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Today's Top Stories

Royalty Will Help Talk Radio.

Royalty Will Help Talk Radio.

By Holland Cooke, News/Talk Specialist, McVay Media

“Over my dead body” radio stations will pay record labels for airplay, vows NAB President David Rehr. From the grave, Frank Sinatra calls his bluff. Internet music sharing merely turned-up-the-volume. This dispute has been raging for generations, as Nancy Sinatra’s more recent Congressional testimony demonstrates.

Labels – which have lined radio station walls with appreciative Gold and Platinum records -- argue that the longstanding airplay-for-exposure swap rips them off, and starves their artists. They note that, in other countries, radio pays.

They should know, says radio. Some of the biggest labels are foreign corporations, seeing to “tax” USA radio stations. And labels have been starving their own artists all along. Bands make a living touring, and radio stations compete to promote concerts.

This story is less about revolution than technology evolution.

See that StubHub kiosk at the baseball stadium? If labels had embraced Napster that way, they might not be in trouble now. Radio could fend off 8-track, cassette, and CD...but iPod obsoleted FM as a music delivery appliance. Got an iPod? How many songs are on it? How many commercials?

“Customers are now in charge. The control of products or distribution will no longer guarantee a premium or profit,” Jeff Jarvis announced in his best-seller “What Would Google Do?” For record labels, the status quo is a death march. For music radio stations – already choosing between paying employees and paying for



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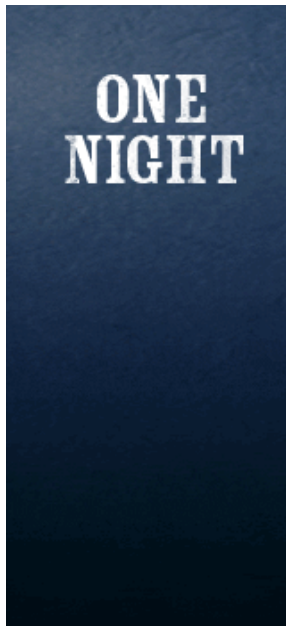
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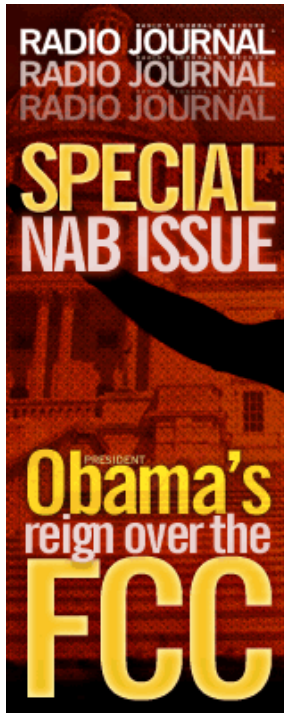
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electricity -- change will be fatal to the business model.

It is unclear which inning this game is in, but smart stations aren't waiting for the final score. Credit Rush Limbaugh for leading the vaunted Talk Radio Revolution that repurposed AM radio, back when AM radio became obsolete as a music delivery appliance. FM is already following.



Why now?

Why did a dozen years of "FM Talk"/"Hot Talk" hype fail to find traction? Bankers. If you asked them, they'd tell you that music = FM and Talk = AM. Now, they just want their money.

Now, listeners are wandering away from programming that suffers from the lack of attention and care and nurturing that programming got when a single station had its own GM and PD and Sales department. Now, GMs are saddled with multiple major market oversight, programmers responsible for non-music stations are too-young-to-have-grown-up-listening-to AM, and local Sales departments have more cluster tonnage to peddle than they can sell like it's special.

FM radio works better than AM radio.

WTOP/Washington – now a group of FMs – was a 1500AM stand-alone when I managed it in the 1980s. Sure, it was a kick to crank a 50KW. At night, I've heard that station in Canada and Florida. If we only could've gotten into West Falls Church, Virginia.

There are also demographic limitations. Most of 25-54 grew up without an AM radio habit; and a pile of research demonstrates women's aversion to AM radio snap-crackle-pop.

Thus the trend, well in motion, to simulcast or migrate graying legacy non-music AM sister stations to FM, replacing mid-pack or cellar-dweller music formats which owners can no longer afford to fund. Sometimes the right thing happens for the wrong reason. Watch what happens next.

If music royalty fees fly, The Talk Radio

Tsunami will crest OVERNIGHT.

Literally within hours, there will be hundreds of new News/Talk FMs, via simulcast, based on what exasperated station owners are telling me.

Five minutes later, the second wave will be Talk start-ups, FMs-presently-playing-music, which will cobble-together a line-up of all-or-mostly-syndicated longform programming. Available programming will go quickly. In most markets, there is just-enough uncleared first-tier product available for one more talker.

When I started consulting (January 1, 1995), much of my work was flipping Adult Standards AMs to Talk. By then, we were second-in. We were the Dr. Laura station, because there already was a Rush Limbaugh station. Now, owners and GMs I'm hearing from want to know who else is on-the-bird, and how to make them sound like part of the station's on-air family and how to sell it.

For syndicators I am also hearing from, "development" has become "scouting." To satisfy the looming, sudden, overwhelming demand for barter longform, networks will sign in-place local Talk hosts whose acts have been bubbling under the tipping point until now.

The new music FM will simply be a distribution system, yet-another channel to graze.

Like TV stations suffering TiVo and competing with Hulu, radio is already losing TSL to iPhone and will soon contend with dashboard broadband access.

Remaining music FMs' business model will be a new normal, a pay-for-play that consumers will understand. Heck, listeners already spend their day perusing product placement schemes. They're grabbing that free iTunes download card at Starbucks' cash register; and "American Idol" judges are sipping from a Coke-logo'd cup while contestants perform this week's Ford music video.

Five years from now, there might still be music on FM. One year from now there will certainly be more talk on FM, even if radio is still arm-wrestling with record labels. Even just months from now, launching a Talk station will be harder, as syndicated shows get snapped-up.

Got a music FM? Think Musical Chairs.

Holland Cooke is News/Talk Specialist for McVay Media (www.HollandCooke.com).



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