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Has radio blown the future?

Less than a year before digital radio services are due to launch in Australia, one of the UK's biggest commercial radio operators, GCAP, is quitting the medium. In its view, Digital Audio Broadcasting [DAB] 'is not an economically viable platform for the Company'. It's not great news for those Australian Santas who were looking forward to spending December at Harvey Norman, buying up fancy new radios for their loved ones.

GCAP owns a 63% stake in Digital One, the company that founded commercial digital radio broadcasting in the UK more than a decade ago, and analogue FM and AM radio stations in more than 40 cities. These stations include Capital 95.8 and Choice FM in London and the national Classic FM, Xfm and One networks.

Britain's commercial digital radio pioneer thinks it has a future in analogue FM radio and online audio, but it is selling its shareholding in Digital One for 'a nominal sum' and closing two radio stations it produces exclusively for digital transmission, Planet Rock and theJazz. The station closures are occurring despite increases in weekly reach to 563,000 and 364,000 listeners respectively in the last survey of 2007.

Some are interpreting this as a dreadful vote of no confidence in digital radio by a commercial organisation uniquely placed to understand its possibilities, operating in a market where the medium has been relatively successful. Others are suggesting GCAP is jumping just as digital radio is finally starting to work.

The UK is not the only market having problems with digital radio. In Canada, where services started in 1998, the communications regulator concluded a year ago that 'the adoption of the new digital radio technology by consumers and the switch-over by the radio industry to digital is now effectively stalled'. Some digital stations had ceased operations, the extension of services had halted, and there were 'only token efforts underway to promote the digital radio services that have been launched'.

Across the border in the United States, two operators have been fighting a huge battle for subscribers to digital radio delivered by a mix of satellite and terrestrial transmission. Charging \$US12.95 a month each and offering a total of more than 300 channels, they've both been growing rapidly, and now have more than 8 million subscribers each. But they are losing a fortune—a combined \$167 million in the third quarter of 2007—and are now merging, promising a cut-price package of 50 channels for \$6.99 a month or a bells-and-whistles combination for \$16.99.

What went wrong with radio's digital future? And should Australia's radio stations, currently investing millions of dollars to embark on their own DAB mission from 1 January 2009, be worried?

Australia was supposed to get digital radio years ago. When communications minister Richard Alston released the policy about digital TV in March 1998, a plan for digital radio was announced as well. The two were treated like urgent, overdue twins as the Dot Com boom approached its zenith. All media were going digital. TV and radio would have to be part of it.

Existing broadcasters would get extra spectrum to introduce new digital services alongside their continuing analogue services. They also got a guarantee of no more commercial competitors for several years. At some point in the future, the analogue services would be shut down. The spectrum would be handed back and reallocated for new kinds of service, although that expectation was much more clearly stated for TV than for radio.

Free-to-air digital TV services started on time in the major Australian cities in 2001. Digital radio dropped off the agenda. Commercial stations couldn't see where the extra revenue was going to come from to pay for the transmission infrastructure. The ABC couldn't imagine a hostile government giving it more money for anything. Non-profit community radio stations were flat out paying for the technology they already had.

Audiences, however, got new radio services without the need for digital transmission technology. Since the early 1990s, around 100 new commercial stations, 200 community stations and over 250 special interest 'narrowcasting' services have been licensed across the country to use frequencies mainly on the FM band. Hundreds of new transmitters have enabled the ABC and SBS to establish new networks and expand existing ones. These new or expanding operators all had an eye on the prospect of digital transmission, but they were more worried about making their new analogue stations successful.

Doing without digital radio didn't mean Australian audiences had to do without new digital listening choices. The internet increasingly delivered streamed and podcast audio files from anywhere in the world to personal computers and portable MP3 players. This was a boon for the creators of music and talk as well as the listeners, although it presented profound challenges to incumbents in the recorded music and radio broadcasting businesses.

Eventually, the Australian radio industry's fears drove it to action. Alan Jones and other radio industry heavyweights were dispatched to Canberra to warn of the end of the world and the Government acted on digital radio—again.

The radio industry was terrified of an audio future where radio is much less central, and where someone other than incumbent radio broadcasters might be allocated the spectrum they want to keep available for digital transmission. Some radio broadcasters particularly feared the emerging powerhouse of broadcast transmission in Australia and the UK, Macquarie, whose UK subsidiary Arqiva is now buying GCAP out of Digital One.

In 2005, the Government gave the industry most of what it wanted, and from 1 January 2009, listeners in Sydney, Melbourne, Brisbane, Adelaide, Perth and Hobart should be able to tune in to digital radio services. They'll start asking themselves the same question radio broadcasters have been asking for a decade-and-a-half: why would you want it?

Publicity material in the UK highlights five reasons: No Hiss and Crackle, Spoilt for Choice, Tuning Without Numbers, Stay Tuned and Read All About It. That means

better quality sound; new digital-only stations; the ability to identify stations on the radio dial by name instead of frequency; single frequency networks for national stations so you can stay listening to the same station on a long drive without having to locate different frequencies in different areas; and extra textual information, like song titles and artists, displayed on a screen.

Since services began in 1995, this has been enough to sell 6.5 million digital radio receivers, roughly one for every ten people in the UK. Half a million were sold last December alone. Those who listen to digital radio are big radio consumers, listening on average to five hours more radio each week than analogue listeners. About 9-10% of all radio listening is now digital radio, although less than half of that is digital-only stations.

The optimists say the medium is now developing well after a slow start, and stress GCAP's unique problem, the need for rapid improvement in its financial position to help stave off a takeover bid. A second national commercial operator, the 4 Digital Group, has been licensed to deliver a further ten national stations, and unsurprisingly is much more upbeat. Led by television broadcaster Channel 4, it will launch in the northern summer and promises 'to put radio back where it belongs—at the heart of a multi-media, multi-platform UK'.

Channel 4 Radio will produce three of the ten stations itself, Sky News will provide a news service and Disney a station for 8-12 year olds. There'll be a station focusing on Asian music and Asian artists, a station for 30-44 year old women based on the celebrity magazine *Closer* and a podcast service with downloadable content from the gay and lesbian community, youth new music and issues from The Prince's Trust, social action from the Media Trust, audio books from Penguin, sport from IMG, business from the *Financial Times* and other sources.

4 Digital Group insists the future of radio is still digital, but concedes digital radio so far has not achieved its potential. 'Listening hours are falling, particularly among young people – they are not "turning off", but radio does not play the same role in their lives as it has for previous generations'. When young people seek knowledge, entertainment and communication, they are more likely to turn to the internet and mobile phones.

If radio is done differently, and the capacity of digital radio is harnessed to provide new services, interactivity, electronic programme guides, colour screens, music downloads and enhanced advertising, the group thinks it can 'give our listeners a voice in how content is created, presented and consumed', and so transform UK digital radio's impact, profile and take-up.

It is harder to find such optimism in Canada, although there are particular factors contributing to the difficulties there. The local terrestrial broadcasters' digital radio services have had to compete with US subscription satellite services offering many more channels. This has been difficult for local services operating only in the big Canadian cities and not along the highways that connect them, which are reached by the satellite signals.

Canada chose the same European transmission standard as the UK, but is using higher L-band frequencies than the VHF-band frequencies being used in the UK. The signals don't travel as far and different receivers are required.

The real killer for terrestrial digital radio in Canada, however, was the United States' later decision to adopt a completely different, incompatible transmission standard for its terrestrial services. Canada has now decided to authorize services using the American standard as well, although broadcasters like the CBC who have already invested heavily in the European technology are worried about interference. It has also decided to allow stations to provide new content rather than require them to simulcast existing stations, completely overturning the initial view that digital radio would ultimately replace analogue radio. Now, the regulator sees digital as a supplement to analogue, anticipating that the two will co-exist indefinitely.

Australia has gone to school on these overseas experiences. Introducing legislation to implement the scheme last year, the minister said digital radio 'may never be a complete replacement' for analogue radio. The European transmission standard was adopted and Australian broadcasters will use VHF frequencies—the sliver between TV channels 9 and 10 known as 9A. The version of the standard chosen will actually be an upgraded one, DAB+, which uses better compression, allowing 2-3 times the number of stations to be transmitted and more sophisticated multimedia content.

A different structural model has been chosen to the UK, where the BBC and a single national commercial operator, Digital One, got primary responsibility for driving the uptake of digital radio. In Australia, all the existing commercial stations and some city-wide community stations are being given capacity of 128 kbits/sec to introduce a digital service (one ninth of the capacity of a 'multiplex' transmitter). Some might get more, depending on the numbers of stations in different cities. The ABC and SBS will share a total capacity of around 1.15 Mbits/sec—a full multiplex—in each city.

There is no requirement for them to simulcast their existing service. On the contrary, the previous government emphasised the need for new services and enhancements not already available on analogue AM or FM to encourage listeners to buy digital receivers. The commercial sector says individual stations will decide how they will use the power of the new technology, stressing the potential to offer 'everything from "rewind radio" to real time traffic images and downloadable songs'.

The idea is that the most listened-to parts of the existing radio industry will all be using digital radio transmission technology to offer a range of compelling new audio content in the new year.

Some of Canada's problems, however, will be Australia's as well. Launching the services only in the six state capitals means drivers will have to switch back to AM or FM as soon as they leave the city limits, say, on a drive to the Gold Coast from Brisbane or to Canberra, Newcastle or Wollongong from Sydney. There's to be an inquiry about digital radio in non-metropolitan areas by 2011, and there's a strong hint that a different technology might be required outside the cities. That complicates the choices that need to be made by the manufacturers of receivers and cars, where so much radio listening occurs.

There'll be No Hiss and Crackle, but for many Australians, there'll be no signal at all. Even in the areas scheduled to get services in the initial launch, there are big questions about the consistency of signal coverage. The UK's Top Tips for people living on the edge of coverage areas range from moving the aerial to the left or right, shifting it to the window sill, getting an external aerial or moving house!

There'll be no satellite digital radio service, at least initially, although WorldSpace, which already runs a global satellite radio business with around 180,000 subscribers and uplinks to its Asian satellites from Melbourne, is 'in active discussion with local partners', according to the Vice President - Regulatory and Operations at its AsiaSpace subsidiary, Les Davey. The six-year moratorium on new commercial competitors applies only to terrestrially-delivered services, so would not prevent a satellite service. Davey hopes it may be possible to use software upgrades to adapt receivers to handle different radio broadcasting technologies, although this will not be possible if the receivers do not already have suitable tuners designed for the frequency bands used by additional services, or are designed for a single technology only.

Spoilt for Choice? Hardly. The ABC has its three 'dig' stations—dig Radio, dig Jazz and dig Country—already available online and via digital TV, ready to be flicked on for terrestrial digital radio audiences. A lot of material created for Radio Australia only gets to Australian audiences via the internet. But other new services from the national, commercial and community sectors are going to cost money. The cash for this content will need to be found on top of the tens of millions of dollars already being found for the infrastructure to get digital radio just to the six state capital cities. And the capacity available from Channel 9A won't even accommodate all the existing city-wide community stations, much less the 100+ channels that satellite subscribers in North America have signed up to at loss-leading prices.

Tuning Without Numbers? Analogue stations are already transmitting this information if you have a receiver that can read it, as some new car radios can. Staying Tuned to national networks? That's an issue for the ABC and the SBS, but not for the commercial and community stations. The structural model chosen for digital radio is mainly about different local stations in different areas, not national networks. Read All About It? While you are driving? Showering? Trying to wake up? Rewind and record? It's called an iPod.

Radio's question is not whether the future will be digital. The present already is. Nor is it, apocalyptically, whether radio will survive. It will probably thrive, though as always, it will change. The question is a pretty mundane one: how much will a particular kind of digital radio future cost and will listeners who already inhabit a digital audio world think the benefits are worth it?

The delays about digital radio in Australia over the last decade have been entirely understandable. The business case has been highly speculative; the overseas experience has been intriguing but largely catastrophic. The price of that delay, however, is that a big part of the audio future has been built by people other than radio broadcasters. The danger for radio now is that audiences will judge the digital services to be launched next year not excitedly, against the standards of the supposedly old AM and FM services they are meant to enhance, but, quizzically, against the standards already established by online and portable digital audio.

There is a digital radio future that has always beckoned, a place where hundreds of stations catering to every taste are seamlessly gathered from terrestrial and satellite transmitters by agile, affordable receivers in homes, cars and mobile devices, engaging demanding listeners in a perpetually pleasurable conversation.

I want that place so much. Unfortunately, it is not here yet. When digital radio receivers go on sale later in the year, I'll be close to the head of the queue, but it might not be a long one.

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