



Future of Music Coalition

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Commercial Radio Station Ownership Consolidation Shown to Harm Artists and the Public, Says FMC Study

Small Number of Gatekeepers Dominate Access to Critical Public Resource

Detailed fact sheets on the report, the issue and state-by-state data available.

WASHINGTON -- The unprecedented consolidation of the commercial radio industry that followed the Telecommunications Act of 1996 has led to a loss of localism, less competition, fewer viewpoints and less diversity in radio programming in media markets across the country, according to "Radio Deregulation: Has It Served Citizens and Musicians?" a study released today by the Future of Music Coalition (FMC).

"Our report clearly demonstrates that the radical deregulation of the radio industry has not benefited the public or musicians," said Jenny Toomey, executive director of the Future of Music Coalition. "Instead, it has led to less competition, fewer viewpoints, and less diversity in programming."

The Federal Communications Commission (FCC) has recently commenced the third biennial review of broadcast ownership rules and released a series of studies to support its policy decisions. "The public deserves a full debate about how consolidation has changed, and is changing, this critical public resource," said Michael Bracy, Director of Government Relations of the Future of Music Coalition. "We are filing our study today at the FCC as a public comment, and look forward to reading the response from citizens and broadcasters alike."

"Radio Deregulation: Has It Served Citizens and Musicians?" utilizes industry data to demonstrate that deregulation has failed to benefit both musicians, who rely on access to radio to promote their music, and citizens. The FMC's report has found that, contrary to the claims of commercial broadcasters, radio consolidation has had profound and negative effects on this democratic medium. Key findings include:

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- **Ten parent companies dominate the radio spectrum, radio listenership and radio revenues.** An industry traditionally local in nature is now dominated by ten parent companies that control two thirds of both listeners and revenue nationwide. Two parent companies – Clear Channel and Viacom – control 42 percent of listeners and 45 percent of industry revenues.
- **Oligopolies control almost every geographic market.** In virtually every local market, four or less firms control 70 percent of market share or greater. In a majority of cases, these oligopolies include one or more of the dominant national players. This has led directly to a loss of localism, as independent station owners have difficulty competing with the resources of huge conglomerates.
- **Virtually every music format is controlled by an oligopoly,** with four companies or fewer controlling over 50 percent of national listeners in 28 of 32 formats according to three separate measures: self-reported formats, BIA format categories and *Radio and Records*-based categories. A very small number of gatekeepers control access to the majority of listeners to specific formats.
- **Claims about increased format diversity are misleading.** From 1996 to 2000 format *variety* – the average number of formats available in a market – increased in both large and small markets. However, format variety is not equivalent to true *diversity* in programming. Analysis of music chart data in the report reveals considerable format homogeneity, with many songs overlapping on various format playlists.

The state of commercial radio directly impacts musicians and citizens. The consolidation of station management, coupled with industry trends toward shorter play lists and streamlined program decision making, means a very small number of “gatekeepers” control access to the public airwaves. Since one of the five major labels release between 80 and 100 percent of songs on the charts, artists are often forced to balance their hopes of gaining significant radio airplay against having to sign much-maligned major label contracts and transferring their ownership and control of their work over to their record company.

Consumer groups, unions, academic researchers and music-related organizations applauded the release of the study. Author and media scholar John Nichols said:

The Future of Music Coalition has exposed the extent to which concentration of ownership and rank commercialism has denied the democratic promise of radio. This is a breakthrough study that will be referenced for years to come as the document that quantified a growing sense of unease with what radio has become.

Ann Chaitovitz, National Director of Sound Recordings, American Federation of Television and Radio Artists (AFTRA) said:

Royalty artists are a significant part of AFTRA’s membership, and radio consolidation has harmed them. The FMC study has proven what recording artists have known -- radio

consolidation has resulted in less variety of music being played on the radio, shorter playlists, homogenization of playlists, and less local music being broadcast.

The report also serves as a cautionary tale for other media on the verge of deregulation. Mark Wahl, Project Director, Center for Digital Democracy said:

This report is a wake-up call, for the same FCC policies responsible for radio's decline into homogenous oligopoly are now being imposed upon the high-speed Internet. If allowed to proceed, Mike Powell's radical deregulatory agenda will result in the Clear Channelization of broadband, threatening online openness and competition, reducing diversity of expression and inhibiting democracy.

A collection of statements from other organizations and individuals including Consumer Federation of America, Media Access Project, American Federation of Musicians, American Federation of Television and Radio Artists, Artist Empowerment Coalition and the Louisiana Music Commission is available at <http://www.futureofmusic.org/research/radiostudy.cfm>

Results of a national telephone survey of 500 adults conducted by the Behavior Research Center were released in May 2002. This survey found widespread support for congressional action to hold the line on consolidation, outlaw payola-like practices and expansion of community-based Low Power radio stations. The complete survey is included in this report and is available online at <http://www.futureofmusic.org/research/radiosurvey.cfm>

In addition to the morning's press conference, at 2:00 PM FMC will also host a live, 2-way teleconference via telephone to service interested journalists who are unable to attend the Washington, DC briefing. Dial 1-800-247-5110, code 220033. An audio recording of the teleconference will be available at within one hour of the call at: <http://www.yourcall.com/real/players/mr111802.smil> .

The Future of Music Coalition is a nonprofit collaboration that identifies and promotes technologies, policies and business models that can benefit artists and citizens. In January 2003, the FMC will host its third annual Future of Music Policy Summit, a three-day conference focusing on policy issues of concern to musicians and citizens. Information about the conference is available at <http://www.futureofmusic.org/events/summit03/index.cfm>.

The entire study can be downloaded [PDF] at <http://www.futureofmusic.org/images/radiostudy.pdf> .

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