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Chapter Recaps & Study Guide

Chapter 11: The Radio Industry

Digital sources of music, including MP3s and online streaming services, have deeply impacted terrestrial radio, which attempts to compensate through targeting specific audience segments and joining online activities.

Chapter Objectives:

1. Sketch the history of the radio industry.
2. Explain the relationship between advertising and programming.
3. Detail the role of market research in the radio industry.
4. Examine critically the issues surrounding the consolidation of radio station ownership.
5. Discuss ways in which new digital technologies are challenging traditional radio.

The Rise of Radio

Three themes emerge in the history of radio:

- 1. Radio, as we know it, did not arrive in a flash as a result of one inventor's grand change. (302)
 - See figure 11.1 for a timeline of these technological developments and more. (304-305)
- 2. Radio as a medium of communication developed as a result of social, legal, and organizational responses to technology during different historical periods. (303)
 - Technology was particularly important to radio's development. A patent trust was developed so that companies could share the patents and keep other companies out the industry. (306)
 - U.S. courts broke the patent trust as a monopoly, paving the way for advertiser support, networks, and federal regulatory bodies to serve the "public interest." (306)

- 3. The radio industry developed and changed as a result of struggles to control audio channels and how they reached audiences. (306)
 - Audio channels were broadcast through AM (amplitude modulation) and FM (frequency modulation). (307)

An Overview of the Terrestrial Radio Industry

- Despite competition from digital media for advertising and audiences, the number of stations has increased. (308)
- Ownership of stations in and around big cities has become concentrated. (308)
 - Nielsen, the company that measures radio audiences, says that more than 91 percent of American ages 12 and older listen to the radio each week. (308)
 - Nielsen also says that total listening time is in decline over the past few years for both in-home and out-of-home listening. (208)
 - The industry can be divided into AM and FM stations and into commercial, which receive support from advertising, and non-commercial stations, which receive financial support through other means. Each of these station types have characteristic formats. (308-309)
- Radio market size
 - Market size tends to determine the number of stations available to consumers. (309-310)
 - Program format segmentation has accompanied audience segmentation. (310)

Production in the Radio Industry

- A format is the “personality” of the radio station, which is used to target a particular audience segment. Country music comprises the largest number of stations in the U.S. (311) See Table 11.3 for more. (312)
- A radio station’s format is governed by four parameters: the style of music the station plays, the time period of the music’s release, the music’s activity level (its dynamic impact), and the music’s sophistication (simplicity vs. complexity). (311-313)

- There are numerous program formats, sometimes determined with the help of a format consultant. (See Table 11.4 on p. 313-315)
- The term narrowcasting refers to radio's ever more specific targeting of audience segments. These segments tend to be especially attractive to advertisers. (315)
- Radio programmers try to determine listening patterns, or the habits that describe people's uses of radio, of their targets in order to reach them; stations try to develop personalities that listeners can readily recognize by means of so-called interstitials (jingles, speech patterns, etc.). (315-316)
- The general manager is in charge of the station's entire operation, and the program director is in charge of maintaining the station's format or sound; on-air talents work within the format and have several responsibilities during a typical on-air shift. (316-317) (See figure 11.3 for the organizational structure of a typical radio station on p. 316)
- In order to maintain the integrity of the station format, DJs pull music from the station's established playlist, formulated from audience research involving burn music tests and focus groups. (317-318)
- Stations use a so-called "format clock" or "format wheel" (a circular chart) to help on-air personnel maintain the requirements of the format. (319)
- Morning and afternoon drive-times are the periods of the day when most stations have their largest audiences and when the advertising rates are highest. (319)

Distribution in the Radio Industry

- Networks, which distribute a regular schedule of programming to radio stations, and syndicators, which licenses programs on a market-by-market basis, provide programming geared for specific formats and aimed at specific audience targets. (320)
- Format networks provide a subscribing station with all of its programming while automatic technology keeps the station on the air and running; such stations have little or no local programming. (320-321)
- Syndicated programming comes to stations often without costs. Instead, a barter allows the program to air and the station gets to keep several minutes to sell advertising. (321)

Exhibition in the Radio Industry

- In radio, the exhibition point is the moment at which the program is broadcast. (321)
- There are several different kinds of advertising in radio: spot advertising with messages from major national advertisers, network advertising from the networks, local advertising from local businesses, digital advertising from a station's website and / or app, and off-air revenue, such as staged concerts. Local advertising, in particular, plays an important role in generating revenues for local stations. (321-322)
- Advertisers rely on audience research companies for information about radio station audiences; research is based on keeping listening diaries, portable people meters, focus groups, and telephone surveys. (322-323)
- Poor ratings often lead to changes in personnel, and sometimes result in format changes, even though this is a risky move. (324)

Radio and the New Digital World

- During recent years, radio revenues have been creeping upward, in part due to digital sales and off-air revenues, which did not exist a decade ago. (325)
- Satellite Radio requires a special receiver. Sirius XM Radio provides the subscription-based programming. The company also has been experimenting with a streaming platform. (See Figure 11.6 on p. 326; 325-327)
- Online radio, also called audio streaming, uses the technologies at the core of the Internet. Two types include streaming by category or interest and streaming on demand, such as through Spotify. (327-328)

Traditional Radio's Responses to Digital Music

- While digital options do cut into terrestrial radio's industry, some people hold power in the curation function of traditional radio, meaning that radio still tells people about new music. (329)
- HD, or hybrid digital/analog radio, expands the number of stations available on a frequency. (329)
- But digital options also allow and encourage curation among friends and other listeners. (329)

- One advantage is that most cars still come with radios, though more and more cars now offer easy connecting with mobile devices, enabling streaming and other digital music access. (330)
- CBS's efforts with last.fm represent a changing radio industry that must find it itself beyond the AM and FM bands. (330).
- Terrestrial stations also join the online activities, including site streams, listener incentives, and other features. (330)

Media Ethics and the Construction of Radio Audiences

Three questions to ask about audience research (330-331):

- How do the methods used in audience research affect the kinds of facts collected about the people who use a medium?
- How do these facts, in turn, lead to certain ideas or pictures of those people?
- How do these ideas and pictures affect the extent to which, and the way in which, advertisers want to spend money to reach them?