The FCC's Anachronistic Local Radio Ownership Rule – Time is Up

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The Local Radio Ownership Rule: Frozen in Time, While the World Moved On

- Current Radio Ownership Tiers (47 C.F.R. § 73.3555(a)(1))

# of Stations in Market	Total # of Stations Owned	# of Stations Owned in Same Service (AM/FM)
45 or more*	8	5
30-44	7	4
15-29	6	4
14 or fewer	5	3

- Limits have not changed for radio ownership since 1996 – though the FCC has removed the newspaper-cross ownership rule and the TV/radio cross-ownership rule

*Markets with 45 or more stations (all subject to the 8-station limit) can vary from rural markets where, based on contour overlap, some stations from nearby markets are included in the count (e.g., Logan, Utah) to major metropolitan areas like San Francisco (where the BIA station count lists 117 stations in the market)

Since 1996, Broadcast Radio's Competition for Advertisers and Listeners has Radically Changed

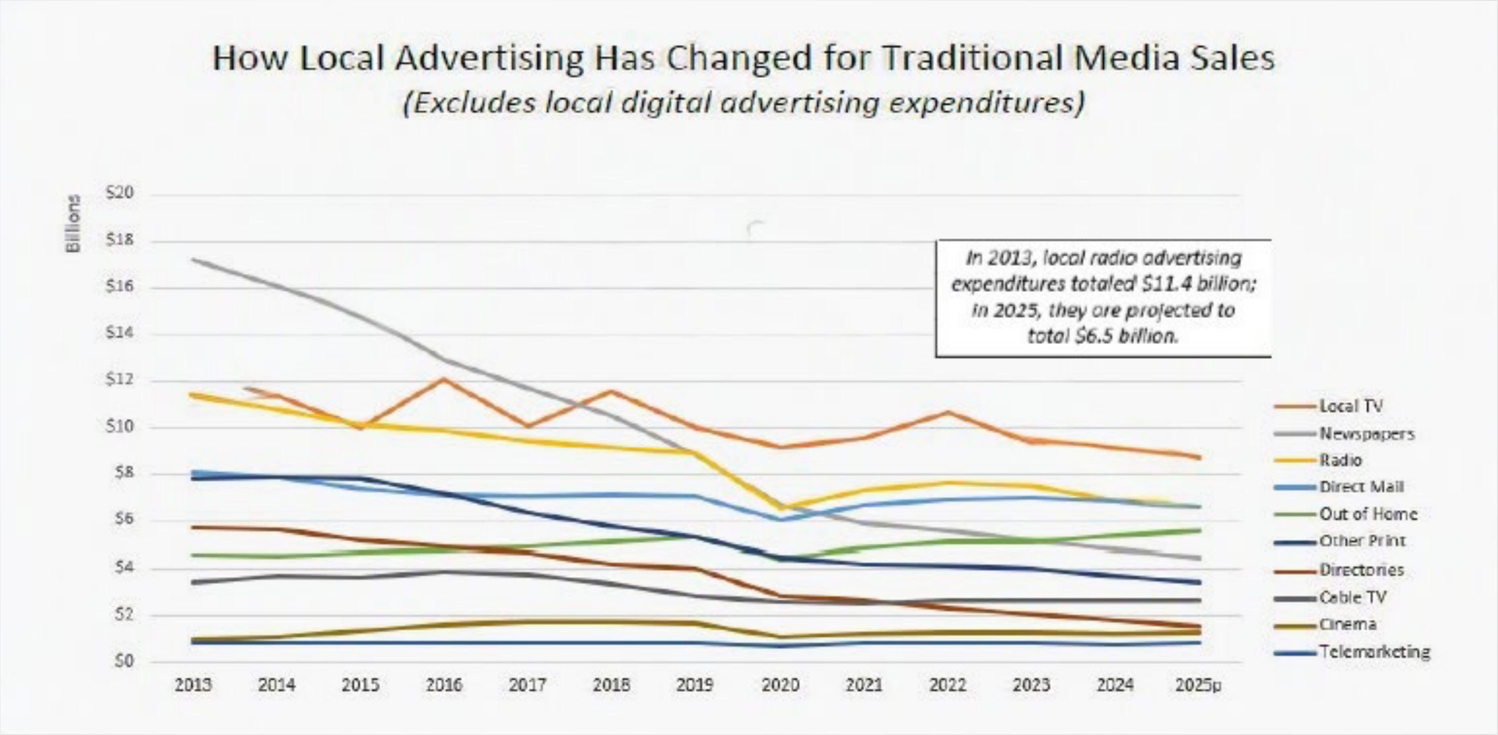
- Many of the most popular digital music services didn't exist in 1996:
  - Pandora's music service launched in 2005
  - Spotify launched in the U.S. in 2011
  - Apple introduced the iPod in 2001, the iTunes Store in 2003, and Apple Music in 2015
  - XM launched in 2001 and Sirius launched in 2002 (merged in 2008 to become SiriusXM)

Competition for Local Advertising Dollars Has Dramatically Shifted

- Big Tech enters the advertising market: Google (2000), Facebook (2004), YouTube (2007), Amazon (2008), and Instagram (2013)
- Many digital and satellite music services have provided ad-supported services since their launch: XM (2001), Sirius (2002), Pandora (2005), Spotify (2011), and Apple Music (2015)
- Some digital video platforms have also provided ad-supported services since their launch: Hulu (2008) and Pluto TV (2014)
- Other digital video platforms later added ad-supported service tiers: Netflix (2022) and Amazon Prime Video (2024) – and now most Smart TVs have their own ad-supported video programs
  - Estimates around $37 billion in 2025 revenue and $46 by 2028
- Even podcasting was over $2 billion in ad revenue in 2024 and growing over 25% per year
- Most of these new technologies involve targeted ads going after local advertising dollars – traditionally the heart of radio advertising

While Radio Lost Almost Half of Advertising Base Just in the Last Decade

- Local radio ad revenue was $6.5 billion in 2025, a 43% decrease from 2013 ($11.4 billion)



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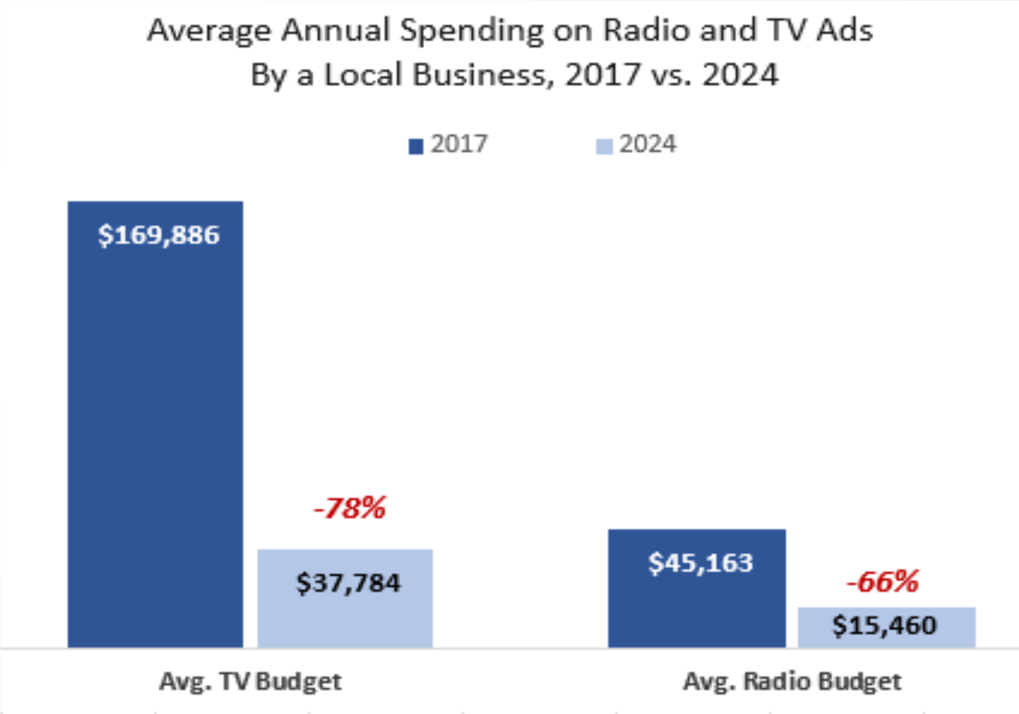
Local Businesses Have Drastically Cut Their Advertising Spend on Radio and TV as Budgets go to Digital

- Revenue share in local markets are plummeting - local businesses spending 66% less on radio ads in 2024 than in 2017



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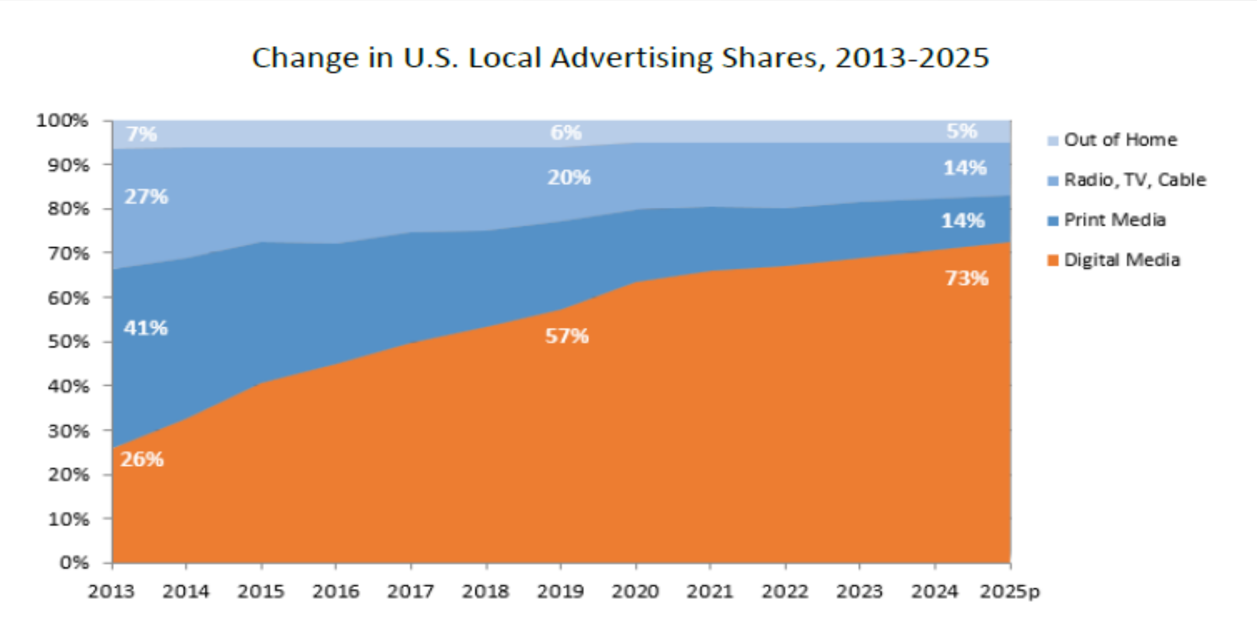
Radio has Lost Half its Share of Local Advertising in the Last Decade, While Digital has Exploded

- Digital advertising share in local markets is now over 70% - with 85% of that share going to digital pureplays based outside local markets



- No local media company in any market has more than 3% of advertising market share
- Collective ad share of local advertising for the entire radio industry was estimated at 4.7% in 2025, down from 7% as recently as 2017

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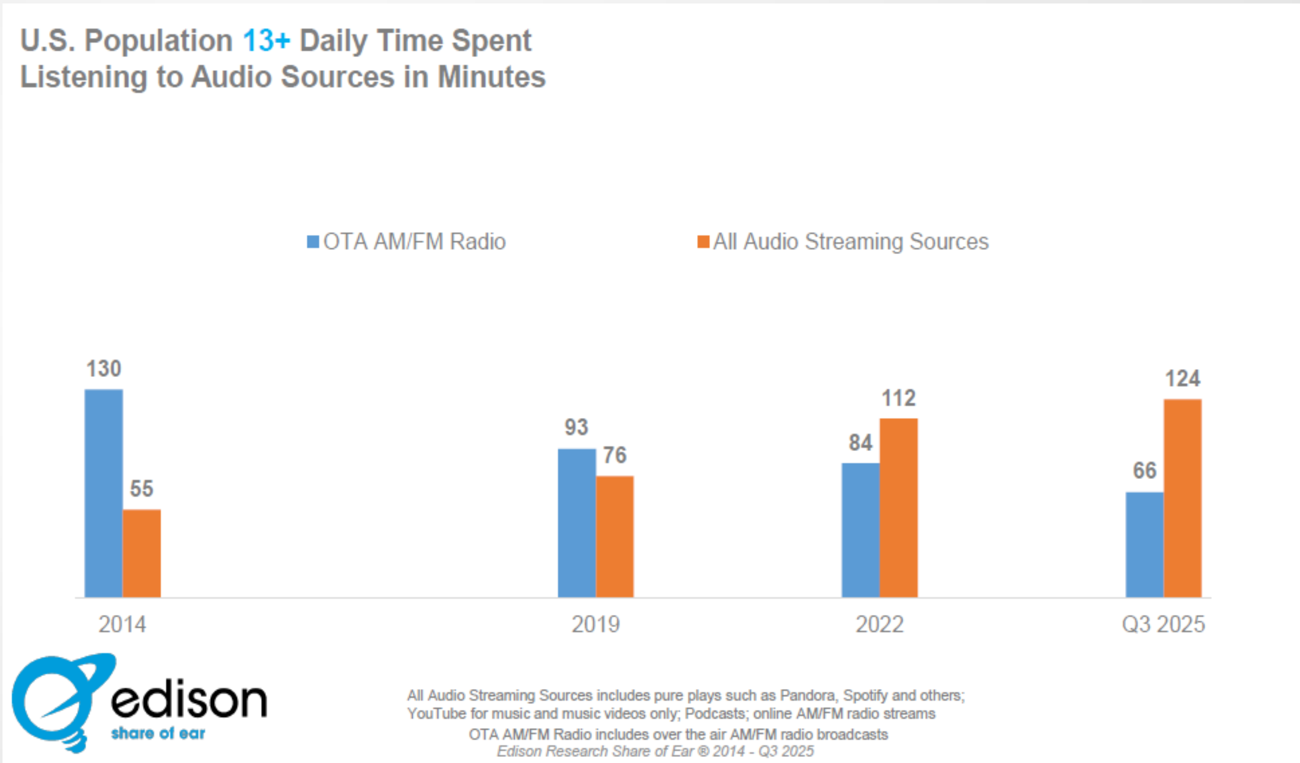
Time Spent Listening to Radio has Decreased Significantly

- Time spent listening to radio has been cut in half in the last decade, and now listening time to digital audio is twice that of radio



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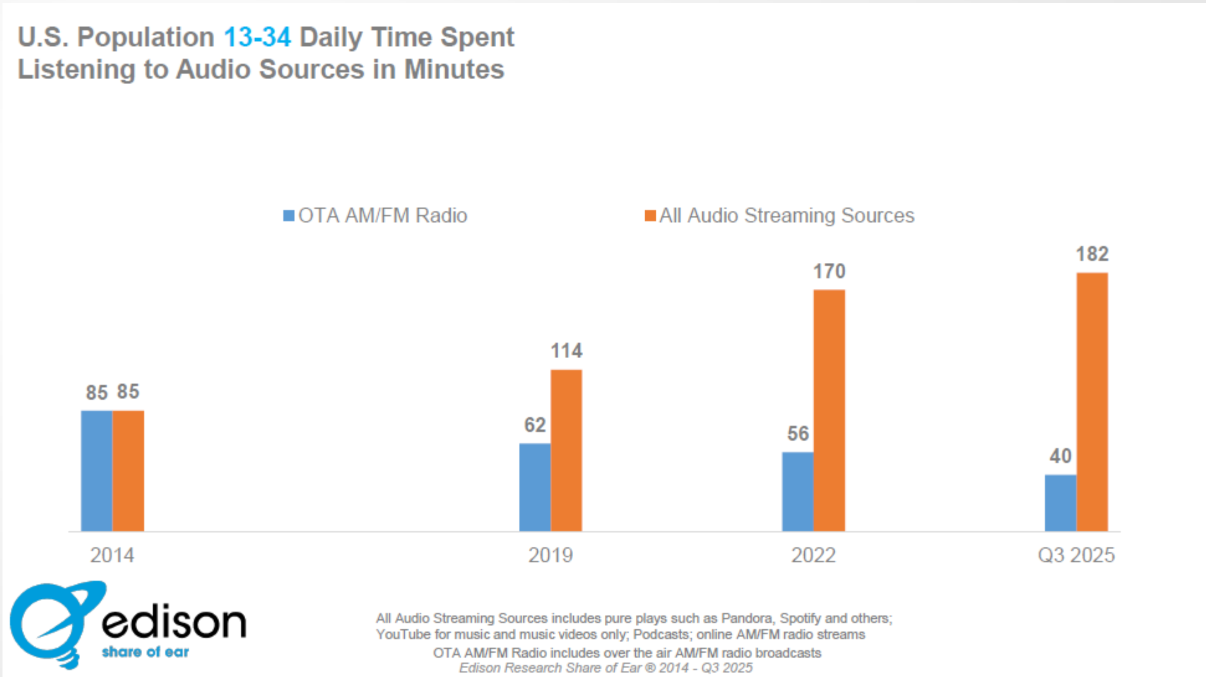
Even more Profoundly for Younger Listeners

- The shift digital audio sources is more apparent among younger Americans, where there has been a 52.9% decrease in listening to AM/FM radio since 2014 (from already low radio listening levels), while there has been a 114.1% increase in listening to audio streaming sources



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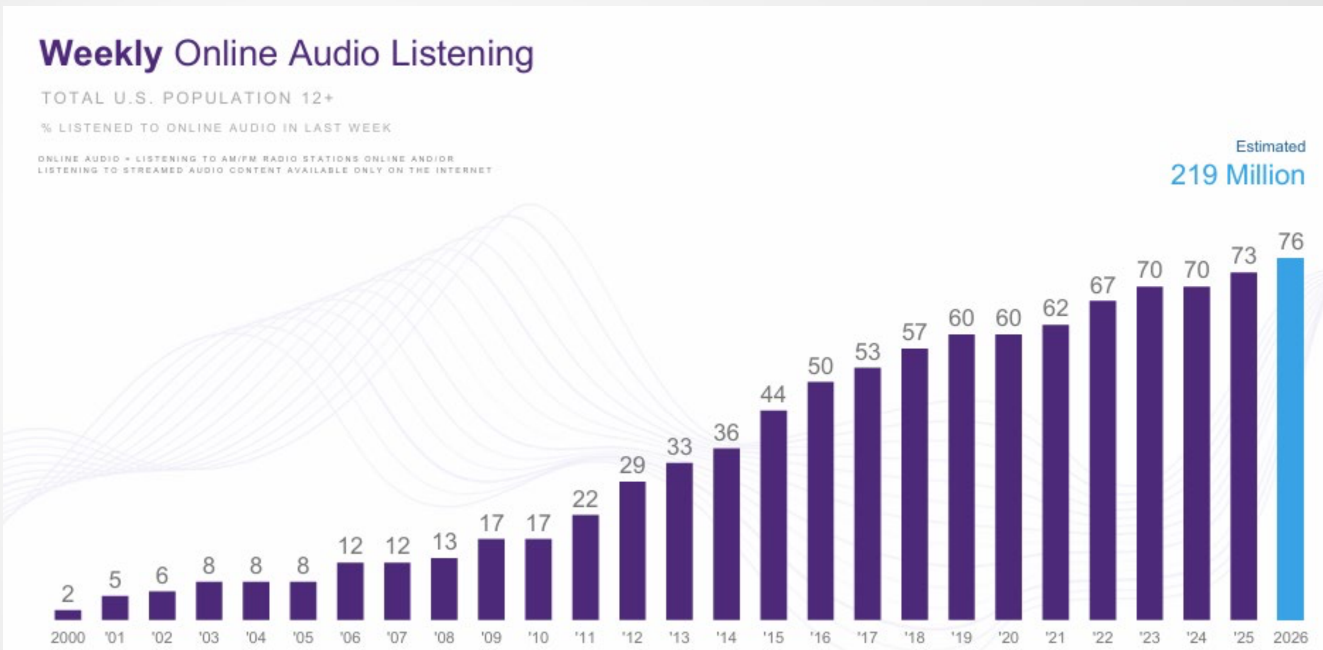
All Americans are Shifting to Online Audio

- Only 2% of Americans ages 12+ listened to online audio on a weekly basis in 2000, now 76% do so on a weekly basis:



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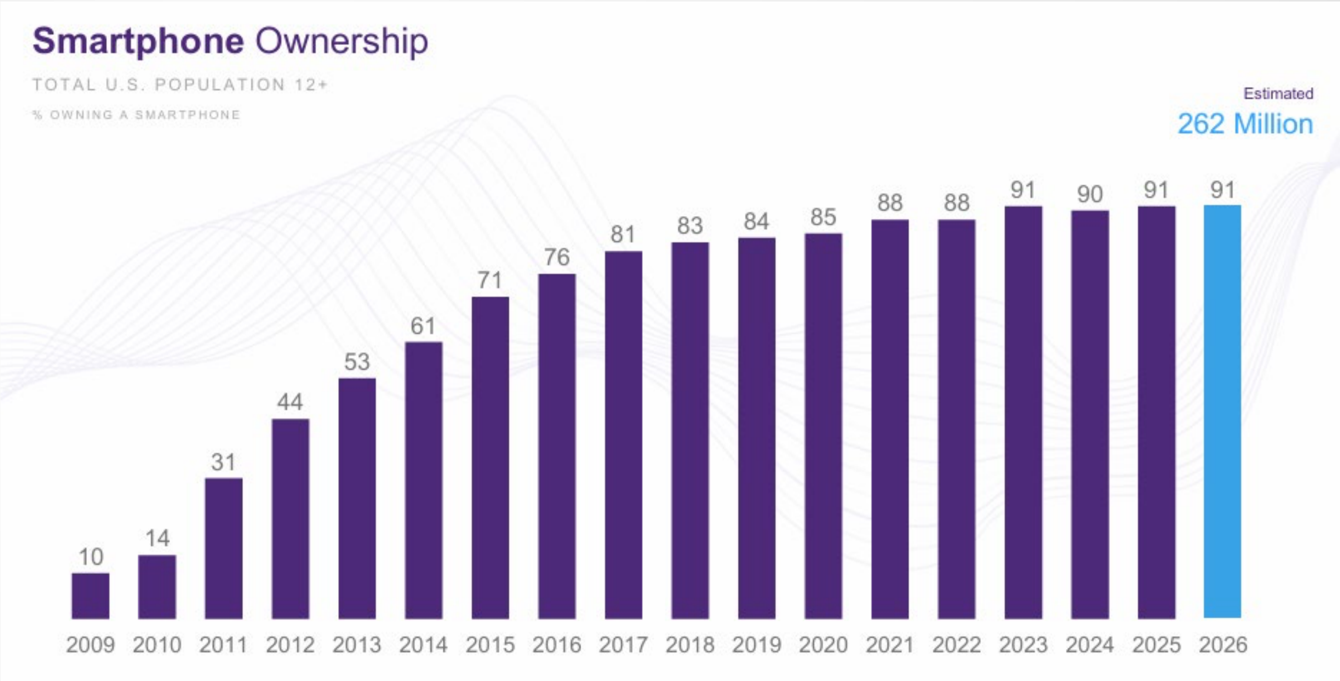
And Smartphone-Toting Americans Increasingly Don't Even Own Home Radios

- 40% of Americans no longer own a radio in their home (up from 8% in 2020), while 91% of Americans ages 12+ currently own a smartphone



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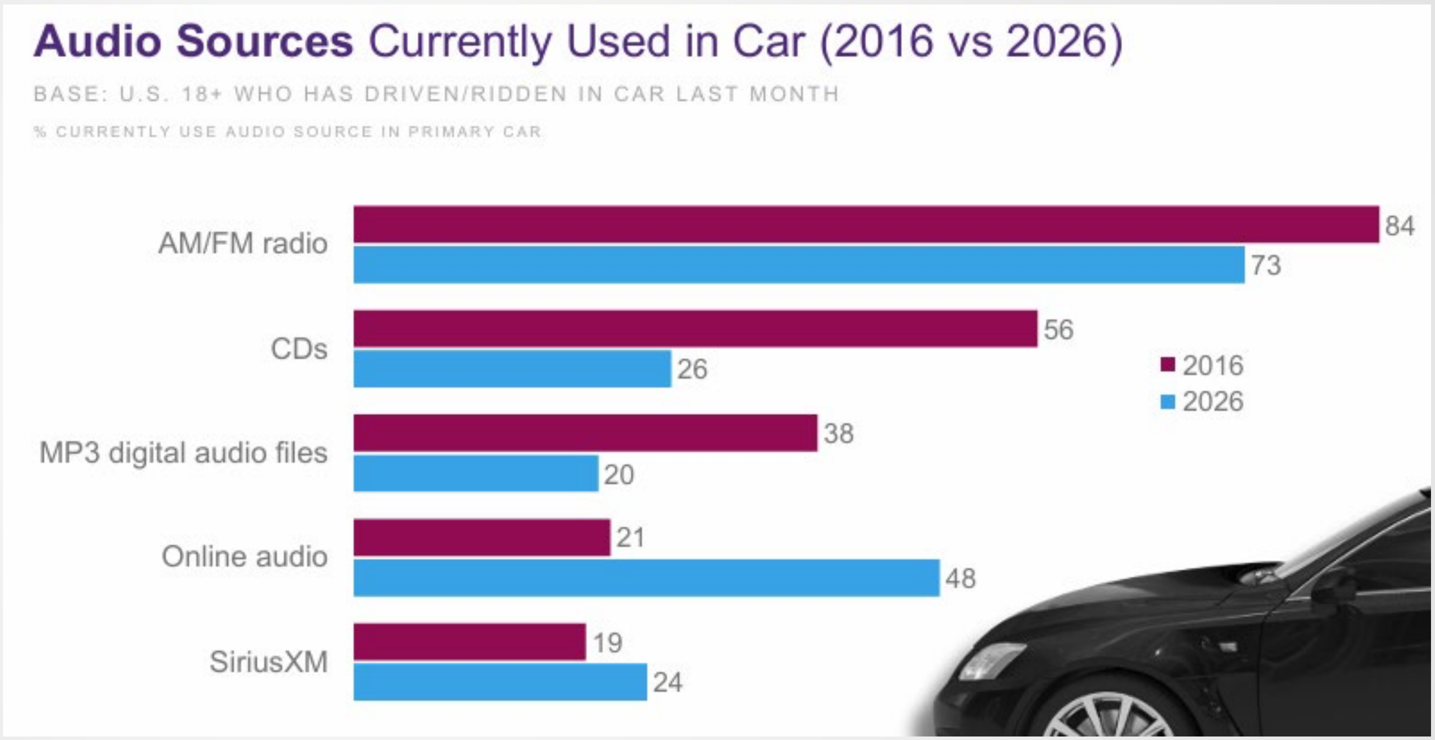
While Audio Sources in Vehicles Are Moving to Digital

- AM/FM radio still is most listened to in the car, but it is rapidly losing ground to satellite and online audio sources



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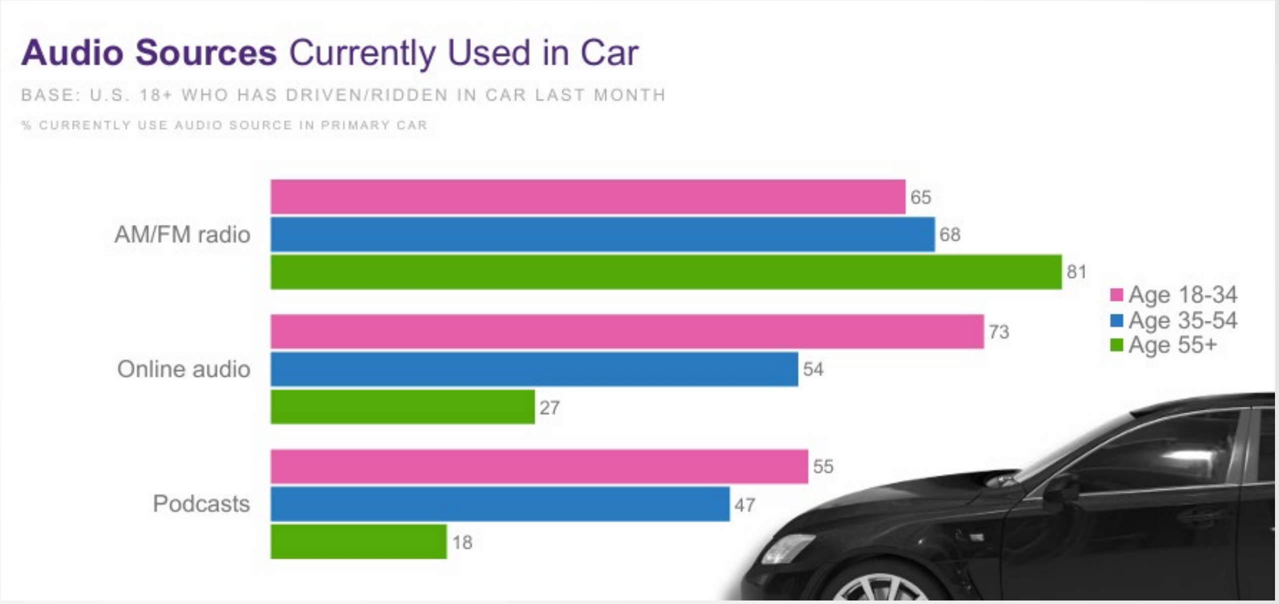
Particularly for Younger Americans . . .

- Younger Americans clearly prefer digital and online audio sources over traditional radio in their cars



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Less Ad Revenue and Fewer Listeners Leads To Radio Industry's Value Shrinking

- Commercial radio transactions declined 82% from $1.1 billion in 2019 to only $198 million in 2024
- Sale prices for radio stations have dropped significantly from a decade or two ago:
  - Dallas: KZMJ(FM) - $59.4 million (2001) vs. $6 million (2026)
  - San Francisco: KOIT(FM), KMVQ-FM, KBLX-FM, KUFX(FM), KHTK(AM), KNCI(FM), KYMX(FM), and KZZO(AM) - $141 million (2018) vs. KOIT(FM), KMVQ-FM, KBLX-FM, and KUFX(FM) - $10 million (sold to Connoisseur Media in 2026)
  - Los Angeles: KWVE(AM) - $65 million (2000) vs. $5 million (2023)
  - New York: WEPN(AM) - $78 million (2003) vs. $15 million (2022)
  - Chicago: WRDZ(AM) - $3.45 million (2015) vs. $30,000 (2026)
  - Wilmington, DE (Philadelphia service): WVCW(FM) - $42 million (2007) vs. $5 million (2023)
  - Topeka, KS: KTPK(FM) - $5.7 million (2004) vs. KTPK(FM), KSAJ-FM, WIBW(AM), and WIBW-FM - $1.95 million (sold by Connoisseur Media in 2026)

A Series of Big Bankruptcies Have Plagued the Radio Industry

- Public Companies
  - Citadel Broadcasting – 2009
  - iHeart – 2018
  - Audacy – 2024
  - Cumulus – 2017 and 2026
  - Alpha Media – 2021
  - Spanish Broadcasting Systems - 2026
- Other Significant companies
  - Nassau Broadcasting (about 60 stations in the northeast)- 2011
  - Rocking M Media (22 stations in Kansas) – 2022
  - High Plains Radio (over 30 stations in Texas and surrounding states) - 2024

So Radio Stations Are Just Exiting the Market

- 491 AM and commercial FM stations have left the market since 2019:

Broadcast Station Totals (as reported by the FCC)	Total # of Commercial and Noncommercial AM Stations	Total # of Commercial FM Stations	Total # of AM and Commercial FM Stations
As of March 31, 2019	4,613	6,762	11,375
As of March 31, 2026	4,310	6,574	10,884
Difference:	-303	-188	-491

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Radio Needs Local Scale to Compete Against Digital Giants

- Big Tech Companies each have market caps more than 100x of the entire broadcast industry:
  - Alphabet (Google) - $4.479 trillion, Meta (Facebook) - $1.506 trillion, Amazon - $2.646 trillion
  - Spotify has a market cap of $98.66 billion
  - Even SiriusXM has a market cap of $9.4 billion
  - Compare this to all the publicly-traded radio companies that combined have a market cap of less than $2 billion (as of June 2026)

The Public Interest Benefits of Consolidation and Scale

- Allow more programming diversity: No need for 3 country stations or 3 adult contemporary stations same market – fewer owners allow consolidating stations in big formats and introducing more diverse formats targeted to audience niches
- Eases advertisers' buying experience: An advertiser wanting to reach audience in a market using radio must deal with multiple owners using multiple sales tools with different practices and requirements – while digital uses integrated online buying tools
- Allows market-wide integrated marketing campaigns that digital can do and radio cannot without coordination between competitors
- Provides more stable economic base to do local service, local outreach, and local digital services – real-life examples exist in markets where quirks in the ownership rules allow greater consolidation than might otherwise be permitted
- Allow struggling stations providing little or no local service to their markets ("zombie stations") to be acquired by owners who can't buy them now because of the radio ownership limits

Recycled Opponents' Case– Same Arguments Despite New Market Reality

- Labor groups argue that jobs will be lost – but decreasing revenues of radio already lead to that result – bigger, stable local radio companies can better afford to hire and retain local employees
- Public interest groups fear loss of localism – but the reason to increase scale in local markets is to increase local service – the biggest competitive advantage radio has over digital competitors is local content – why would they decrease it?
- Music groups argue that programming will become less diverse – when in reality consolidation will increase program diversity as companies will not all cluster in the most popular program formats, but instead will expand their offerings
- Minority groups fear loss of minority ownership opportunities – but weak economics currently make access to capital very difficult – only a stronger economic base and a stronger radio industry will encourage new investment
- AM groups argue that consolidation will result in less AM service – but move to FM is technology based and won't be stopped if current rules are left in place – and lifting caps could encourage AM specialists (e.g., Bureau just granted ownership waiver to allow owner to go over the subcap for AM stations)
- ***No party*** advanced expert statements or statistical data that competition from digital is not real and as severe as stated in our comments

Recent Court Decisions Approach to FCC Quadrennial Review Decisions

- Supreme Court 2021 decision upholding end to newspaper-broadcast cross ownership rules and radio-TV cross-ownership rule over arguments that repeal would harm minority ownership stated (pre *Loper Bright*):

"In short, the FCC's analysis was reasonable and reasonably explained for purposes of the APA's deferential arbitrary-and-capricious standard. The FCC considered the record evidence on competition, localism, viewpoint diversity, and minority and female ownership, and reasonably concluded that the three ownership rules no longer serve the public interest. The FCC reasoned that the historical justifications for those ownership rules no longer apply in today's media market, and that permitting efficient combinations among radio stations, television stations, and newspapers would benefit consumers. The Commission further explained that its best estimate, based on the sparse record evidence, was that repealing or modifying the three rules at issue here was not likely to harm minority and female ownership. The APA requires no more."

- Eighth Circuit 2025 decision upholding retention of radio rules in 2023 FCC decision resolving the 2018 Quadrennial Review (post *Loper Bright*):

"Writing from a blank slate, we might have viewed the marketplace differently. But "[i]t is not our task to determine what decision we, as Commissioners, would have reached." *Balt. Gas & Elec. Co.*, 462 U.S. at 105. Rather, our task "is to determine whether the Commission has considered the relevant factors and articulated a rational connection between the facts found and the choice made." Id. Here, the FCC considered the growing prevalence of non-broadcast programming and articulated a rational reason for declining to broaden its market definition. Thus, we must accept the market definitions the FCC adopted."

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And Reforming the Local Radio Ownership Rule is not Enough

- Merely modifying the subcaps to allow greater ownership of radio stations within a market will not address the competitive threats faced by radio broadcasters from <u>outside</u> this narrow market segment
- Radio is not a market unto itself as it competes directly within the larger audio marketplace (including satellite and digital audio providers) for both listeners and audience share and of course advertising
- The FCC must acknowledge this fierce competition by eliminating the Local Radio Ownership Rule <u>entirely</u> – only this will enable radio broadcasters to achieve the scale necessary to compete with digital media for audience and advertising revenue to ensure broadcast radio's future

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