening because there is a storm coming, or something has happened to cause people to turn on the radio, and we are one of the few local voices that has the capacity to really get people out in the field."⁶⁹

Perry explained that he finances the radio station by renting broadcast towers on his property to cellular telephone operators and other tenants.⁷⁰

Dan Dillion, news director at KFDI-AM/FM Radio in Wichita, Kansas, says each of his six full-time reporters is expected to be a general assignment reporter and news anchor, in addition to covering particular beats (e.g. county government, the courthouse, sports):

"This year, more of our reporters are taking video and posting it on our website and posting still photos.... More listeners are going to digital devices such as Blackberries and iPhones, but we still have a number of people, especially in South Central Kansas, who rely on getting the newscast at the top of each hour."⁷¹

Dillon says the entire focus of his newsroom is local news, and it generates good ratings for the station, which has been in business for 50 years.⁷²

Local ownership helps, says Edward Esposito, vice president of information media for Rubber City Radio Group in Akron, Ohio:

"We are owned by a local guy, who lives up the road. We have nine people full time in my news department, down from a high of 16, which I had last year [and] most of whom I got rid of were the part-timers. It's still very important to [the owner] for us to be a creator of content so he can make those individual decisions and say, 'You know what, I'm good at taking less profit margin' or 'I'm willing to stomach a loss in this line item as long as I can generate revenue in another item.' Every time Akron City Council meets, we are there.... We also cover the school board meetings."⁷³

Esposito says it costs in the range of \$600,000 to \$700,000 a year to run a middle-market-size radio newsroom in America, and that in his case the highest cost is personnel.⁷⁴

Many of the successful all news station are located in the largest markets—not surprising given the high fixed costs of creating a news operation. Many of them are CBS affiliates. In big cities, "all-news radio is stronger than it has ever been, in terms of popularity," says Harvey Nagler, vice president at CBS News Radio.⁷⁵ They often rank among the top ten radio stations in the markets. WTOP-FM, in Washington, D.C. is the highest-billing radio station in the nation even though the station services the ninth-ranked market.⁷⁶ "We do this by pushing out useful news and information on FM radio, on HD radio, on streaming audio, on podcasts, text messages, email alerts, tweeters, and tweets," says Jim Farley, vice president of news for Bonneville International, which owns the station.⁷⁷ Other successful all-news stations

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include KCBS in San Francisco, WCBS in New York, KYW in Philadelphia, WBZ in Boston, and WBBM in Chicago,⁷⁸ which draws up to a million listeners a week.⁷⁹

One big-city station, CBS-owned KRLD-AM in Dallas, announced in September 2010 that it would be abandoning its news/talk format for all-news programming. The last time a Dallas station attempted all-news was in February 1996, but the station—94.9 KEWS-FM—dropped the format before the year’s end.⁸⁰ Though the number of all-news stations has risen from 27 in 2009 to 30 in 2010, CBS’ Nagler said he did not believe this development signified future growth in the number of all-news stations beyond the large metropolitan areas. The stations that are currently succeeding have been building brand and audience for a long time, and starting an all news station from scratch would be quite difficult, says Dan Mason of CBS Radio. “Longevity is key factor,” he said. “It is not easy to build a news radio on day one.”⁸¹

Radio’s defenders, like Barbara Cochran, president emeritus of RTDNA, argue that some radio stations with local news reporting infrastructure do make an attempt to provide information in local communities, especially in times of crisis, like the 2010 snowstorm in the Washington, D.C., area. “If you were one of the thousands who were without electric power for several hours or days, you could still keep informed with your battery-operated radio, thanks to all-news station WTOP,” she says.⁸²

According to an Arbitron study, radio played a critical role during the hurricanes that hit Florida and the Gulf Coast in September 2004: “In many cases, while millions of people were without electricity, radio proved to be their only source of information.”⁸³

Ham radio operators and Low Power FM (LPFM) stations also have played a major role in serving communities during emergencies. In New Orleans, after Hurricane Katrina struck, “of the 42 radio stations in the area, only four of them stayed on the air during or right after the storms,” says Prometheus Radio Project founder, Pete Tridish, “and two were LPFM stations, providing vital local service on the power of a car battery.”⁸⁴

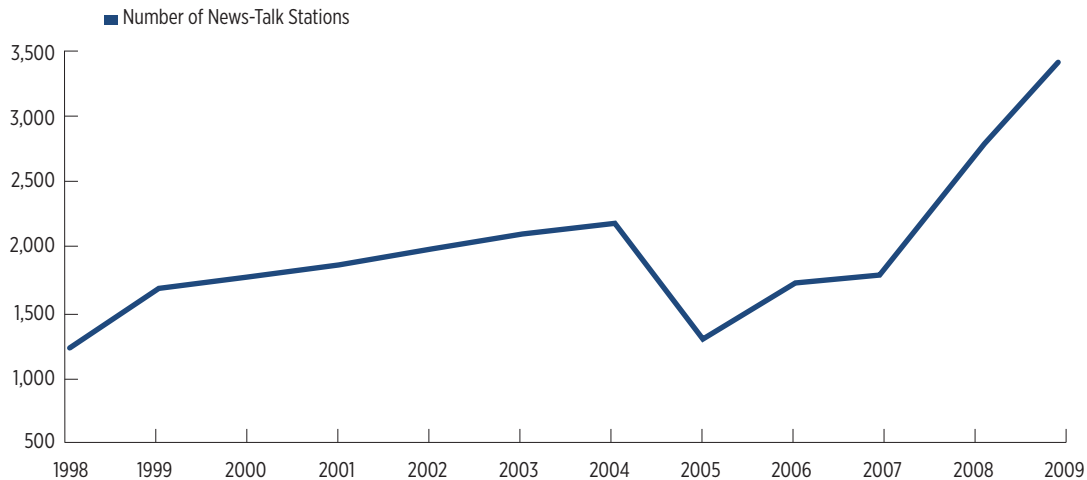
The Rise of News/Talk

While the prevalence of traditional local news radio has declined, the news/talk format has exploded. “News/talk allowed stations to provide news around the clock without the expense,” says Zemira Jones, a former radio station executive. “Talk was cheaper and helps hold audiences longer than all-news did. In other words, an operator could get higher ratings with news/talk than all-news.”⁸⁵

This new type of programming was a boon for struggling AM stations that had been unable to compete with the higher-quality sound that drew listeners to FM. By 2009, an estimated 53 million people were listening every week to news/talk radio, which includes all-news, sports talk, and other talk shows.⁸⁶ Most talk shows use news headlines mixed with selected details of news stories to drive discussion, and the stations broadcasting them tend to have a much higher proportion of formal newscasts than stations with other formats.⁸⁷ Currently, as is noted in Pew’s *State of the News Media 2010* report, “News-and-talk remains the most popular category in broadcast radio, and it [has grown] in both audience and number of stations.”⁸⁸ As seen in the chart below, the number of news/talk stations trended sharply upward, increasing from 2,634 in 2009 to 3,446 in 2010—to make up 24 percent of the country’s more than 14,000 commercial radio stations.⁸⁹

News/talk radio serves an important function in a democratic society by giving voice to millions who use the medium to express their support for or opposition to what the government is doing. But while the increase in news/talk programming means that there are now more stations broadcasting current events, there is an important caveat: the shows tend to be national, not local in their focus. According to a survey done for the FCC’s Localism Task Force in 2005, news/talk radio stations aired 67 minutes of local news and public affairs and 428 minutes of non-local

NEWS-TALK RADIO STATION GROWTH (1990–2009)



Source: Pew 2011 State of the News Media Report⁹⁰

news and public affairs every day.⁹¹ Because it spreads fixed costs, national programming often is more cost-effective for stations than local.

DAILY MINUTES OF LOCAL VS. NON-LOCAL NEWS (2009)



Source: Edison Media Research Radio Recording Data⁹²

The Changing Radio Market

Public Radio

Public radio has stepped in to fill some of the gaps in local news left by commercial radio. As Kenneth P. Stern, former CEO of National Public Radio, explained:

“The consolidation of commercial radio and the very significant reductions in local news [on the radio] created an open playing field for NPR and local public radio. The big local news all-news stations like WCBS-AM and WTOP-AM/FM still draw very large audiences but there are fewer and fewer of those stations, and the demise of serious local and national radio news created a real opportunity and mission for NPR and public radio. We decided to go at it hard to fill this growing vacuum, because we saw both a marketplace and public service opportunity.”⁹³

Public radio now deploys more than 1,400 reporters, editors, and producers in 21 domestic and 17 foreign bureaus, more than any of the broadcast TV networks. There are 185 self-defined all-news public radio stations. From 2004 to 2009, the number of stations carrying local news or talk programming rose from 595 to 681, and the number of hours such programming aired each week increased from 5,182 to 5,693.⁹⁴ But while public radio does more local news and public affairs than public TV, and more than commercial radio, these are mostly small-scale operations. Only 15 percent of local public radio stations have three or more reporters; only 4 percent have more than three editors.⁹⁵ (See Chapter 6, Public Broadcasting.)

Radio played a critical role during the hurricanes that hit Florida and the Gulf Coast in September 2004: “In many cases, while millions of people were without electricity, radio proved to be their only source of information.”

Low Power FM (LPFM), a non-commercial service which beams signals short distances, has spawned several hundred stations, and some believe it can become a source for hyperlocal audio. (See Chapter 10, Low Power FM.)

Satellite Radio

Satellite radio got its start in 1997 when American Mobile Radio Corporation (the predecessor of XM Radio) paid \$89,888,888, and Satellite CD Radio (the predecessor of Sirius Radio) paid \$83,346,000, as the winning bids in an auction to operate a digital audio radio service in the 2320 to 2345 MHz spectrum band.⁹⁶ The companies planned to use state-of-the-art satellite technology to provide CD-quality music and information to a nationwide audience.⁹⁷ As a condition for authorization to use terrestrial repeaters, the licensees agreed not to use them for locally originated programming that was not also carried on their satellites or to seek local advertising revenue.⁹⁸ In 2002, shortly after satellite radio’s debut, the service was seen as a niche offering that would serve long-distance truckers and music aficionados but not threaten the existing radio market. Soon, though, XM Satellite Radio began to install hundreds of terrestrial radio repeaters that could enable it to transmit local programming to local subscribers, raising fears in the radio industry that XM’s intention was to become more than a national service. When XM and Sirius merged in 2008, at the request of the broadcasters, the FCC reaffirmed the prohibition on satellite radio offering locally originated programming and seeking local ad revenue.⁹⁹

After years of losing subscribers and revenues, satellite radio appears to be in stronger shape: In 2010, Sirius XM subscriptions grew 7.5 percent to 20 million and revenues rose 12 percent to \$2.8 billion.¹⁰⁰ Increased public awareness of satellite radio may explain the turnaround.¹⁰¹

Sirius XM CEO, Mel Karmazin, is upbeat about the future of satellite radio, noting that his company has long-term agreements with the automobile manufactures to put satellite radio in every car. He also cites an Arbitron study that found that more than 35 million people listen to Sirius XM in the car.¹⁰²

Internet Radio

As with written content, the Internet has transformed both the user experience and business models for audio. The Internet nullifies one of the fundamental characteristics of terrestrial radio—its boundedness to geography. Up until the digital revolution, a radio station’s reach was physically constrained by the power of its transmitter. Now, the Internet makes it possible for every piece of audio content, whether created by a tiny LPFM station or a national network, to find a national or international audience. Listeners who have a particular passion that might be unusual in their community, can find audio that originates in another region. The fly fisherman who lives in a big city, the New York Yankees fan who lives in Iowa, the soldier from Montgomery, Alabama, the only Cambodian in a Midwestern town—they can all access audio on the Internet that speaks to their interests and that they cannot get through terrestrial radio. What is more, every local radio show has the potential to be national, to reach audiences far and wide.

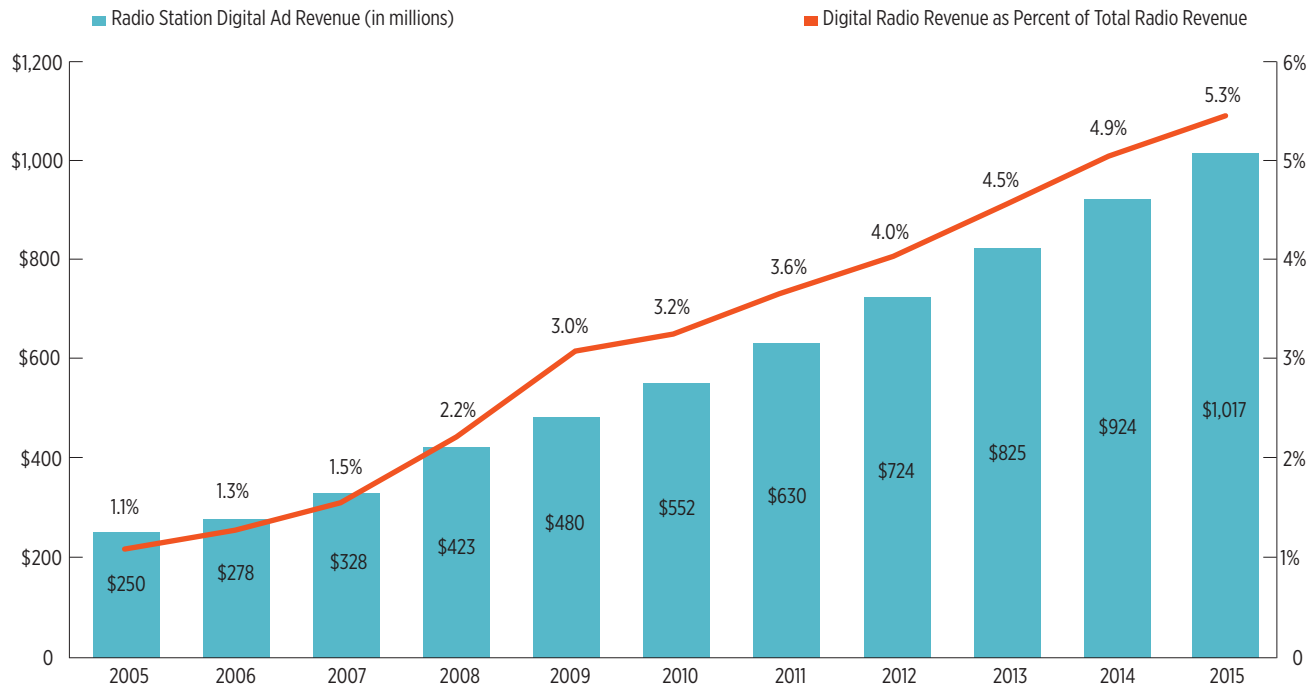
Radio critic Alan Hoffman described Internet radio’s appeal:

“Internet radio explodes the boundaries of radio broadcasting, opening up a universe of stations offering far more diversity than what is available on the traditional radio dial. Once you start listening to Internet radio, the limits of AM and FM—a limited number of stations, within a limited geographic area—seem like a throwback to another era. Net radio provides possibilities for listening well beyond the advertising-soaked sameness of the commercial stations available.”¹⁰³

Although only a small number of Americans (17 percent) reported listening to online radio in 2010, the major shift in their listening choices is of significance. For the first time ever, more Americans (55 percent) listened to online-*only* radio (like Pandora or Slacker Radio) than to online streaming from an AM or FM radio station (40 percent).¹⁰⁴ And an increasing number say that they are hoping to get Internet radio in their car.¹⁰⁵

“On-demand audio” has been with us—in significant volume—for quite a while, in the form of podcasts and other types of downloadable audio. Twenty-three percent of surveyed Americans said they downloaded podcasts in 2010, compared with 11 percent in 2006.¹⁰⁶ However, only 4 percent said they downloaded a news podcast “yesterday.”¹⁰⁷

RADIO STATION DIGITAL AD REVENUE PROJECTIONS



Source: Radio News, citing SNL Kagan¹⁰⁸

As of November 2010, there had been only 1,110 “news and politics” podcasts created—compared with 48,984 in the “general” category, 10,524 in “music,” and 2,991 in “business.”¹⁰⁹

Each new technology development brings more ways to listen to audio online. Pandora, the service that allows users to create their own Internet-based music program, is widely used on computer desktops and newer smartphones, and the Pandora application is one of the five most popular on all smartphone platforms.¹¹⁰ Also attracting listeners is Stitcher, which provides a similar service for online news and podcasts.¹¹¹

But while publishing text online is invariably less expensive than doing it in print, publishing audio online in many cases is *more* expensive than broadcasting it. As Bill Kling of American Public Radio explained:

“We can reach 14 million people in Los Angeles with a transmitter that runs on 600 watts of power. If we tried to reach 14 million people with broadband... we’d be bankrupt. We spend now \$500,000 a year in our company alone on broadband spectrum in order to serve the audiences, and I don’t think everybody realizes that every time you download a podcast or stream audio... it’s a collect call to us.”¹¹²

Another difference between Internet audio and broadcast radio relates to local advertising. Currently, if a local business wants to reach a local radio audience, they have little choice but to go to a local radio station. As Internet radio gains popularity, they will have another option: to place ads on websites that target local listeners without necessarily offering local content. This may be good for local businesses but could harm the business models of local radio.

In addition, it is not yet clear whether ads associated with online content—whether they’re presented before, during, after, or alongside the audio itself—will be able to garner comparable rates to those for broadcast ads or whether revenue from them will be enough to make up for the increased costs of streaming.

The Internet nullifies one of the fundamental characteristics of terrestrial radio—its boundedness to geography.

Internet companies have experimented with a range of business models—including advertising, per-download fees, and monthly subscriptions—to try to make the business of providing online audio content financially viable. As in other Internet industries, it remains to be seen which models will take hold and how they will evolve. SNL Kagan projects that online radio revenue will rise from \$552 million in 2010 to \$1 billion in 2015.¹³

Perhaps journalist Peter Goodman best captured the uncertainty and hope in radio today, in this description:

“Radio is under assault—from the sky, from the computer, even from tiny low-powered stations that threaten to sneak in under the radar.... It may still be called radio in 10 years, for lack of a better word, but that familiar world of transmitters, antennas, and frequency and amplitude modulation... appears to be going through changes that will add up to a revolution in how we get food for our ears.”¹⁴

Radio, like other media platforms, is struggling to find a new revenue model ideal for the Digital Age. “The digital channels and the evolution of technology and how people are getting their information from so many different sources is the biggest challenge the industry has ever faced,” says Harvey Nagler, vice president at CBS News Radio.¹⁵

Conclusions

Given its origins as a fundamentally local medium, it is ironic that radio now excels at national programming. On the one hand, the industry seems economically healthier than might have been expected. On the other hand, regulatory and economic changes have dramatically reduced radio’s role in delivering local news. Satellite radio was blocked from trying locally originated programming, but far fewer commercial radio stations do homegrown local reporting, anyway, and the number of all-news stations has dropped sharply. It is possible that local news will, over time, become the province of public radio, which now has six times as many stations doing local news as the commercial broadcasters. But their resources are limited, and it is unclear whether they will be able to sufficiently fill the breach.

In some ways, radio should have an easier time adapting to the Internet economy than TV. It is far cheaper and faster to transmit audio online or through a phone than video. In that sense, the question is not whether audio will be popular in the new media world. It already is. What is less clear is whether commercial business models will emerge that will once again make local “radio journalism” seem profitable.

