



**THE IMPACT OF CROSS MEDIA
OWNERSHIP ON MINORITY/WOMEN
OWNED BROADCAST STATIONS**

Mark R. Fratrick, Ph.D.

Vice President, Chief Economist

BIA/Kelsey¹

May 30, 2013

¹ This report was underwritten by a grant from the Minority Media and Telecommunications Council (MMTC). The author is appreciative of the survey design and evaluation guidance received from MMTC's volunteer peer reviewers – Dr. Jannette Dates, Dean Emerita, School of Communications, Howard University; Dr. Philip Napoli, Professor of Communication and Media Management at the Fordham Schools of Business and Director of the university's Donald McGannon Communication Research Center; and Allen Hammond, Esq., Associate Dean for Faculty Development, Phil and Bobbie Sanfilippo Chair and Professor of Law, and Director of the Broadband Institute of California, Santa Clara University School of Law.



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THE IMPACT OF CROSS MEDIA OWNERSHIP ON MINORITY/WOMEN OWNED BROADCAST STATIONS

Executive Summary

The marketplace in which local radio and television stations, as well as local newspapers has changed quite dramatically in the past few years. Competition for audiences as well as for local advertisers has noticeably increased. At the same time, these traditional media are still important players in the advertising marketplace and the provision of news and entertainment to their local communities.

The regulations governing the ownership of these traditional media have changed too, though the ban on broadcast-newspaper local ownership is still in place. Many analysts have examined the continuance of that ban and relaxing other local broadcast ownership rules on the impact on competition and the provision of diverse viewpoints. There has not been any specific study on the impact of relaxing these local cross-ownership rules on the impact on minority and/or women owned broadcasters.

In this study we focus in on that research question – whether the existence of a commonly owned cross-media operation has a disparate impact on minority and/or women owned broadcast stations. Specifically, we surveyed both minority and/or women owned broadcast stations in markets with cross-media operations along with non-minority/non-women owned broadcast stations in the same markets. In that survey we asked respondents in several different ways to offer their views on the importance of these local cross-media operations. We wanted to see if there was a difference in the responses of the two groups of stations of these cross-media operations.

While we would have preferred to have received more responses, we believe that the responses that we did receive indicated there is no difference in the views of the two groups of stations towards the impact of these cross-media operations. We were struck by the lack of any large concern by almost all of the respondents to these cross-media operations. Several times in the questionnaire we provided opportunities for the responding stations in both groups to offer those operations as answers. What was provided as answers are general business concerns that all radio and television stations have in all markets – strong broadcast station competitors especially in the genre of programming they provide and the emergence of new competitors from new sources. The only responses expressed regarding the impact of cross-media combinations were expressed by all three respondents in a medium market in which the daily newspaper is affiliated with a full power television station and local radio stations.

There may be sound justifications relating to overall viewpoint diversity, localism, or competition for why the cross-ownership rules should or should not be changed. However, it appears from this study that cross-media interests' impact on minority and women broadcast ownership is not sufficiently material to be a material justification for tightening or retaining the rules.

THE IMPACT OF CROSS MEDIA OWNERSHIP ON MINORITY/WOMEN OWNED BROADCAST STATIONS

Introduction

Today's media marketplace is noticeably different than it was forty years ago. Consumers have access to many different sources of information and entertainment. Advertisers have many different options to reach their potential customers with their advertising messages. Included in those choices for both consumers and advertisers are local radio and television stations and daily and weekly newspapers. These local broadcast stations and newspapers still are important components of providing program and informational diversity.

During these last forty years, the prohibitions on the ownership of locally owned daily newspapers and local broadcast stations have remained in place, and some limited restrictions on ownership of local radio and television stations are also still in place. Yet, due to grandfathering of certain local newspaper-broadcast and permissible local radio-television operations, there are several local commonly owned cross-media operations. The impact of these established local cross-media operations have been studied extensively in the debate on whether these cross-media restrictions should be left unchanged, tightened, relaxed or eliminated.

One area that has not been studied as extensively has been the impact of these locally cross-media owned operations on other local stations owned by minority and/or women. One bedrock principle of communications policy has been to promote diverse ownership of broadcast stations to try to promote diversity in viewpoint and programming. If the impact of commonly owned local cross-media operations adversely and especially affects broadcast stations owned by minority and/or women, then relaxing these local ownership rules may have a negative impact on promoting diversity in ownership.

In this study we attempted to begin to answer that question. Specifically, we tried to survey stations owned or formerly owned by minority and/or women in markets where there was a commonly owned local cross-media operation. Our research question was simply to determine whether there was a disparate impact on these women/minority stations, we also attempted to survey stations in those same markets that were not owned by minority or women. Questions were asked about the level of competition and the provision of news and information in these local markets.²

Before discussing the actual results of the survey, it is important to highlight the limitations of this study's results. This study was not a comprehensive examination of all of the women and/or minority owned stations in all of the markets in which a commonly owned cross-media operation is present. Additionally, FCC and public interest groups' economists agree that the number of these instances is not large enough to conduct a random sample study to elicit generalizable results. On the other hand, what can be determined through this procedure is a reasonably clear sense of whether there is a material difference in the impact of these commonly owned local cross media operations. Of course, specific instances might be present that contradict these findings, but the results can provide some indications of whether there is an adverse or, especially, a disparate impact on these minority/women owned broadcasters.

Procedure

In order to conduct the survey we first had to designate the women and/or minority owned broadcasters. The FCC has provided the race/gender ownership status of radio and

² The questionnaire is included in Appendix A.

television stations by station type (e.g., AM station). Utilizing those lists with the BIA/Kelsey Media Access Pro™ database of all broadcast stations and local daily newspapers, we were able to determine the individual markets in which all of these stations reside.³

Once we determined the market in which these stations are located, we then determined using the Media Access Pro™ database which stations are located in markets where a commonly owned cross-media operation exist. Minority and/or women owned stations were selected that were located in those markets in which there were either a commonly owned grandfathered radio/newspaper, grandfathered television/newspaper, or radio/television operation. Additional minority and/or women owned stations that were located in markets in which there were none of these commonly owned cross-media operations were also selected to act as a super-control group.

In all of these markets – with or without a commonly owned cross-media operation – additional stations were selected that were not owned by a woman or minority to be contacted. Care was taken to select non-minority/non-women owned broadcast stations to reflect stations that are part of large broadcast groups and those that are not. With this non-minority/non-women owned group we could compare their responses with the responses of women and/or minority owned broadcast stations in the same market and see whether there was a material difference in the impact of the cross-media operations.

These stations were initially individually contacted via email from the study's author alerting them of this study and that someone would be calling them to ask them questions

³ BIA/Kelsey maintains a comprehensive database in its Media Access Pro™ service of all commercial and noncommercial radio and television stations, as well as all daily and weekly

concerning the competitiveness of their local radio or television market. Soon after that email those phone calls were made. To increase the number of responses, we subsequently sent an email with a link to an online survey questionnaire, with a promise of an online gift card if the survey was completed. All respondents were guaranteed confidentiality of their responses and that we were only going to report on the general trends of all respondents.

In total we obtained information from 14 local broadcast operations – 13 of which represent 31 stations in those markets, along with information from a principal of a minority owned station that had exited a market in which there was a commonly-owned cross-media operation.⁴ More responses would have been preferred and repeated attempts were made to induce responses from all that were contacted. Nevertheless, we think that the information obtained from this group of 14 respondents is sufficiently compelling and unambiguous to help answer the question of whether there is a disparate or adverse impact of commonly owned, local cross-media operations on minority or women owned broadcasters.

Included in the eight-question questionnaire were questions to elicit responses from the broadcast stations on which they felt were the most competitive (to them) radio or television stations in their local markets. Additionally, open ended questions on the important factors and challenges they face in selling advertising and providing local news and information were also

newspapers. That database is updated daily to reflect personnel, technical, and ownership changes.

⁴ Among the fourteen respondents, eight were from minority or women-owned companies and six were from nonminority-men owned companies. Among the eight respondents from minority or women-owned companies, five were from group owners, and four operated stations (within a group or otherwise) that were single stations in their markets. Among the six respondents from nonminority-men owned companies, three were from group owners, and one operated a station (within a group or otherwise) that was a single station in its market.

asked. These general questions were purposely raised to see if the responding stations would cite the local commonly owned, cross-media operation in their answers. Further, we were curious to see if the respondents from minority and/or women owned stations would mention the commonly owned, cross-media operation more frequently in their responses to these questions than responses from the other group of stations.⁵

To supplement the questions on present direct competitors, other questions were included to draw out these stations' perceptions on the changes in competition from possibly other sources. Finally, questions were asked on the provision of news and information and what challenges are faced in providing news and information. That last general question was asked to see if the stations felt that the presence of a cross-media operation made the provision of news and information more difficult, and whether there were any differences in the two sets of responding stations to the difficulty in providing news and information.

Results

Competition in the Local Market

Present Competitors

The clear conclusion from the responses to the question of which stations are the most direct competitors we received is simply there was no difference in the responses from the

⁵ In the survey research literature this procedure is referred to as unaided recall, allowing the respondent to offer those points without any prompting. If the respondents do cite these issues as important without any prompting, then one can easily conclude as to its importance. All of the respondents were general managers and thus may be assumed to be familiar, for unaided recall purposes, with the factors that might impact their stations' programming, operations and competitive success.

minority and/or women owned stations and the other. There was one minority and/or women owned station and two non-minority/non-women owned stations that mentioned the local cross-media operation.⁶ All of the other responses mentioned other radio and television stations in their local markets, primarily stations that provide similar programming.

In identical fashion, the responses to the question of which local station is the dominant competitor in the market plainly indicates that there is no difference between the perceptions of the two groups of respondents. Once again, there was one minority and/or women owned station and two non-minority/non-women owned stations that mentioned the local cross-media operation. All other stations indicated a local group of radio stations or specific stations or even other media in their responses.

Supporting that conclusion were the responses to two open-ended questions of the important factors and challenges they face in selling advertising in their local markets. None of the responses, either from the minority and/or women owned or the non-minority/non-women owned stations mentioned the presence of these cross-media operations, either directly or indirectly. The responses for these questions were very direct, mentioning the levels of competition within the media and from outside. Here are some of the specific responses to those open ended questions.

What are the most important factors your station faces in regards to selling advertising time?

- Market conditions, pricing, ratings
- The perception of radio
- Awareness, we are the new kids on the block

⁶ The three minority and/or women and non-minority/non-women owned broadcast stations respondents citing the cross media operation were in a medium market in which there was a local combination of the only daily newspaper, a full power television station, and radio stations.

- It is a price war with television combining their digital tier stations with their main channel bringing the overall cost lower than radio. We also have to overcome the internet and satellite radio objections as competition for our audience.
- Ratings, competitors' rates, the overall health of the economy
- Price. Audience.
- Audience reach
- Other viable alternative outlets providing my audience
- High sales department churn; Weak Local Sales Manager; Weak Sales Training
- Managing inventory with minimal waste.

What challenges do you face in selling advertising time in your local market?

- Current economic conditions with small business owners having enough advertising/marketing budget to achieve results for them
- Retaining and hiring good qualified salespeople
- Too much media/advertising available. There must be 100 items selling as advertising.
- Slow economy and the lack of locally owned stores.
- Tighter budgets in the face of new platforms. Digital reduced spending by advertising and combating annual contracts
- We need to educate our clients about our format; the other _____ radio station in the market always dives on rates; our clients believe they get better value in print vs. radio.
- The economic conditions are shaky at best.
- Advertisers to look at our medium and value it accordingly; we are looked as an "old medium"
- Businesses are still reluctant to spend money, economy is still tight. Radio is very competitive in this market with a lot of stations fighting for a small piece of the pie.

Emerging Competitors

Another question was asked on what emerging competitors do they see in their local market. Here again, we were providing an opportunity for the responding stations to mention the local cross-media operation. Additionally, we were seeing if there would be a difference between the two groups of respondents on whether the cross-media operations are thought of as emerging competitors.

The responses once again show the lack of concern about the local cross media operation as an emerging competitor. Only one respondent, a non-minority/non-women owned station, mentioned one cross media operation. Most of the other responses mention online/digital media

companies such as Facebook, Google, Pandora, Spotify, and “Digital platforms of all shapes and sizes.” Two other respondents cited a new network being delivered through local television stations multicast signals, and another respondent mentioned another local television station.

Provision of News and Information and Challenges

As mentioned earlier, questions on the present provision of and challenges in providing news and information were asked. Here again we were attempting to see if the presence of cross-media operations made it more difficult for local stations to effectively provide news and information and whether there was a difference in the two sets of responding stations.

With respect to the number of minutes of news and information, the answers varied from a few music radio stations saying little or no minutes per hour to all news stations reporting that is their entire programming. Generally, most of the radio stations indicated some provision of news and information.

When asked about the challenges facing the provision of news and information on their stations, none of the respondents indicated the local cross-media operation. Below are some of the responses to that open ended question.

What challenges do you face when delivering news and information on your station?

- Our biggest challenge is the geographic makeup of our market, which is 75 miles north to south and east to west
- Making it local
- Competing with digital media to get the information first. Many more players on the digital front
- Relative news but not too much news
- Current information
- Keeping viewer attention
- Limited staff. (1) On-air talent and (1) producer-reporter affects our ability to cover “breaking news”; currently evaluating/considering eliminating local news programming due to limited budget resources.
- Personnel to cover the news with reduced staff sizes
- Having appropriate staffing numbers to cover the market.

Finally, we asked all respondents what competitive media outlets (both broadcast and non-broadcast) provide news and information. This question was asked to see if the local cross-media operation would be mentioned and whether the mentions of these operations were different for the two sets of responding stations. Only two stations, both non-minority/non-women owned stations, mentioned the local cross-media operation. All other respondents either mentioned specific radio and television stations or just a generic TV or Print. Two mentioned Yahoo as a local media outlet while another mentioned smartphones and tablets as a device to provide local news and information.

Conclusion

As mentioned in the introduction, this study was not intended as a comprehensive random sample survey of all instances of local cross-media operations in markets with stations owned by minorities and/or women. Instead, it was an attempt to solicit information from some of those stations about the competitive nature of local markets and provision of news and information from minority and/or women owned stations in these markets, along with non-minority/non-women owned stations in these same markets. In trying to obtain that information from these two groups of stations, we were trying to see if there was a material difference between the two groups on the impact of the cross-media operation.

Given our limited number of responses, great care has to be taken in reaching any conclusions. Yet, we are struck by the lack of any large concern by almost all of the respondents to these cross-media operations. Several times in the questionnaire we provide opportunities for the responding stations in both groups to offer those operations as answers. What was provided as answers are general business concerns that all radio and television stations have in all markets

– strong broadcast station competitors especially in the genre of programming they provide and the emergence of new competitors from new sources.

This lack of mentions of local cross-media operations was also present in the questions concerning the provision of news and information. Answers were provided on other media outlets providing news and information involved strong stations within the local markets as well as generic answers of an entire media. Further, the answers to the challenges that the stations in both groups of respondents once again included general business concerns on providing programming that is compelling to watch and the emergence of new outlets providing such news and information.

So, what we have gleaned from the responses we did receive to our survey is a concern about the competitive marketplace facing radio and television stations from stations that are providing similar types of programming, and other new types of media. There was little if any mention of the local cross-media operations, except in a medium market where the cross-media interests included the daily newspaper, and a full power TV station and radio stations. Finally, there was no perceptible difference in the responses of the two groups of respondents to these issues.

The results of this study, while not dispositive, do provide evidence that the impact of cross-media ownership on minority and women broadcast ownership is probably negligible. This does not mean that the cross-media ownership rules should, or should not, be changed. There may be sound justifications relating to overall viewpoint diversity, localism, or competition why the rules should or should not be changed. However, it appears from this study that cross-media interests' impact on minority and women broadcast ownership is not

sufficiently noticeable to station operators on the ground to be a material justification for tightening or retaining the rules.

Appendix A – Survey Questionnaire

STUDY ON IMPACT OF CROSS-MEDIA OWNED OPERATIONS

1. What are the radio stations in your market that you compete against most directly? (name all that seem appropriate)

2. Besides other radio stations, what other media outlets in your market do you compete against?

3. What are the most important factors facing your station in its attempt to sell advertising time in the local market?

4. Who do you consider the dominant competitor in the local market?

5. Who do you see as an emerging competitor in your local market?

6. What challenges do you face in selling advertising time in your local market?

7. How many minutes per hour or hours per day, on average Monday –Sunday, of local news do you estimate as providing on your station?

Impact of Cross Media Ownership on Minority/Women Owned Broadcast Stations

8. What challenges do you face in providing news and information on your station?

9. Who are the competitive local media outlets (both broadcast and non-broadcast) in providing news and information?
