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## The Future of Radio

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# The Future of Radio

## Samuel Murray, Journalism

### Introduction

- Radio has survived different waves of advanced technology throughout its existence. Television, music videos or streaming services have not been able to put it out of business. Why is this the case?
- Each format of radio today has different business models they have adapted over the years to keep them afloat. Whether it is profit models such as commercial or non-commercial, or frequencies like FM or AM or Satellite, each station operates on unique practices.
- Thesis: Radio has evolved into many diverse outlets over time; it is impossible to adopt one successful business model to follow. However, the market and technology for radio is always changing and in 20 years how we listen to radio and how stations will adapt to it will affect even the most successful stations.

### Methods

#### Field Work



- Hopped in my Honda CRV and traveled around New England to interview members of different radio stations.
- Conducted interviews over the phone with different radio stations.

#### Research

- Researched history of stations – who owns the signal, parent company etc.
- Identified marketing and advertising strategies.
- Reviewed financial records.

### Results

As my thesis predicted, each different type of radio station had a business model that made it unique. I will break down each pairing and which stations I modeled my examples off of and studied:

- Commercial  vs Non-Commercial 
- **Commercial:** Advertising revenue business model. Most music and sports stations adopt this model. Do not charge for the product but instead sell advertising space over the air, social media and websites. Most stations also generate revenue through hosting events featuring their radio personalities. In today's market this approach relies heavily upon digital marketing and digital sales targeting.
- **Non-Commercial:** Donation based business model. Typically non-profit or university radio stations. Garner funds through fundraising “share-a-thons” crowd-funding opportunities and selling merchandise. In university radio stations the funding is often backed by student fees or fundraising. Stations rely heavily upon establishing one-on-one relationships with listeners for donations.

- AM  vs FM  vs Satellite 

- **AM:** Cater to what their target audience wants. Smaller audience so freedom to continually change content and adapt to consumers needs. Preference for commercial or non-commercial does not matter. Offer a unique niche of programming for target audience (Ex: Talk show centering on certain town's politics). Operate on smaller frequency so less opportunity for growth.
- **FM:** Cater to what their target market wants. FM commercial based stations typically stick to one genre (rock music, sports and sports talk, politics), non-commercial has more flexibility. Heavy competition between commercial stations allows for selective genre in different markets, making it ratings driven. Most offer online streaming alternative.
- **Satellite:** Cater to no particular target audience or market. Offer subscriptions that allows listener access to hundreds of different “channels” that offer multiple genres of music, sports and talk. Accessible by car (as long as signal can reach) and online. Monopolistic competition through Sirius XM.

Images of station logos are for the following: Commercial (WEEI), Non-Commercial (WRIU), AM (WVBF), FM (WPRO), Satellite (Sirius XM). Microphone(s) come from the following URL: <http://www.freepngimg.com/music/microphone>.

### Discussion

- For commercial, the shift to digital marketing and advertising is important to keep up with the changing culture of listening options. Success depends on advertisers.
- For non-commercial, university funded stations will survive as long university supports them. For donation-based, success depends on relationship with listeners.
- Stations can operate on both AM and FM frequencies, like WPRO. AM has lower operation costs and can survive on less, but they have already lost a great deal of listeners to FM and Satellite. Keeping niche audience happy is important for survival. FM needs minimal competition in their market for their genres to survive. Both AM and FM commercial are ratings-dependent for advertiser revenue. AM and FM non-commercial are dependent on donations and fundraising.
- Satellite is seeing listeners tune away because of the subscription model. With online streaming the once lure of listening to radio anywhere is driving listeners away from satellite.
- The best business model longevity wise: FM non-commercial
- Conclusion: Sooner rather than later, an increase in streaming online will occur as more apps are developed. Stations can still operate on their frequencies but have to adopt a streaming option if they haven't already.

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