

FCC Testimony December 11, 2006

I am Bayard Walters, past chairman of the Tennessee Association of Broadcasters. I am a Nashville resident since 1974 and licensee/owner of two Nashville FMs since 1990. There are approximately 61 AM and FM radio stations licensed to the Nashville listening area owned by about 38 different licensees. Today's topics are: #1 Are there opportunities for local or new artists to be "on the radio" in Nashville and elsewhere. And #2 has ownership consolidation worked or been positive. The answer to both topics is "YES", though different companies handle things in different ways.

As for #1. Our WBUZ 102.9 has for years had a two hour weekly show called "The Local BUZZ". We spotlight local rock bands and band members are guests to talk and play at the studio. Many have gone on to sign record deals and launch careers. WSM's Grand Ole Opry has featured and promoted more new and old country artists and music than virtually anyone. It continues today. Does everyone who wants to be on the radio, get on the radio. The obvious answer is "no". But many do. Many stations give focus to home-grown talent. Our WCRC-FM in Effingham, Illinois for six hours each Saturday morning highlights local area music and bands. Effingham is at the crossroads of two major interstates ...I-70 and I-57. Every weekend many artists' busses cross that intersection within a half mile of our studio. They are welcome to stop. They just don't. By the way, WCRC is 50,000 watts and has 7+ Super Walmarts under its signal who sell a lot of music. Radio, particularly in small towns, is historically a great place to break music, but it is ignored by the four or five international companies in the heavily consolidated music industry. I can not speak to other top 50 markets, but Nashville is a place where artists and writers are welcomed and appreciated on the radio. There are those who say that broadcasters "don't do enough". What is the balance in presenting "local and new music" vs. what the public seems to indicate it wants to hear through ratings and purchases? It does not seem to me that the license says "market for free the music of whoever wants to be on the radio". The music business is different than the radio business. I love the music, but the most important thing we do is "localism" between the songs".

Now to Question #2: Does or has consolidation worked. The short answer is “yes”. In some areas there is a radio station for every few thousand people. Cable, newspapers, magazines and the internet are unregulated and have subscription and other revenue in addition to advertising. Radio is “free” to the public and the only major revenue source for a radio licensee is from client advertising. In the early 90s half the radio stations were losing money. Many smaller town stations are viable today because of the consolidation opportunity. In our case, we operate 20 other stations in small town Kentucky, Indiana and Illinois. 6 of them are AMs that would be off the air if not for consolidation. All but one were bought in financial distress. The one was built from scratch 34 years ago. Today all are part of small clusters providing alternative programming that might not be available without consolidation. Now, let’s talk about your real question...BIG companies. There are 11,000+ commercial radio stations. The biggest 5 companies own 2,000 stations. The next 20 own only 1,000 stations. The next 8,000 stations have more than 3,000 different owners. There are more different licensees today than there were in 1972. Those five largest companies are the only radio licensees that own more than 100 stations. Number 25 owns only about 28 stations. Most radio licensees large and small own less than 10 or 15 stations and operate in less than 5 markets. None of them could be considered as “over consolidated.” It is true that Clear Channel Communications is the largest radio player with 1,100 stations and notable plans to downsize from smaller markets. The #5 largest company has 120 stations. As noted, the #6 largest has less than 100 stations. We are “not all big and even the biggest are not all bad.” In Nashville Clear Channel has excellent local management. Their stations provide excellent service and, I hate it, but the public chooses to listen to their stations most. Their WLAC-AM is a new leader. I doubt it has made money in years and is funded by their FMs. I personally have business issues with Clear Channel, but it’s not because of the quality or service of their radio stations. At licensing the FCC should review the unregulated horizontal and vertical business activities of the larger companies. Many have significant impact on our industry and give larger players some unseen leverage, access, and power. The radio business is competitive. More than 80% of the Advertising business for big stations in large markets is with Advertising Agencies. At small stations, in big and small, towns most of the business is local. But the bigger box stores are coming and changing that.

Thus consolidation opportunity is even more important in smaller towns to compete against other media and be viable as a “free” local service. It takes a lot of effort, money and time to get permission to build a new station and then a lot of effort, money and time to introduce it and sustain it. Of the 16 FMs of which I am licensee of, 13 were built from scratch or totally rebuilt. Since 1972 that number exceeds 20 stations built/rebuilt. In the 70s, Nashville had fewer stations. WLAC and WSM could each get a 20+ share of audience with one radio station. Those stations are still here and owned by larger companies, but it takes a cluster of several stations to get the listeners and advertisers that one station could get 35 years ago. There is lots of competition in Nashville and nationwide. 3,000 plus licensees for 11,000 radio stations is not over consolidation compared to five world-wide music companies. These radio licensees try to serve their communities. They are usually not large companies. In big markets for any kind of business, it takes a lot of resources to compete. Broadcast licensees large and small just ask for FAIR RULES as we assure localism in our communities with free over the broadcasting. Thank you for your attention.