

Before the  
**FEDERAL COMMUNICATIONS  
COMMISSION**  
Washington, D.C. 20554

In the Matter of	)	
	)	
2022 Quadrennial Review –	)	MB Docket No. 22-459
Review of the Commission’s Broadcast	)	
Ownership Rules and Other Rules Adopted	)	
Pursuant to Section 202 of the	)	
Telecommunications Act of 1996	)	
	)	

**JOINT COMMENTS**

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Before the  
**FEDERAL COMMUNICATIONS  
COMMISSION**  
Washington, D.C. 20554

In the Matter of	)	
	)	
2018 Quadrennial Review –	)	MB Docket No. 18-349
Review of the Commission’s Broadcast	)	
Ownership Rules and Other Rules Adopted	)	
Pursuant to Section 202 of the	)	
Telecommunications Act of 1996	)	
	)	

**JOINT COMMENTS**

**I. INTRODUCTION AND SUMMARY**

Connoisseur Media, LLC (“Connoisseur”), Townsquare Media, Inc. (“Townsquare”), Mid-West Family Broadcasting (“Mid-West Family”), Midwest Communications, Inc. (“Midwest Communications”), the Frandsen family stations (“Frandsen”), Forever Media, Inc. (“Forever Media”), Neuhoff Media (“Neuhoff”), Eagle Communications, Inc. (“Eagle Communications”), Patrick Communications, LLC (“Patrick Communications”), and Legend Communications, LLC (“Legend Communications” and, collectively, the “Joint Commenters”),<sup>1</sup> by their attorneys, hereby submit their initial comments in the above-

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<sup>1</sup> Connoisseur is the licensee of approximately 30 radio stations in Connecticut, New York, Pennsylvania and Montana. Townsquare is a public company and the licensee of approximately 321 radio stations across the country. Mid-West Family is a group of independent companies with interlocking ownership holding licenses for over 40 radio stations in a number of Midwestern states. Midwest Communications is the licensee of approximately 75 stations in the Midwest and in south-central states. Entities controlled by Frandsen family members hold the licenses for over 20 stations in Utah, Idaho and Wyoming. Forever Media, Inc. through its affiliate FM Radio Licenses, LLC, is the licensee of 28 radio stations in Pennsylvania, Delaware, New Jersey, and Maryland. Neuhoff has 20 radio stations, 16 locally focused digital music, information, and entertainment sites, and serves over a million consumers in Illinois and Indiana. Eagle Communications is an employee-owned licensee of 28 stations serving more than 300,000 people in Kansas and Missouri. Patrick Communications is a leading brokerage and investment banking firm offering many services, including media, tower and telecom brokerage whose controlling principals are also the controlling principals of Legend Communications, which owns 25 radio stations in Wyoming.

referenced proceeding.<sup>2</sup>

In the Public Notice, the Federal Communications Commission’s (“FCC” or “Commission”) Media Bureau commenced the 2022 Quadrennial Review proceeding, seeking comment, as it is statutorily mandated by Section 202(h) of the Telecommunications Act of 1996 to do,<sup>3</sup> on whether the media ownership rules remain “necessary in the public interest as the result of competition.”<sup>4</sup> The Public Notice asks for “comment on the impact of the rules on the American public as consumers of media and the function and objectives of the rules as they relate to broadcasters’ public interest obligations. Have the rules served, and do they continue to serve, consumers, particularly with respect to the Commission’s longstanding policy goals of competition, localism, and diversity?”<sup>5</sup> As local radio broadcasters, the Joint Commenters are well-situated to provide information on these questions gleaned through their extensive experiences in the ever-evolving radio marketplace. As detailed below, these rules most assuredly do not remain in the public interest.

The comments below, and those that were previously filed by the Joint Parties in the 2018 Review, demonstrate that the current rules artificially constrain the operations of local

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As noted below, these parties (with the exception of Forever Media, who had not participated previously and replaces Cherry Creek Media, a company which sold its stations in 2022) filed extensive comments in the 2018 Quadrennial Review and in response to the Commission’s 2021 request for an updating of the 2018 record. *2018 Quadrennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, Notice of Proposed Rulemaking, 33 FCC Rcd 12111 (2018); *Media Bureau Announces June 30, 2021 Effective Date of Reinstated Media Ownership Rules and Comment and Reply Comment Deadlines to Update the Record in the 2018 Quadrennial Review*, Public Notice, 36 FCC Rcd 10270 (2021).

<sup>2</sup> See *Media Bureau Seeks to Opens Docket and Seeks Comment for 2022 Quadrennial Regulatory Review of Media Ownership Rules*, Public Notice, DA 22-1364 (rel. Dec. 22, 2022) (“Public Notice”).

<sup>3</sup> Telecommunications Act of 1996, Pub. L. No. 104-104, § 202(h), 110 Stat. 56, 111-12 (1996) (1996 Act); Consolidated Appropriations Act, 2004, Pub. L. No. 108-199, § 629, 118 Stat. 3, 100-01 (2004) (Appropriations Act) (amending Sections 202(c) and 202(h) of the 1996 Act).

<sup>4</sup> *Public Notice* at 1.

<sup>5</sup> *Id.* at 3.

radio operators, limiting their local operations at the very time that these operations are under assault by massive out-of-market big tech companies.<sup>6</sup> These big tech companies already dominate local advertising sales in each radio market, and they are increasingly garnering audience listening shares that equal or exceed those of the local radio owners. With a shrinking share of the advertising market, and the caps on their in-market audience imposed by the Commission's ownership rules, radio broadcasters have fewer resources to devote to local service, and there are fewer lenders and other financing sources willing to invest in local radio. Without growth opportunities or sources of capital, as shown herein, there are fewer and fewer new entrants to radio business. In short, these rules impede, rather than serving, the interests of competition, localism, and diversity.

In the comments filed in the 2018 Review, the Joint Commenters unequivocally demonstrated that radio stations not only face increasing competition for audience but also for advertising revenues and that this ever-evolving competitive landscape requires relaxing of local ownership rules.<sup>7</sup> The explosion in the growth of local advertising sales by out-of-market Internet platforms has continued, with consumers viewing these platforms as substitutes for local radio stations in terms of both audio listening and advertising.<sup>8</sup> Over-the-air radio has lost both listeners and advertising dollars to satellite radio, online streaming services, and other

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<sup>6</sup> Joint Comments of Connoisseur, Townsquare, Midwest Communications, Mid-West Family, Frandsen, Cherry Creek, Neuhoﬀ, Eagle Communications, Patrick Communications, and Legend Communications, MB Docket No. 18-349 (filed Apr. 29, 2019) ("Initial Joint Comments"); Joint Comments of Connoisseur, Townsquare, Midwest Communications, Mid-West Family, Frandsen, Cherry Creek, Neuhoﬀ, Eagle Communications, Patrick Communications, and Legend Communications, MB Docket No. 18-349 (Sept. 1, 2021) ("Joint Comments to Refresh the Record"). The parties respectfully request that the Comments filed in the 2018 review be incorporated by reference in this proceeding, as they demonstrate the trends (further detailed below) threatening the localism provided by radio. As set out herein, these trends that can only be reversed by the rule changes advocated by the Joint Parties.

<sup>7</sup> See Joint Comments to Refresh the Record at 2, 22.

<sup>8</sup> See *id.* at 4, 7 (2021).

entrants to the media marketplace who have arrived in that marketplace since the adoption of the ownership rules in 1996.<sup>9</sup>

The proceeding here presents the Commission with the opportunity to enhance localism and to preserve it for the future. While broadcast radio today remains an important part of the media landscape, the current trends portend serious issues for the future of local radio, and these trends are unlikely to improve without action from the FCC. The trends indicate a steady decline for broadcast radio listening,<sup>10</sup> with global tech companies eating even further into both radio's advertising base and its audience listening share. To combat these trends, radio stations must be more creative and engaging than ever before, but decades-old local radio ownership rules significantly hinder over-the-air radio broadcasters' ability to compete for audience and advertisers alike.

As we have previously maintained, only by allowing larger local radio clusters can over-the-air broadcasters more effectively compete in their markets. Only by increasing their reach in their local markets can local broadcasters be able to keep up with changing audience attitudes and compete with big tech for advertising dollars. It is crucial that the FCC act now to strengthen local radio before digital competition irreparably undermines the ability of radio to compete in their markets. The FCC has seen what happened to the local newspaper since the rules that now constrain radio were adopted in 1996. In most markets, the local newspapers are but a shadow of what they once were (if they still exist at all), and it is local radio that fills in

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<sup>9</sup> See Initial Joint Comments; Joint Reply Comments of Connoisseur, Townsquare, Mid-West Family, Midwest Communications, Frandsen, Cherry Creek, Neuhoﬀ, Eagle Communications, Patrick Communications, and Legend Communications, MB Docket No. 18-349 (filed May 29, 2019) ("Joint Reply Comments").

<sup>10</sup> See Jacobs Media, *Public Radio Techsurvey 2022: The State of Public Radio in Post-Pandemic America*, at 1, 35 (2022), <https://jacobsmedia.com/prts-2022-results/> ("Techsurvey 2022").

the local information gaps. The FCC must act now to preserve this source of local information.

In this Quadrennial Review, the Commission must assess whether the local radio ownership rules continue to serve the public interest in light of the real competitive marketplace. The relevant market in which radio competes includes not only local over-the-air radio, but also all other sources of audio delivery and local advertising sales, including most significantly the big tech online platforms. In a post-pandemic world where broadcast radio continues to decline and shows no return to “normal,” the Commission can no longer ignore the profound changes in the audio marketplace. It is time to move away from the 1996 rules designed for a market and audience that looked and behaved very differently. It is time to usher in an era where radio broadcasters can fairly compete and continue to serve the public with the local benefits they are uniquely positioned to provide.

The trends identified in 2019 and 2021 by the Joint Commenters have continued along the same trajectories, with 2022 listening levels well below those seen in 2019<sup>11</sup> as consumers increasingly view alternative media outlets as substitutes for radio. Statistical data available today clearly shows that the competition faced by over-the-air radio stations for retaining existing listeners and attracting new ones has not lessened – and, in fact, it has increased since 2021. The same is true for the competition for local advertising dollars, as advertising continues to move from local media like radio to out-of-market platforms like those provided by the digital media giants. As these dollars flow out of the market, local media outlets, like broadcast radio, are increasingly finding it difficult to afford to provide critical local news and programming that is needed to fight disinformation and to outfit citizens with the information that they need to respond to local issues.

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<sup>11</sup> See Edison Research Declaration at 1.

These comments provide ample evidence of the ongoing evolution of audience and advertising from over-the-air radio to digital platforms, including updated statistical data from Edison Research’s Share of Ear study on the growth of competition for radio’s audience,<sup>12</sup> and from Borrell Associates documenting the commanding position of out-of-market digital advertising giants in today’s local advertising marketplace.<sup>13</sup> It is clear that radio broadcasters are no longer competing just against other radio broadcasters, but they are also directly competing with large tech companies in every market.

As shown in earlier filings in the 2018 Review by the Joint Commenters and the NAB, particularly outside the top markets, ownership caps are a relic of the past, offering no benefit given the inconsequential share of the media market that these stations enjoy. As an exhibit to these comments, we include a declaration of media broker and station owner Lawrence Patrick, who states that especially in smaller markets, independent “zombie” stations (a computer and a transmitter) whose owners want to sell and have a willing buyer ready and able to have the station provide local service, cannot be sold to local operators because of ownership caps. Even in the largest markets, owners willing to provide new local services are rare. Broadcast radio providers want to compete, but the competitive situation in these markets is not likely to change unless the Commission relaxes its rules and allows broadcast radio stations to be combined with viable radio operators in their market. It is only these viable radio operators that will be able to

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<sup>12</sup> See Edison Research, *Share of Ear: Share of Time Spent Listening to Audio Services Q4 2022 Study* (2022) (“Share of Ear”). Study conducted by Edison Research (“Edison”). The statistical data from Edison is included in Exhibit B to these comments (“Share of Ear 2022 Exhibit”).

<sup>13</sup> See Borrell, *2023 Digital Advertising Report* (2023) (“Borrell 2023 Exhibit”). The statistical data from Borrell Associates is included in Exhibit E to these comments. Borrell, like Edison, has been conducting studies on the impact of digital entrants on traditional media companies. But its focus is on local advertising, where it has been tracking changes in the marketplace for 20 years. The Joint Commenters provided similar data from Borrell in 2019, and the Borrell 2021 Exhibit updates that data.



provide local stations with the means to truly serve the public – and provide the viable operators greater scale to compete with digital media companies.

The evidence makes clear that the FCC must immediately take steps to relax local radio ownership rules to permit local broadcasters to effectively compete with their unregulated marketplace adversaries. The Joint Commenters request that the changes that they urged in 2019 and 2021 be adopted to free local radio to compete in today’s very different marketplace. The trends are clear – the Commission can no longer keep waiting to make the necessary changes needed to provide local voices to the local populations that these stations serve.

## **II. EVOLVING AND NEW SERVICES AND TECHNOLOGIES CONTINUE TO INTENSIFY COMPETITION FOR AUDIENCE**

Today’s marketplace competition for radio listeners is far different from that in 1996 when the current radio ownership rules were adopted. In 1996, radio essentially had the audio marketplace to itself (except for the competition provided from playing one’s own owned music on records, CDs, and tapes). Today’s marketplace is vastly different, and radio is no longer dominant. In its 2022 Marketplace Report, the Commission itself recognized the growth in competition that did not exist in 1996, finding that the major participants in the audio programming delivery market today can be divided into three broad categories – (1) terrestrial radio broadcasters; (2) satellite radio providers; (3) and online audio providers.<sup>14</sup> Subdividing these categories further, substitutes for over-the-air radio include on-demand or interactive audio, non-interactive digital audio or Internet radio, and satellite radio.

As the Joint Commenters previously demonstrated, these options have led to a

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<sup>14</sup> See *Communications Marketplace Report*, 2022 Communications Marketplace Report, FCC 22-103, ¶ 295 (rel. Dec. 3, 2022) (“2022 Marketplace Report”).

redistribution of listening time at the expense of terrestrial radio.<sup>15</sup> Listeners have increasingly gravitated towards online audio and paid audio platforms<sup>16</sup> as the time spent listening to over-the-air radio has declined – leading to the inescapable conclusion that consumers view these new sources as substitutes for local radio stations. Notably, many of these new audio platforms – and the technologies used to listen to them – are owned by the biggest companies in the American economy, or “Big Tech.” These out-of-market platforms have access to resources far beyond any local radio station and have used these resources to attract listeners at the expense of over-the-air AM/FM radio. These conclusions are further detailed below.

And there is no reason to think that the competition from Big Tech will slow anytime soon. Big budgets lead to new ways that these online companies can compete where local radio cannot – even when they are imitating the functions of a broadcast radio station. For example, just last month, Spotify rolled out its “AI DJ” in beta, its goal being that through the use of personalization and Open AI technology, it will “deliver a curated lineup of music alongside commentary around the tracks and artists we think you’ll like in a stunningly realistic voice.”<sup>17</sup> Incredibly, even when online companies are providing the same features of an over-the-air AM/FM radio station, like a radio DJ’s commentary about the music being played, they are not regulated like local radio stations. Instead, it is only local radio stations that remain hampered by decades-old media ownership rules prohibiting them from competing in any meaningful way in a marketplace that no longer resembles what these rules contemplated.

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<sup>15</sup> See Joint Comments to Refresh the Record at 6-7.

<sup>16</sup> See Larry Rosin, *The Number of Americans Paying for Audio Subscriptions Has Doubled Since 2015*, Edison Research (June 16, 2021), <https://www.edisonresearch.com/the-number-of-americans-paying-for-audio-subscriptions-has-doubled-since-2015/> (predicting that more than half of Americans ages 13 and up will pay for audio services in the next year or two).

<sup>17</sup> See Press Release, Spotify, *Spotify Debuts a New AI DJ, Right in Your Pocket* (Feb. 22, 2023), <https://newsroom.spotify.com/2023-02-22/spotify-debuts-a-new-ai-dj-right-in-your-pocket/>.

**A. The Rapid Migration from Traditional Radio to Online Platforms has Continued to Erode AM/FM Listenership**

While it cannot be disputed that local radio reaches a large portion of the American population, this reach has fallen dramatically in the past ten years.<sup>18</sup> The decline in listening to over-the-air radio is demonstrated by the Edison Research data provided with these Joint Comments. The attached summaries of Edison's research show the continued decrease in over-the-air radio listening, combined with an increase in listening to online audio sources.

Edison's Share of Ear Q4 2022 study found that for all Americans, in 2019, the average amount of listening to AM/FM over-the-air broadcasts was 93 minutes per day. In its most recent study in 2022, that had fallen to 84 minutes, a decrease of 11% in three years, and a decrease of nearly 35% since 2014, when Americans averaged 130 minutes per day listening to AM/FM over-the-air broadcasts.<sup>19</sup>

The ongoing erosion of over-the-air listenership that the Joint Commenters predicted in prior pleadings has continued.<sup>20</sup> Newly available statistical data clearly demonstrates that those who do listen to broadcast radio are doing so for increasingly less time than ever before. Between 2014 and 2022, there was a 35% drop in how many daily minutes the U.S. population over 13 years old spends listening to over-the-air AM/FM radio.<sup>21</sup> In contrast, in that same

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<sup>18</sup> See Pew Research Center, *Audio and Podcasting Fact Sheet*, Weekly terrestrial radio listenership (June 29, 2021), <https://www.journalism.org/fact-sheet/audio-and-podcasting/> (reporting that weekly AM/FM radio reach dropped over 10 percentage points between 2010 and 2020).

<sup>19</sup> Share of Ear 2022 Exhibit at 3. While there was an increase in radio listening in 2021 and 2022 compared to 2020 levels, as noted in the Declaration of Larry Rosin, attached at Exhibit A, the 2020 numbers were abnormally low due to the lack of driving (where most radio listening occurs) during the first year of the pandemic. While the 2021 and 2022 numbers recover from the pandemic-induced 2020 lows, the numbers above compare the more normal 2022 numbers to 2019 in showing the large listening decrease, a downward trend that Edison believes will continue.

<sup>20</sup> See Initial Joint Comments at 7; Joint Reply Comments at 4.

<sup>21</sup> See Share of Ear 2022 Exhibit at 7.

time period, total audio listenership increased, with the daily minutes the U.S. population over 13 years old spends listening to all audio streaming sources increasing by 103%.<sup>22</sup>

As has been the case over the past several years, these trends are even stronger among younger generations. First, percent decrease in reach is significantly higher among the 13 to 24 demographic, where between 2014 and 2022, the daily reach of AM/FM radio in this demographic decreased by 49%.<sup>23</sup> By contrast, the daily reach of AM/FM radio among Americans between the ages of 13 and 34 during the same time period decreased by only 34%.<sup>24</sup> Second, there continues to be a rapid and dramatic shift away from traditional radio listening and towards digital listening, with digital audio sources being listened to *more than* over-the-air broadcast radio by younger Americans. The Share of Ear study shows that the daily minutes of digital audio source listening time among 13 to 24 year-olds increased between 2020 and 2022, from 139 minutes daily to 171 minutes daily.<sup>25</sup> Third, younger listeners tuning into AM/FM radio listen for much less time than older listeners, spending only about half the total daily listening time with broadcast radio as compared to the general population.<sup>26</sup> While the average amount of time young consumers spend listening to terrestrial radio has increased by 4 minutes in the last two years as radio recovers from the listening crash during the pandemic,<sup>27</sup> in the same time period, 13 to 24 year-old's average daily minutes listening to online audio has increased by about 30 minutes,<sup>28</sup> showing that the relative increase in the share of online audio

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<sup>22</sup> *See id.* at A-10.

<sup>23</sup> *See id.* at A-8.

<sup>24</sup> *See id.* at A-9.

<sup>25</sup> *See id.* at A-11.

<sup>26</sup> *See id.* at A-4.

<sup>27</sup> *See id.* at A-8.

<sup>28</sup> *See id.* at A-11.

listening is not a pandemic related phenomena.

The rise in online audio listenership is not unique to younger Americans, as more and more consumers of all ages are migrating to digital platforms for their audio listening. According to data from the Infinite Dial 2022, online audio's weekly reach among the total U.S. population is at an all-time high – up by 17% since 2018.<sup>29</sup> And, almost 70% of all TechSurvey 2022 respondents listened to streaming audio on a weekly basis in 2022.<sup>30</sup> Even the oldest listeners are spending more time with online audio than they have previously. For example, in Q3 2020, adults in the 50-64 demographics listened to digital streams on smartphone or tablet for nearly a quarter of an hour longer than they did in the same quarter of the previous year.<sup>31</sup>

#### **B. Radio Broadcasters Compete Against Streaming Music and Podcasting More Than Ever Before**

As explained above, over-the-air radio broadcasters face fierce competition for audience from online platforms. These platforms include streaming music and podcasting services, both of which have had banner years since 2021. And, consumers are not deterred by the fact that these services often require a subscription, as Americans are increasingly paying for audio content in the same way as they now pay for television content that was once only available over-the-air. 2022 was a record year for paid streaming music services. In the first half of 2022,

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<sup>29</sup> Edison Research et al., *The Infinite Dial 2022*, at 36 (Mar. 23, 2022), <http://www.edisonresearch.com/wp-content/uploads/2022/03/Infinite-Dial-2022-Webinar-revised.pdf> (“Infinite Dial 2022”).

<sup>30</sup> TechSurvey 2022 at 38.

<sup>31</sup> See The Nielsen Company (US), LLC, *The Nielsen Total Audience Report – February 2020*, at 21 (Feb. 11, 2020), <https://www.nielsen.com/us/en/insights/report/2020/the-nielsen-total-audience-report-february-2020/>; The Nielsen Company (US), LLC, *The Nielsen Total Audience Report – March 2021*, at 27 (Mar. 11, 2021), <https://www.nielsen.com/us/en/insights/report/2021/total-audience-advertising-across-todays-media/>.

there were 616.2 million subscribers in the global music subscriber market, a 7.1% increase from the end of 2021.<sup>32</sup>

Companies like Spotify and Pandora that have been in the streaming music space for several years continue to retain their leadership positions as the most-recognized and most-used online audio brands.<sup>33</sup> Since 2021, Spotify’s monthly listenership grew by 6 percent, and nearly one-third of Americans over the age of 12 listen to this service each month.<sup>34</sup> And, Pandora has been working on expanding its portfolio, making a \$75 million investment in SoundCloud Ltd. in 2020,<sup>35</sup> an audio sharing platform listened to by 8 percent of Americans in the last month.<sup>36</sup> Not only have existing streaming music providers thrived in today’s audio market, newer entrants to the space have secured strong listenership in a very short amount of time. For example, YouTube Music (formerly, Google Play) has nearly increased its audience by 7 percent since 2021.<sup>37</sup> And, the use of online video services for new music discovery continues.<sup>38</sup> In 2023, the top two most common sources for new music discovery by Gen Z

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<sup>32</sup> Mark Mulligan, *Music Subscription Services Market Shares*, MIDiA (Nov. 2022), <https://midiaresearch.com/blog/music-subscriber-market-shares-2022>.

<sup>33</sup> Infinite Dial 2022 at 38.

<sup>34</sup> Edison Research, *The Infinite Dial 2020*, at 39 (Mar. 19, 2020), <http://www.edisonresearch.com/wp-content/uploads/2020/03/The-Infinite-Dial-2020-U.S.-Edison-Research.pdf> (“Infinite Dial 2020”); Edison Research, *The Infinite Dial 2021*, at 40 <http://www.edisonresearch.com/wp-content/uploads/2021/03/The-Infinite-Dial-2021.pdf> (“Infinite Dial 2021”). Spotify reports 489 million users. See Spotify, *About Spotify* (last visited Feb. 27, 2023), <https://investors.spotify.com/about/default.aspx>.

<sup>35</sup> Anne Steele, *SoundCloud Gets \$75 Million Investment From Sirius*, Wall Street Journal (Feb. 11, 2020), <https://www.wsj.com/articles/soundcloud-gets-75-million-investment-from-sirius-11581424202>.

<sup>36</sup> Infinite Dial 2022 at 39.

<sup>37</sup> Infinite Dial 2022 at 39; The Infinite Dial 2021 at 40.

<sup>38</sup> See Initial Joint Comments at 9 (observing that “online ‘video’ services, such as YouTube, are the largest source for new music discovery in younger demographics, and are significant among older listeners too”).

were YouTube and TikTok (replacing radio for second place).<sup>39</sup> This trend is not new, with more than half of YouTube’s customers using the service for music tune-in in 2021 for more than 10 minutes daily, and 2 billion YouTube viewers watch at least one video each month.<sup>40</sup> It is clear that online platforms like YouTube are direct competitors to audio-only services, where the company announced in November 2020 that it was launching 15-second audio-only ads, designed to reach customers who listen to music or podcasts in the background via the service.<sup>41</sup> Thus, YouTube is the latest in a stream of non-broadcast outlets seeking to monetize their audio listenership via advertising,<sup>42</sup> highlighting their direct competition with local radio services.<sup>43</sup>

Podcasting also has grown significantly since 2019, with an estimated 222 million Americans familiar with podcasts – up from 197 million in 2019. Nearly one-third of Americans over the age of 12 report that they have listened to a podcast in the past week.<sup>44</sup> Notably, the increase in the number of monthly users in 2021 is up nearly 10% from 2020.<sup>45</sup> And, recent research shows that podcast listeners pay attention to advertisements, again

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<sup>39</sup> See Tatiana Crisano, *Music Discovery in 2023 is About the Journey, Not the Moment*, MIDiA (Jan. 12, 2023), <https://midiaresearch.com/blog/music-discovery-in-2023-is-about-the-journey-not-the-moment>.

<sup>40</sup> Todd Spangler, *YouTube Launches Audio Ads and Ad-Targetable Music Lineups, Taking Aim at Spotify*, Variety (Nov. 17, 2020), <https://variety.com/2020/digital/news/youtube-music-audio-ads-music-lineups-advertising-1234833604/>.

<sup>41</sup> *Id.*

<sup>42</sup> Initial Joint Comments at 9 (“both Amazon Music and Google this week introduced new free, advertiser-supported music services”).

<sup>43</sup> See Tripp Mickle, *Google Revenue Surges as Online Advertising Market Thrives*, Wall Street Journal (July 27, 2021), <https://www.wsj.com/articles/google-alphabet-googl-2q-earnings-report-2021-11627344309?mod=djemalertNEWS> (discussing YouTube’s \$7 billion in advertising revenues for the second quarter of 2021, up 84% from a year earlier).

<sup>44</sup> Pew Research Center, *Audio and Podcasting Fact Sheet*, Podcast listenership (June 29, 2021), <https://www.journalism.org/fact-sheet/audio-and-podcasting/>.

<sup>45</sup> *Id.* (reporting 22% in 2019 and 28% in 2021).

demonstrating that radio faces increasing competition from podcasting.<sup>46</sup>

Recent data also shows that more and more Americans are willing to pay for online audio services than was the case even a few years ago. Spotify, for example, reported 205 million subscribers to its premium, ad-free service in 2022.<sup>47</sup> By the end of 2022, the total number of Spotify's premium subscribers had grown by 50 million from 155 million in 2020.<sup>48</sup> Research by Jacobs Media also shows that 27% of survey respondents pay for two or more audio streaming subscriptions.<sup>49</sup>

### **C. The Increasing Availability of Alternative Devices to Listen to Audio Content Continues to Drive Changes in Listening Habits**

In their comments filed in 2019, the Joint Commenters explained that changes in technology were exacerbating the other changes in the marketplace, and predicted that these trends would continue.<sup>50</sup> This has proven to be the case, as more and more Americans migrate from listening to radio using a “traditional” receiver to alternative means of technology, such as smartphones, smart speakers, and other new devices in homes and vehicles (e.g., Apple CarPlay and Android Auto). Indeed, as of 2022, the use of mobile devices for daily audio consumption

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<sup>46</sup> InsideRadio, *Two-Thirds Of Podcast Listeners Say They Don't Skip The Ads* (Apr. 19, 2021), [https://www.insideradio.com/podcastnewsdaily/two-thirds-of-podcast-listeners-say-they-don-t-skip-the-ads/article\\_3030be66-9ed0-11eb-8a39-7fefa5f6b85a.html](https://www.insideradio.com/podcastnewsdaily/two-thirds-of-podcast-listeners-say-they-don-t-skip-the-ads/article_3030be66-9ed0-11eb-8a39-7fefa5f6b85a.html); See also, Anne Steele, *Spotify Adds Fewer Total Users Than Expected*, Wall Street Journal (July 28, 2021), <https://www.wsj.com/articles/spotify-adds-fewer-total-users-than-expected-11627466400> (stating that Spotify's advertising revenue more than doubled in the most recent quarter due, in part, to growth in its podcast business).

<sup>47</sup> Spotify Technology S.A., Annual Report (Form 20-F), at 35 (2022), [https://s29.q4cdn.com/175625835/files/doc\\_financials/2022/q4/b283934e-7a7c-4da6-8749-856dfa4c36e6.pdf](https://s29.q4cdn.com/175625835/files/doc_financials/2022/q4/b283934e-7a7c-4da6-8749-856dfa4c36e6.pdf).

<sup>48</sup> Joint Comments to Refresh the Record at 13 (citing Spotify Technology S.A., Annual Report (Form 20-F) (Feb. 5, 2021)).

<sup>49</sup> Fred Jacobs, *Would Your Listeners Pay to Subscribe to Your Radio Station?*, Jacobs Media Strategies (June 14, 2022) <https://jacobsmedia.com/would-your-listeners-pay-to-subscribe-to-your-radio-station/>.

<sup>50</sup> Initial Joint Comments at 12-15.



exceeds the use of traditional radio receivers.<sup>51</sup> Since 2018, the number of Americans listening to radio using an AM/FM receiver decreased by seven percentage points, such that, at the end of 2020, only about one-third of the population relied on a traditional receiver.<sup>52</sup> As expected, younger listeners are much more likely to have abandoned the AM/FM receiver in favor of a new listening technology. Given these trends, it is not surprising that the number of radios in homes continues on a sharp decline.<sup>53</sup>

The number of Americans reporting that they no longer own a radio in their home was at 39% in 2022, up 7% from just two years prior.<sup>54</sup> In 2022, 57% of listeners between the ages of 12 and 34 did not own a radio in their home<sup>55</sup> and, the mean number of radios owned by those that did dropped below one receiver in 2020.<sup>56</sup>

While listening via a traditional receiver has fallen, mobile device listening has increased. Mobile devices accounted for 30 percent of time spent listening to audio in 2021, up from 25 percent in 2018.<sup>57</sup> And, as noted above, half of daily listening time among the 13 to 34 demographic is via mobile devices.<sup>58</sup> This is not surprising, given that an estimated 222 million

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<sup>51</sup> Elle Kehres, *Americans Spend More Time Listening via Mobile Devices*, RadioWorld (Dec. 16, 2022), <https://www.radioworld.com/news-and-business/programming-and-sales/mobile-phones-surpass-am-fm-receivers-for-audio-consumption-by-device>.

<sup>52</sup> See Edison Research, *Weekly Insights 10.19.22 Americans Spend More Time with Audio on Mobile Devices than Radio Receivers*, Edison's Weekly Insights, (Oct. 19, 2022), <https://www.edisonresearch.com/weekly-insights-10-19-22-americans-spend-more-time-with-audio-on-mobile-devices-than-radio-receivers/>.

<sup>53</sup> Infinite Dial 2022 at 12.

<sup>54</sup> *id.*

<sup>55</sup> *id.* at 13.

<sup>56</sup> Infinite Dial 2020 at 14.

<sup>57</sup> Edison Research, *Mobile device share of listening on track to surpass traditional radio receivers in the U.S.* (Mar. 4, 2021), <https://www.edisonresearch.com/mobile-device-share-of-listening-on-track-to-surpass-traditional-radio-receivers-in-the-u-s/>.

<sup>58</sup> Edison Research Declaration at 1.

– almost 90 percent – of the U.S. population over the age of 12 owns a smartphone.<sup>59</sup>

Ownership of voice-controlled devices also continues to grow. Since 2018, the percentage of Americans owning smart speakers has almost doubled, from 18% in 2018 to 35%, or an estimated 100 million people, in 2022.<sup>60</sup> Similarly, in 2018, only 11% of smart speaker owners had three or more speakers in their home.<sup>61</sup> Today, this number has risen to 33%.<sup>62</sup>

In-car listening is where most listening to over-the-air radio occurs, and here, too, listening to audio from digital audio sources is eroding that listening base. Although the COVID-19 pandemic had a negative impact on the amount of time spent listening to audio while driving generally, in-car listening minutes throughout the pandemic skewed in favor of non-broadcast audio sources. For example, Edison reports that, while consumers frequently listen to AM/FM radio in the car, the daily average minutes that Americans 13 and over reported listening to broadcast radio in the car on the daily dropped from 46.5 to 37.2 minutes between 2018 and 2022.<sup>63</sup> And, although over-the-air radio continues to have a strong share of in-car listening, the average share of time spent listening to AM/FM radio stations while driving dropped by 7.3% between 2018 and 2022.<sup>64</sup> During that same time period, streaming audio services in the car nearly doubled, from 4.4% to 8.2%, and podcast listening in the car nearly tripled, from 1.3% percent to 3.7%.<sup>65</sup> And, in-car YouTube usage nearly tripled in the

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<sup>59</sup> Infinite Dial 2022 at 6.

<sup>60</sup> *Id.* at 9.

<sup>61</sup> *Id.* at 11.

<sup>62</sup> *Id.*

<sup>63</sup> Share of Ear 2022 Q4 Table 1 Exhibit at 4.

<sup>64</sup> *Id.*

<sup>65</sup> *Id.*

same time period, now at 4%.<sup>66</sup>

The trend away from in-car consumption of over-the-air radio is even more apparent among younger generations, where the use of alternative media in vehicles is materially greater. In 2019, the daily share of in-car AM/FM listenership among those between the ages of 13 and 34 was 54.4 percent.<sup>67</sup> Today, this share is less than 52.6 percent – almost 15 points lower than where it was in 2014.<sup>68</sup> At the same time, streaming audio's share of in-car listenership among this demographic has grown from 11.1 percent in 2019 to nearly 16 percent in 2022.<sup>69</sup> In-car podcasting and YouTube usage also has increased, from 3.4 percent and 3 percent to 5.1 percent and 8.2 percent, respectively.<sup>70</sup> In short, total digital usage in the car in the 13 to 34 demographic has increased significantly since 2019.<sup>71</sup>

The move towards non-broadcast listening in cars has been, and will continue to be, driven by technology changes. 22% of Americans over the age of 18 have driven or ridden in a vehicle with an in-dash information and entertainment system, up from 15% in 2018.<sup>72</sup> These include Bluetooth and integrated mobile operating systems developed by Apple and Google (companies that offer interactive music services that compete with AM/FM radio), both of which operating systems are now in nearly twice as many cars as in 2018.<sup>73</sup> As demonstrated

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<sup>66</sup> *Id.*

<sup>67</sup> Joint Comments to Refresh the Record, Exhibit A at A-19.

<sup>68</sup> Share of Ear 2022 Q4 Table 1 Exhibit at 6.

<sup>69</sup> Initial Joint Comments, Exhibit A at A-19; Share of Ear 2022 Q4 Table 1 Exhibit at 6.

<sup>70</sup> Initial Joint Comments, Exhibit A at A-19; Share of Ear 2022 Q4 Table 1 Exhibit at 6.

<sup>71</sup> Initial Joint Comments, Exhibit A at A-19 (from initial comments – approximately 16% digital total); Share of Ear 2022 Q4 Table 1 Exhibit at 6 (approximately 29% digital total).

<sup>72</sup> Infinite Dial 2022 at 46.

<sup>73</sup> Infinite Dial 2022 at 47; Infinite Dial 2020 at 55. Apple CarPlay is in 17% of primary vehicles (up from 6% in 2018) and Android Auto (11%, up from 4% in 2018).

by TechSurvey 2022, once a car is connected to an alternative audio source, AM/FM radio listening decreases.<sup>74</sup> Once in the car, there is little difference between accessing a radio station or a podcast or an online stream – all are accessible by just asking for that source. These audio services are direct competitors to local over-the-air radio.

#### **D. Local Broadcasters Increasingly Compete with Non-Audio Outlets for Audience**

More than ever before, radio competes with non-audio sources for audience. Streaming video services like Netflix, HBO Max, Disney+, Amazon Prime, and Hulu have prospered over the past few years and are expected to continue to grow. In July 2022, for the first time, video streaming claimed the largest share of U.S. TV viewing.<sup>75</sup> While viewing is greatest among younger demographics, nearly 70% of the Boomer generation and over half of the Greatest generation report watching streaming video at least weekly.<sup>76</sup> In addition to streaming video, other platforms, most of which have audio components, have exploded over the past few years.

For example:

- One in five Americans over the age of 12 watch streaming video games, up 5 percent from 2019.<sup>77</sup> This number soars to nearly 40 percent among the 12 to 34 demographic.<sup>78</sup>
- Social media consumption remains on the rise, with an estimated 233 million users above the age of 12, as compared to an estimated 223 million in 2019.<sup>79</sup>
- TikTok experienced exponential growth between 2020 and 2021, jumping from 11 percent to 23 percent among users over the age of 12.<sup>80</sup> Usage of TikTok by 12 to

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<sup>74</sup> TechSurvey 2022 at 46.

<sup>75</sup> See *Streaming Claims Largest Piece of TV Viewing Pie in July*, Nielsen, (Aug. 2022), <https://www.nielsen.com/insights/2022/streaming-claims-largest-piece-of-tv-viewing-pie-in-july/>.

<sup>76</sup> *Id.*

<sup>77</sup> Infinite Dial 2021 at 14.

<sup>78</sup> *Id.* at 16.

<sup>79</sup> Infinite Dial 2019 at 5; Infinite Dial 2021 at 20.

<sup>80</sup> Infinite Dial 2021 at 24.

34 year-olds showed remarkable growth – nearly doubling in just one year.<sup>81</sup>

- Clubhouse, an invitation-only audio social networking platform introduced in 2020, has already grown to 10 million weekly active users, and has captured substantial audience share among social media platforms.<sup>82</sup> Fifteen percent of adults report having ever used the service, and almost half of these individuals use the service at least once every day.<sup>83</sup> As further evidence of its popularity in the market, Clubhouse has been valued at \$4 billion.<sup>84</sup>

The growth in consumption of these and other alternative media offerings, particularly when these services are accompanied by audio, cuts into the total amount of time an individual has available to listen to radio. These are all marketplace competitors for local radio stations' audiences.

**E. Most of Radio's Toughest Competition Comes from Out-of-Market Internet Pureplay Companies Owned by America's Biggest Tech Companies**

Perhaps the most significant development since the initial comment cycle in this proceeding closed relates to Big Tech's increasing dominance in the audio space. The Joint Commenters previously pointed out that music and other audio entertainment services launched by companies like Apple, Amazon and Google – each of which have market capitalizations hundreds of times larger than the capitalization of the entire radio industry – were experiencing significant growth in audience, in part because these companies were well-positioned to offer

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<sup>81</sup> *Id.* at 25.

<sup>82</sup> Elizabeth Culliford, *Clubhouse closes new round of funding that would value app at \$4 billion -source*, Reuters (Apr. 18, 2021), <https://www.reuters.com/technology/clubhouse-closes-new-round-funding-that-would-value-app-4-billion-source-2021-04-18>.

<sup>83</sup> Edison Research, *Clubhouse Users in America 2021* (May 18, 2021) at 4, 13, <http://www.edisonresearch.com/wp-content/uploads/2021/05/Clubhouse-Users-in-America.pdf>.

<sup>84</sup> Elizabeth Culliford, *Clubhouse closes new round of funding that would value app at \$4 billion - source*, Reuters (Apr. 18, 2021), <https://www.reuters.com/technology/clubhouse-closes-new-round-funding-that-would-value-app-4-billion-source-2021-04-18>.

audio services as loss leaders to promote other products and services.<sup>85</sup> These services have continued to grow and expand since 2019, further intensifying the competitive divide between digital services and traditional broadcast radio.

For example, since 2019, monthly listenership of Google Play (now YouTube Music) has grown by 17%, nearly tripling its audience.<sup>86</sup> Apple Music and Amazon Music also have experienced growth, with nearly 30% of Americans over the age of 12 reporting having listened to these services in the past month – a 7% combined increase as compared to 2018.<sup>87</sup> And, in June 2021, Facebook jumped into the audio game, announcing that it was launching both podcasts and Live Audio Rooms, an audio social media networking platform designed to compete with Clubhouse, as part of its initiative to bring social media audio experiences to its customers.<sup>88</sup> And, of course, Facebook already has plans to monetize these opportunities, just as its competitors have done with their services.<sup>89</sup>

Not only does Big Tech own and control audio services that compete with local radio for audience (as well as advertising), but these companies also own and control the

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<sup>85</sup> Initial Joint Comments at 11 & n.43.

<sup>86</sup> Infinite Dial 2022 at 40 (reporting that 23% of the U.S. population over the age of 12 listened to YouTube Music in the last month); Infinite Dial 2020 at 42 (showing that, in 2019, 6% had listened to the service in the month previous to the studied period).

<sup>87</sup> Edison, *The Infinite Dial 2018*, at 30 (Mar. 8, 2018), <https://www.slideshare.net/webby2001/infinite-dial-2018>; Infinite Dial 2022 at 39.

<sup>88</sup> Fidji Simo, *Live Audio Rooms and Podcasts on Facebook*, Facebook: Newsroom (June 21, 2021), <https://about.fb.com/news/2021/06/live-audio-rooms-and-podcasts-on-facebook/>.

<sup>89</sup> Fidji Simo, *Be Heard: Bringing Social Audio Experiences to Facebook*, Facebook: Newsroom (Apr. 19, 2021), <https://about.fb.com/news/2021/04/bringing-social-audio-experiences-to-facebook/> (explaining that it intends to offer the “ability to charge for access to a Live Audio Room through a single purchase or a subscription”); Melissa Hsieh Nikolic, *Audio ads on YouTube expand reach and grow brand awareness*, Google: Ads & Commerce Blog (Nov. 17, 2020), <https://blog.google/products/ads-commerce/youtube-music-audio-ads/>; Ben Fox Rubin, *Amazon launches free, ad-supported music service for Alexa devices*, CNET (Apr. 18, 2019), <https://www.cnet.com/home/smart-home/amazon-launches-ad-supported-music-service-for-alexa-devices/>.

technologies that are used to listen to Internet audio. For example, the number of Americans owning Amazon’s Alexa has increased from 16% in 2019 to 23% in 2021.<sup>90</sup> Similarly, 11% of the U.S. population now owns Google Nest, up from 7% in 2019.<sup>91</sup> And, Apple has a stronghold on the market for integrated mobile operating systems, with over 98% of new cars supporting its CarPlay system.<sup>92</sup> According to Edison, 10% of Americans over 17 now have Apple CarPlay in their primary vehicles, and 11% have Android Auto.<sup>93</sup>

The increasing control of media services and technologies since 2019 has garnered attention of policymakers at all levels. In the last Congress, legislation was introduced to try to curb the effect of big tech and preserve local media. For example, in early 2021, The Journalism Competition and Preservation Act of 2021 (“JCPA”) was introduced into Congress.<sup>94</sup> This bill sought to permit local media companies, including broadcasters, to negotiate collectively with Big Tech companies that seek to attract audiences by featuring content created by traditional media sources.<sup>95</sup> The fact that policymakers are seeking a legislative solution to correct the competitive imbalance between large technology platforms and local radio and television broadcasters unequivocally demonstrates that “tech platforms have substantial market power in their provision of services, and they use that power for advancing their own growth and benefit to the detriment of local broadcast journalism.”<sup>96</sup> This

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<sup>90</sup> Infinite Dial 2019 at 20; Infinite Dial 2022 at 10.

<sup>91</sup> Infinite Dial 2019 at 20; Infinite Dial 2022 at 10.

<sup>92</sup> Umar Shakir, *Apple’s CarPlay is Going Beyond the Infotainment Screen*, The Verge (June 6, 2022) <https://www.theverge.com/2022/6/6/23156741/ios-16-carplay-apple-wwdc-hvac-deeper-integration>.

<sup>93</sup> Infinite Dial 2022 at 47.

<sup>94</sup> Journalism Competition and Preservation Act of 2021, S. 673, 117<sup>th</sup> Cong. (2021).

<sup>95</sup> *Id.* at § 2(b).

<sup>96</sup> See Joint Comments to Refresh the Record, at 23. BIA Advisory Services, *Economic Impact of Big Tech Platforms on the Viability of Local Broadcast News*, at ii (2021),

is also recognized in antitrust scrutiny that has also been brought to bear on these tech companies. While Congress did not pass the JCPA in the last legislative session, that does not diminish the recognition that there is a need for action to help preserve local media – the same goal sought by the Joint Commenters.

In summary, the competition in the radio marketplace is nothing like it was in 1996 when the current radio ownership rules were adopted. Even the Commission’s own 2022 Marketplace Report recognizes that these alternative sources for audio listening compete directly with over-the-air radio. These services can provide an unlimited array of audio choices to entice the consumer, while any radio operator is limited to, at most, eight stations in any market. As the numbers cited above show, in younger demographics, these alternative sources are already radio’s match in the audio marketplace. When combined with the dominance that tech platforms have shown in the advertising marketplace, as described below, the rules adopted for a market that existed a quarter century ago simply cannot be found to still be serving the public interest today.

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[https://www.nab.org/documents/newsRoom/pdfs/Economic\\_Impact\\_Tech\\_Platforms\\_Broadcast\\_News.pdf](https://www.nab.org/documents/newsRoom/pdfs/Economic_Impact_Tech_Platforms_Broadcast_News.pdf) (cited in Comments of The National Association of Broadcasters, OMD Docket No. 21-190, at n.9 (filed June 3, 2021)).



### **III. DIGITAL ADVERTISING SPENDING CONTINUES TO RISE, AND REVENUES HAVE REACHED RECORD HIGHS, WHILE LOCAL RADIO BROADCASTERS ARE LIMITED BY REGULATION IN THEIR ABILITY TO COMPETE**

The evidence that competition from Big Tech for the local advertising dollars on which radio depends is even more compelling than the evidence of the competition for listeners.<sup>97</sup> Local radio broadcasters face ever-increasing competition from audio and non-audio sources alike for advertising revenues. This was the case in 2021, and continues to be the case today, with radio stations fighting against audio and other media platforms with access to significantly more resources and greater market power than even a few years ago.

There is no sugar-coating the fact that local radio stations revenues are flat or down, while digital advertising revenues have soared. In 2020, for example, over-the-air station revenues were at \$9.7 billion, nearly 24 percent less than the \$12.8 billion in over-the-air revenues realized in 2019.<sup>98</sup> Although this decline was driven by COVID-19 cuts in advertising spending, the downward trend is not expected to change any time soon. Over-the-air revenues for 2021 were \$10.6 billion and are projected by BIA to remain essentially flat through 2027.<sup>99</sup>

Internet advertising revenues from 2020 to 2021 increased by 35.4 percent, three times larger than the 12.2 percent growth seen in 2020 as compared to 2019.<sup>100</sup> Notably, social media

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<sup>97</sup> Initial Joint Comments at 16-21.

<sup>98</sup> Press Release, BIA Advisory Services, *Radio Revenues Fell to \$9.7B in 2020, As Pandemic's Toll on the Industry Affected Local Radio Stations* (May 14, 2021), <http://www.biakelsey.com/radio-revenues-fell-9-7b-2020-pandemics-toll-industry-affected-local-radio-stations/> (estimating \$11.7 billion in local radio revenues for 2021, with \$1 billion coming from digital).

<sup>99</sup> BIA Advisory Services, projection of radio revenues, *Investing in Radio Market Report, 2022* (Summer 2022 Shares).

<sup>100</sup> BIA Advisory Services, *Internet Advertising Revenue Report*, Report 1, 6 (April 2022), [https://www.iab.com/wp-content/uploads/2022/04/IAB\\_Internet\\_Advertising\\_Revenue\\_Report\\_Full\\_Year\\_2021.pdf](https://www.iab.com/wp-content/uploads/2022/04/IAB_Internet_Advertising_Revenue_Report_Full_Year_2021.pdf).

advertising revenue totaled \$57.7 billion, up 39.3 percent from 2020.<sup>101</sup> By contrast, local radio stations' online revenues were projected at less than \$3 billion in 2022<sup>102</sup> – *about a twentieth of* the \$57.7 billion realized by social media.

Radio is a local medium and has always relied on local advertising for its economic success.<sup>103</sup> In 1996, there were few competitors for local advertising dollars, mostly in-market companies like the newspaper, the yellow pages, or the local television station in some markets. But the competitive landscape has dramatically changed in the ensuing quarter century. It is now out-of-market tech giants who dominate local advertising sales in every market. As stated in the attached declaration of Gordon Borrell of Borrell and Associates, a leading analyst of local advertising, digital media's share of all local advertising has grown from 26% nine years ago to 67% in 2022. This year, *no locally based media entity will control more than a 6% share of local advertising*. Meanwhile, three out-of-market tech companies – Amazon Advertising, Google (Alpha), and Facebook (Meta) will control 53% of it, with an additional 14% controlled by other out-of-market digital platforms.<sup>104</sup>

Although radio continues to rank as the second largest channel for traditional local media spending, businesses are spending less and less on traditional media advertising every

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<sup>101</sup> Press Release, Interactive Advertising Bureau, IAB Releases Internet Advertising Revenue Report for 2020 (Apr. 7, 2021), <https://www.iab.com/news/iab-internet-advertising-revenue/>.

<sup>102</sup> *Investing in Radio Market Report 2022 (Fourth Edition, Summer 2022 Shares)*, BIA Advisory Services (2022), at 18, <http://www.bia.com/Images/Products/Radio%20Market%20Report%20Info.pdf>.

<sup>103</sup> See Evolution of Radio Broadcasting: Radio's Commercial Potential, (last visited Feb. 27, 2023), <https://open.lib.umn.edu/mediaandculture/chapter/7-2-evolution-of-radio-broadcasting/> (citing Sterling & Kittross, 2002) (explaining that “as economic pressure mounted during the Great Depression in the 1930s, local stations began looking for new sources of revenue, and advertising became a normal part of the radio soundscape”).

<sup>104</sup> Borrell 2023 Exhibit at 2.

year, and more on social media and other digital platforms.<sup>105</sup> 86% of digital advertising purchased by local businesses in 2022 went to out-of-market companies such as Google, Facebook, and Amazon.<sup>106</sup> And, there was a dramatic decline in the number of local businesses buying radio advertising between 2017 and 2022, as annual radio advertiser expenditures decreased their budgets by 46%.<sup>107</sup> This five-point drop over this short timeframe is nearly the same as the decrease in local radio buying during the entire five years prior to 2018, thus demonstrating that the past few years have been particularly challenging for radio broadcasters in the current media marketplace.<sup>108</sup> Notably, unlike television, radio stations did not benefit significantly from political spending, which has not yet transitioned heavily to online platforms.<sup>109</sup>

While the trend away from classic forms of advertising towards digital advertising is not new, it has been on a “meteoric rise” for years, especially during 2020 and 2021.<sup>110</sup> Nearly two-thirds of the \$118.7 billion spent on local advertising in 2020 was allocated to digital, and this share is expected to grow to nearly three-quarters of all local advertising dollars by 2025.<sup>111</sup>

Both Facebook and Google saw strong growth in advertising last year, with Facebook averaging 21% growth for the year and Google averaging 9% growth.<sup>112</sup> For the second quarter

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<sup>105</sup> Borrell 2023 Exhibit at 2.

<sup>106</sup> Borrell 2023 Exhibit at 2.

<sup>107</sup> Borrell 2023 Exhibit at 4; *see also* Initial Joint Comments, Exhibit B at B-4.

<sup>108</sup> Initial Joint Comments, Exhibit B at B-4 (“Since 2013, there was a 5.3-point drop in the percentage of local businesses who say they buy radio advertising.”).

<sup>109</sup> Borrell 2023 Exhibit at 6 (concluding that radio accounted for less than 3% of the political spend in 2022, down from 7.7% in 2018).

<sup>110</sup> Borrell 2023 Exhibit at 2.

<sup>111</sup> *Id.*

<sup>112</sup> Borrell 2023 Exhibit at 4.

of 2021, Google reported \$50.44 billion in advertising sales, a 69 % increase from the year prior.<sup>113</sup>

Amazon, Google, and Facebook already take the lion's share of local advertising dollars as they continue to grow their listenership, introduce new products, and expand local ad availabilities.<sup>114</sup> For example, in April 2019, Amazon launched its ad-supported music service for Alexa users and, by the end of that same year, the company rolled this service out to all users.<sup>115</sup> At the end of last year, Google launched audio ads, which it "designed to connect [brands] with audiences in engaged and ambient listening on YouTube."<sup>116</sup> And, advertisers are responding to these opportunities.<sup>117</sup>

Local radio has felt the impact of the shift in advertising towards out-of-market competitors. For example, Borrell reports that the radio industry has suffered a net loss of 194 stations in the past four years.<sup>118</sup> And, in 2020, sales of radio stations fell to the lowest level

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<sup>113</sup> Tripp Mickle, *Google Revenue Surges as Online Advertising Market Thrives*, Wall Street Journal (July 27, 2021), <https://www.wsj.com/articles/google-alphabet-googl-2q-earnings-report-2021-11627344309?mod=djemalertNEWS>.

<sup>114</sup> Borrell 2023 Exhibit at 9 (reporting that these three companies will control nearly two-thirds of local advertising expenditures by 2027).

<sup>115</sup> Ben Fox Rubin, *Amazon launches free, ad-supported music service for Alexa devices*, CNET (Apr. 18, 2019), <https://www.cnet.com/home/smart-home/amazon-launches-ad-supported-music-service-for-alexa-devices/>.

<sup>116</sup> Melissa Hsieh Nikolic, *Audio ads on YouTube expand reach and grow brand awareness*, Google: Ads & Commerce Blog (Nov. 17, 2020), <https://blog.google/products/ads-commerce/youtube-music-audio-ads/>.

<sup>117</sup> Borrell 2023 Exhibit at 2 (showing that, digital media's share of all local advertising has grown from 26% nine years ago to 67% in 2022). *See also supra* note 117 (discussing surging online advertising revenues realized by tech companies in the second quarter of 2021); Melissa Hsieh Nikolic, *Audio ads on YouTube expand reach and grow brand awareness*, Google: Ads & Commerce Blog (Nov. 17, 2020), <https://blog.google/products/ads-commerce/youtube-music-audio-ads/> (reporting that "more than 75% of measured audio ad campaigns on YouTube drove a significant lift in brand awareness," for example, Shutterfly's audio ads saw an approximate 14% increase in ad recall and 2% favorability increase among its target audience).

<sup>118</sup> Borrell 2023 Exhibit at 8.

since 2011, with only 534 stations sold at total estimated value of \$139 million.<sup>119</sup> While station advertising sales have rebounded somewhat, they are not near the level at which they were in 2019, with revenue forecasted for 2022 at \$2.30 billion lower than 2019.<sup>120</sup>

This is particularly the case in medium and small markets, where financial hardships are even more prevalent than was the case just two years ago. While some financial troubles may be attributable to the pandemic and slowed post-pandemic growth, the primary reason that stations are losing money – and, in many cases, showing negative advertising growth – stems from out-of-market tech and large digital marketing companies targeting advertisers that previously relied on local stations to reach their audiences.<sup>121</sup> At the same time as they are facing unprecedented competition for advertising, the current rules restrain local broadcasters from responding to the economic environment in which they operate. For example, W. Lawrence Patrick (the managing partner of a nationally prominent media brokerage and investment banking firm and the owner of 25 small market radio stations in Wyoming) observes that, although the owner of three stations in the Wyoming market where his company operate has died and he has been asked to purchase these station, he cannot do so under current ownership rules, even though he would make them live and local and would program them to serve portions of the audience with relevant programming not currently available. These stations now operate as nothing but a computer and satellite dish from locked studios, not

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<sup>119</sup> Press Release, BIA Advisory Services, Radio Revenues Fell to \$9.7B in 2020, As Pandemic's Toll on the Industry Affected Local Radio Stations (May 14, 2021), <http://www.biakelsey.com/radio-revenues-fell-9-7b-2020-pandemics-toll-industry-affected-local-radio-stations/>.

<sup>120</sup> See Justin Nielson, *U.S. TV and Radio Station Ad Projections 2022-34: Political Offsets Dwindling Core*, Capital IQ, (July 15, 2022) <https://www.capitaliq.spglobal.com/web/client?auth=inherit#news/article?KeyProductLinkType=2&id=70920414>.

<sup>121</sup> See Exhibit F, 2023 Declaration of W. Lawrence Patrick, ¶ 6 (“Patrick Declaration”).

contributing at all to localism. The lack of ability to sell or buy same-market stations, coupled with the staggering amount of revenue lost to out-of-market competitors, has had – and will continue to have – a direct impact on localism.<sup>122</sup>

In short, fierce competition for local ad dollars has only grown since the formal comment cycle in this proceeding closed. While radio stations have made valiant efforts to capture their share of digital advertising revenues, they face an uphill battle against the Goliaths of the tech industry. Even today, radio’s collective share of the local advertising market is in the single digits, *with individual stations in almost every market receiving less than 1% of total local advertising share*.<sup>123</sup> To support robust local services, radio cannot exist on that less than 1%. In a market where government mandates in the form of the ownership rules limit the diversity of services that local radio broadcasters can offer to their customers by limiting the number of stations that any one owner can control, the scale necessary to financially support the more aggressive local news and information service that radio needs to compete against the digital media titans simply cannot be assembled.<sup>124</sup> Fighting to achieve a 1% share is not a

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<sup>122</sup> *Id.* at ¶ 7 (explaining that, as many stations show negative advertising revenue growth, they have had to “cut expenses drastically which translates into less news and information programming for the local community and fewer live and local personalities on the air.”).

<sup>123</sup> Borrell 2023 Exhibit at 2.

<sup>124</sup> *See, e.g.*, Initial Comments at Exhibit C, Declaration of Michael Wright, Midwest Communications, Inc. (observing that, if the local radio ownership rule were relaxed, it could increase local news coverage in the Fargo-Moorhead, North Dakota market by acquiring stations in this market that do not currently produce their own news); Initial Comments at Exhibit C, Declaration of Thomas A. Walker, Mid-West Family (stating that, in La Crosse, Wisconsin, the majority of local competitors provide “news that is borrowed” and explaining that, if it were permitted to purchase additional stations in this market, it could provide its original local news and other content to more listeners in the community); Initial Comments at Exhibit C, Declaration of Jonathan Brewster, Cherry Creek Media (explaining that its competitors in Montrose, Colorado and Tri Cities, Washington are not very involved in the community and that, if permitted to acquire additional stations in these markets, it could expand its news coverage to stations that currently provide little or no news); Initial Comments at Exhibit C, Declaration of Jeffrey D. Warshaw, Connoisseur Media, LLC (stating that deregulation would enable it to create larger digital audiences, thereby driving revenues that could support larger news departments).

means to local radio's survival.

Local radio stations simply must be allowed to grow. Even though radio broadcasters are achieving some success with digital advertising, this success pales by comparison to the out-of-market Internet companies that dominate the local advertising market.

#### **IV. CONGRESS RECOGNIZES THE NEED TO SUPPORT LOCAL MEDIA**

The need for reliable local media has never been greater. Having strong local media to fight disinformation and to provide citizens the information that they need to respond to local issues must be preserved. Members of Congress on both sides of the aisle have recognized that Big Tech companies have amassed too much power over the information that flows to citizens, and efforts must be made to restore balance to the local media landscape.

As noted above, the JCPA was introduced in the last Congress to allow local media to negotiate jointly with tech companies for the use of their content.<sup>125</sup> The Local Journalism Sustainability Act of 2021, also advanced in the last Congress, proposed tax credits to support the hiring of local journalists.<sup>126</sup> Proposals have even been advanced for Congress to create a Future of Local News Committee to study the potential for additional government funding of local media.<sup>127</sup> Regulatory proposals to limit the power of Big Tech have been advanced by representatives of both political parties.

But these efforts can only be successful if local media, like over-the-air radio stations,

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<sup>125</sup> See *supra* at note 96 and accompanying text.

<sup>126</sup> See Press Release, Kelly Cantwell, *Wyden Introduce Legislation to Revive, Sustain Trusted Local News* (July 22, 2021), <https://www.cantwell.senate.gov/news/press-releases/cantwell-kelly-wyden-introduce-legislation-to-revive-sustain-trusted-local-news>; A similar bipartisan bill was introduced in the House in June. See Local Journalism Sustainability Act, H.R. 3940, 117th Cong. (2021), <https://www.congress.gov/117/bills/hr3940/BILLS-117hr3940ih.pdf>.

<sup>127</sup> See, e.g., Future of Local News Act, H.R. 3169, 117th Cong. (2021), <https://www.congress.gov/117/bills/hr3169/BILLS-117hr3169ih.pdf>.

have the scale to compete with the out-of-town tech giants. While radio remains an important part of many citizens' media diet, the parallels to the newspaper industry are striking as digital media erodes the audience and revenues of local radio, just as it battered the local newspaper industry over the past decades. Indeed, those local newspapers that still exist are generally only a shadow of their former selves as local advertising support and readership disappeared to online sources. If the trends identified herein and in the Joint Commenter's previous comments continue, local radio stations will similarly be unable to maintain their current level of service, leaving the public to be served not by media outlets with a community focus, but instead by big tech platforms and those stations that are nothing but a transmitter and a computer – neither of which provide real service to the public.<sup>128</sup> Removing ownership rules would allow these once-juke box-like stations to become viable stations, creating jobs where they did not exist before. Undeniably, this would serve the public interest by creating more opportunities for everyone, including minorities and underrepresented groups. As the Joint Commenters demonstrated in 2019, local radio stations could readily contribute to the public interest by providing diverse and local programming if they were owned by existing broadcasters who are forbidden by current rules from operating them.<sup>129</sup> But existing on 1% of local advertising spending simply does not allow for any meaningful contribution to local discourse on matters important to local communities.

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<sup>128</sup> See 2022 Patrick Declaration at ¶ 10 (discussing a local station that is “simply [a] dumb jukebox[] with no local connection”). See also, Adam Jacobson, *Carr Talk: FCC's Third Circuit Response*, Radio + Television Business Report (Oct. 31, 2019), <https://www.rbr.com/brendan-carr-wiley-mmte/?event=login> (discussing his visit to a Wyoming station that was just a “Dell laptop set up” to “[pipe] music in from another community”); see also, e.g., Initial Joint Comments at Exhibit C, Declaration of Susan K. Patrick, Legend Communications of WY, LLC (explaining that Legend Communications' ability to promote localism has been diminished by digital competitors located far from Wyoming).

<sup>129</sup> See generally Initial Comments at Exhibit C.



## **V. CONCLUSION**

The time is now for the FCC to act to stem the tide – to allow broadcasters to build strong local brands that can compete against the tech giants. The rules that restrict the assembling of local scale by local radio – adopted 27 years ago in an entirely different media marketplace – must be eliminated so that radio can effectively compete in today’s media marketplace. The Joint Commenters respectfully request that their proposal advanced in 2019 for the elimination of the local radio ownership rules be adopted.

Competition for audience and advertising has only increased since 2021, and trends will only continue as non-broadcast media outlets – many of which are owned and controlled by the biggest companies in America – continue to explode. Absent relief from outdated and overly restrictive ownership restrictions, over-the-air radio stations will simply be unable to maintain the current level of service, a result that is clearly contrary to the public interest. The FCC must act now to remove the archaic regulatory burdens that restrict radio's ability to compete in the modern marketplace. The trends are clear and unmistakable.

The FCC cannot wait to act – changes must be made now to preserve radio as an important local voice in the media marketplace. The Joint Commenters respectfully request that the Commission recognize the reality of today’s marketplace and relax those regulatory burdens now.

Respectfully submitted,

**Connoisseur Media, LLC**

/s/ Jeffrey D. Warshaw

Founder and Chief Executive Officer

**Mid-West Family Broadcasting**

/s/ Thomas A. Walker

President

**Frandsen Family Stations**

/s/ M. Kent Frandsen

President

**Neuhoff Communications**

/s/ Michael Hulvey

Chief Executive Officer

**Patrick Communications, LLC**

/s/ W. Lawrence Patrick

Managing Partner

**Townsquare Media, Inc.**

/s/ Allison Zolot

Senior Vice President and General Counsel

**Midwest Communications, Inc.**

/s/ Michael Wright

Chief Operating Officer

**Forever Media, Inc.**

/s/ Lynn Deppen

President

**Eagle Communications, Inc.**

/s/ Gary Shorman

Chairman

**Legend Communications, LLC**

/s/ Susan K. Patrick

Managing Partner

March 3, 2023

**Exhibit A**

**Edison Research – Declaration of Larry Rosin**



### **Declaration of Larry Rosin**

Edison Research has conducted the Share of Ear® survey since 2014 and has, to date, conducted thirty-two waves of the survey. It utilizes both online and offline sampling to ensure that all Americans' listening behavior is represented. Respondents are asked to fill out a 24-hour diary listing all of their audio listening. A full description of our methodology is attached hereto. We believe our survey data to be the most comprehensive and accurate long-term study of audio listening for U.S. consumers. The full data set from which the attached materials come is used by many media companies for business planning and forecasting purposes. Data from this research has been presented at many industry conferences and has been validated by many users.

During the time we have conducted this research series, we have detected some significant changes in listening patterns. This is the case even in just the two years since we last provided data in 2021 for comments updating the record in the 2018 Quadrennial Review, and certainly since we provided data for the initial comments on the Commission's review of the radio ownership rules in 2019. As the changes over this period are consistent with the trend of the changes in prior years, we believe that they are likely to persist into the future absent some significant change in the audio marketplace.

As it has become easier for consumers to listen to audio in a variety of different ways, there has been a noticeable decrease in the amount of time that Americans have spent listening to AM/FM over-the-air broadcasts. For all Americans, in 2019, the average amount of listening to AM/FM over-the-air broadcasts was 93 minutes per day and in our most recent study in 2022, that has fallen to 84 minutes, a decrease of 11% in two years, and a decrease of nearly 35% since 2014, when Americans averaged 130 minutes per day listening to AM/FM over-the-air broadcasts. While there is no indication that these general trends have changed at all, we have seen some changes in the numbers that are almost assuredly attributable to the impact of the COVID-19 pandemic starting in early 2020. Radio listening minutes dropped precipitously in the first year of the pandemic and have recovered slightly since then. This is likely due to the drop in time spent in cars, where most radio listening occurs. While radio listening increased slightly in 2021 and 2022 as driving times increased, the 2022 listening levels are still well below those in 2019. Looking at the historical data, it is clear that radio listening remains on a negative trend, and that the listening increases shown in 2020 through 2022 are not indicative of any overall change in the trends that have been evident since 2014.

This same pattern holds among younger Americans, with the minutes that people aged 13 to 24 listened to AM over-the-air broadcasts 22% lower than in 2022 as compared to 2019. In fact, half of daily listening time among the 13 to 34 demographic is via mobile devices. Indeed, younger Americans listen to AM/FM over-the-air broadcasts only 43 minutes each day, down nearly 50% from 2014. We see no indication in the data that, as the younger demographic ages, it will return in significant numbers to radio listening.

Attached are PowerPoint slides providing the key findings from our research – showing the decrease in time spent listening to radio among those 13 and above over the 9-year period of our study, and the corresponding increase in listening to audio streaming services. These slides also show the more pronounced effects of this listening shift among younger demographics, as well as the continuing downward trend in AM/FM over-the-air listening since 2019.

Following the slides are tables breaking down the time spent listening to audio services each year over the last seven years, showing both the number of minutes spent listening, and the percentage of total listening attributable to particular sources of audio programming. These too provide information for the total survey population 13 and above, and for the 13 to 24 and 13 to 34 demographic groups. Information is provided both for overall listening, and for listening in the automobile.

Finally, there is a table presenting the amount of time spent listening to over-the-air radio by our respondents on the day on which their listening was surveyed.

A handwritten signature in black ink, appearing to read "Larry Rosin". The signature is fluid and cursive, with a large initial "L" and "R".

Larry Rosin

President  
Edison Research

## **Exhibit B**

### **Share of Ear: Share of Time Spent Listening to Audio Services Q4 2022 Study**

# Share of Ear<sup>®</sup>

Share of Time Spent  
Listening to Audio Sources  
**AM/FM Radio vs All Audio Streaming Sources**  
**Q4 2022**



# Share of Ear<sup>®</sup>

## Survey Methodology:

- 4,000+ interviews updated 4th Quarter 2022
  - Q1 fielded in March 2022
  - Q2 fielded in May 2022
  - Q3 fielded in September 2022
  - Q4 fielded in December 2022
- National sample 13+
- Offered in English and Spanish
- Online and offline
- Tracked since 2014





# Share of Ear<sup>®</sup>

How to read the data

Over the Air  
AM/FM Radio

Over the air AM/FM radio broadcasts

All Audio  
Streaming  
Sources

Pure-plays such as Pandora, Spotify and others

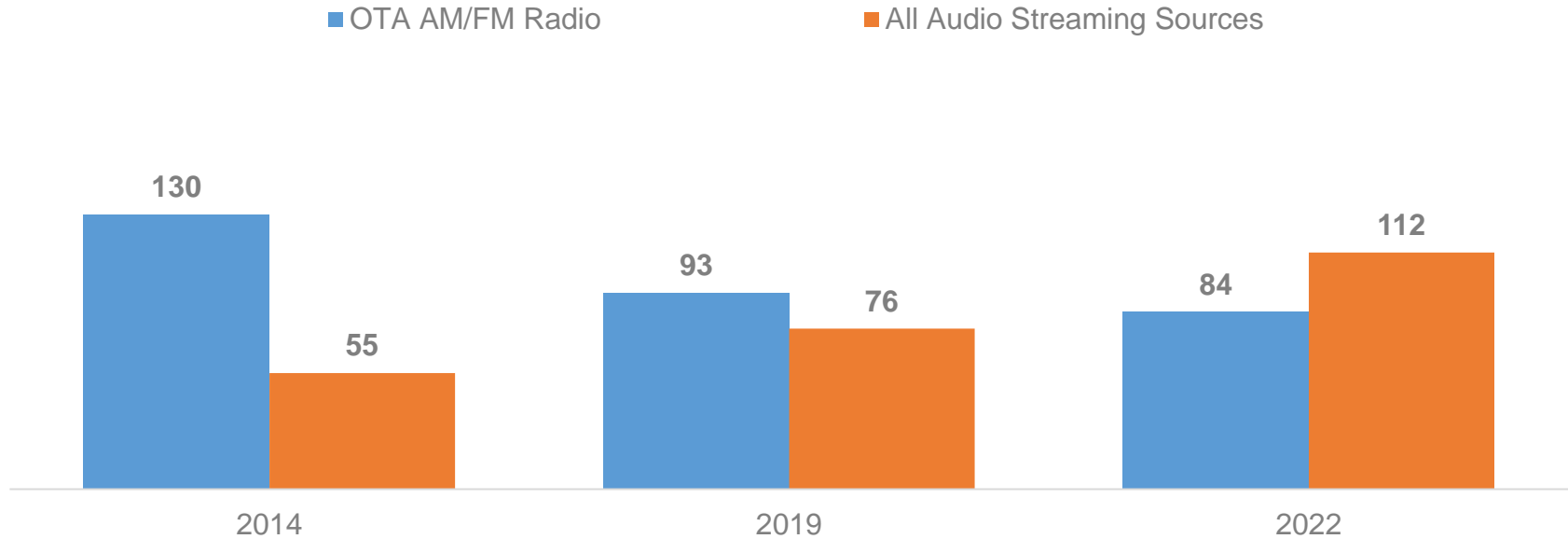
YouTube for music and music videos only

Podcasts

Online AM/FM radio streams

# Share of Ear<sup>®</sup>

U.S. Population 13+ Daily Time Spent  
Listening to Audio Sources in Minutes



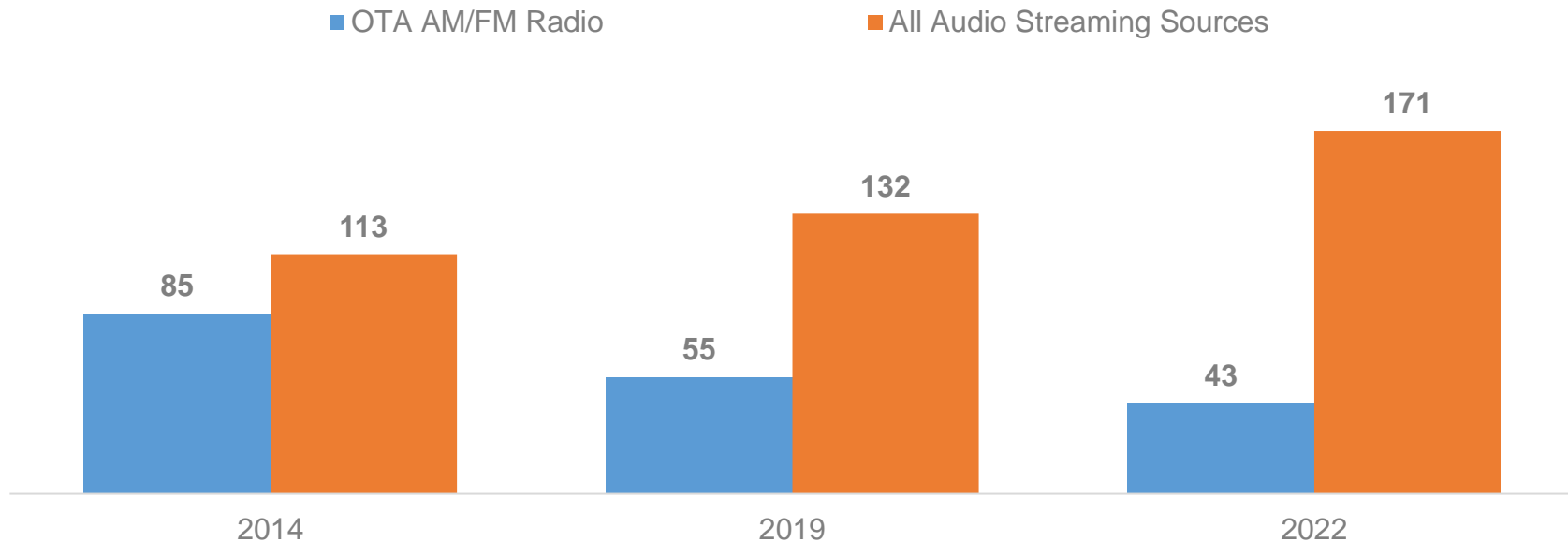
All Audio Streaming Sources includes pure plays such as Pandora, Spotify and others;  
YouTube for music and music videos only; Podcasts; online AM/FM radio streams

OTA AM/FM Radio includes over the air AM/FM radio broadcasts

Edison Research Share of Ear<sup>®</sup> Q1 - Q4 2022

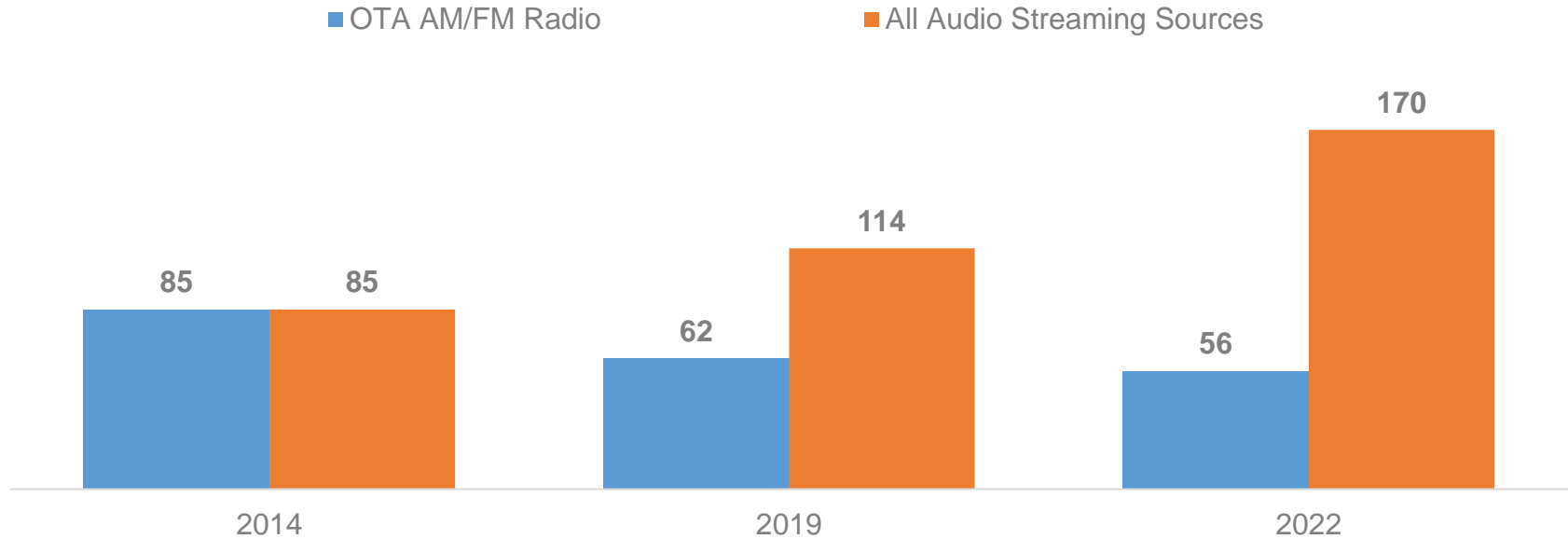
# Share of Ear<sup>®</sup>

U.S. Population 13-24 Daily Time Spent  
Listening to Audio Sources in Minutes



# Share of Ear<sup>®</sup>

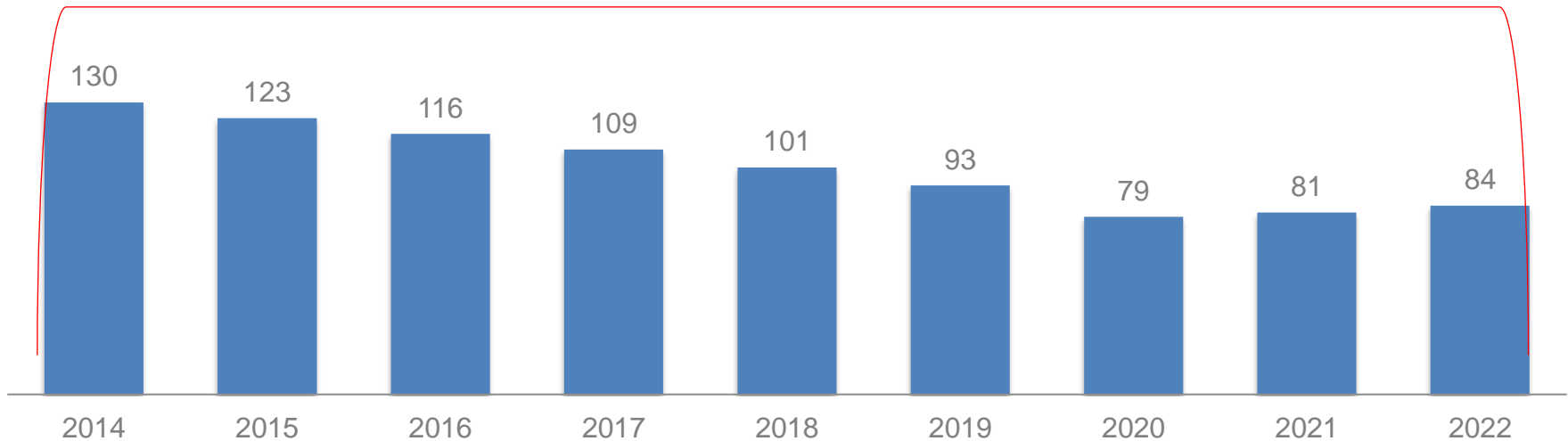
U.S. Population 13-34 Daily Time Spent  
Listening to Audio Sources in Minutes



# Share of Ear<sup>®</sup>

U.S. Population 13+ Daily Time Spent Listening to Audio Sources in Minutes: Over the Air AM/FM Radio

2014-2022:  
-35%



All Audio Streaming Sources includes pure plays such as Pandora, Spotify and others; YouTube for music and music videos only; Podcasts; online AM/FM radio streams

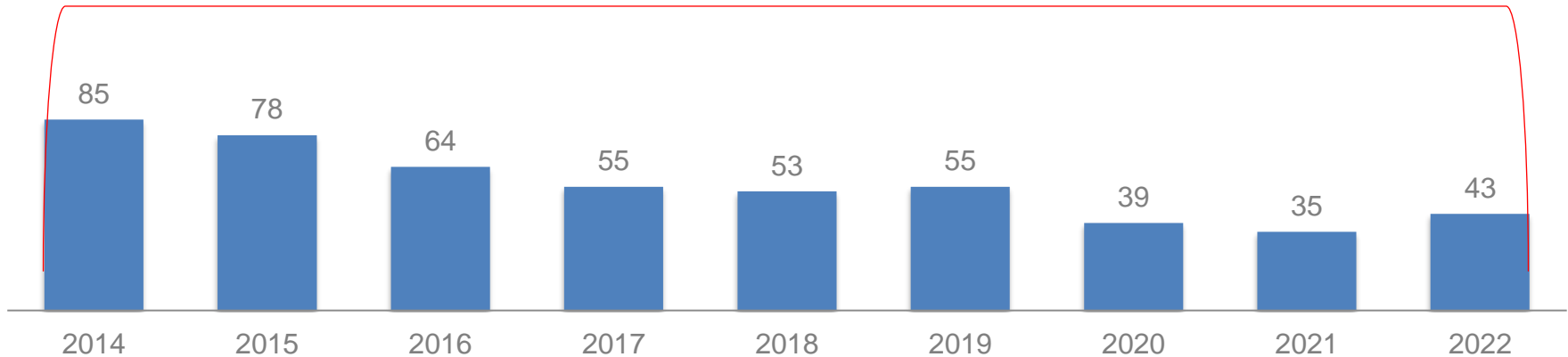
OTA AM/FM Radio includes over the air AM/FM radio broadcasts

Edison Research Share of Ear<sup>®</sup> Q1 - Q4 2022

# Share of Ear<sup>®</sup>

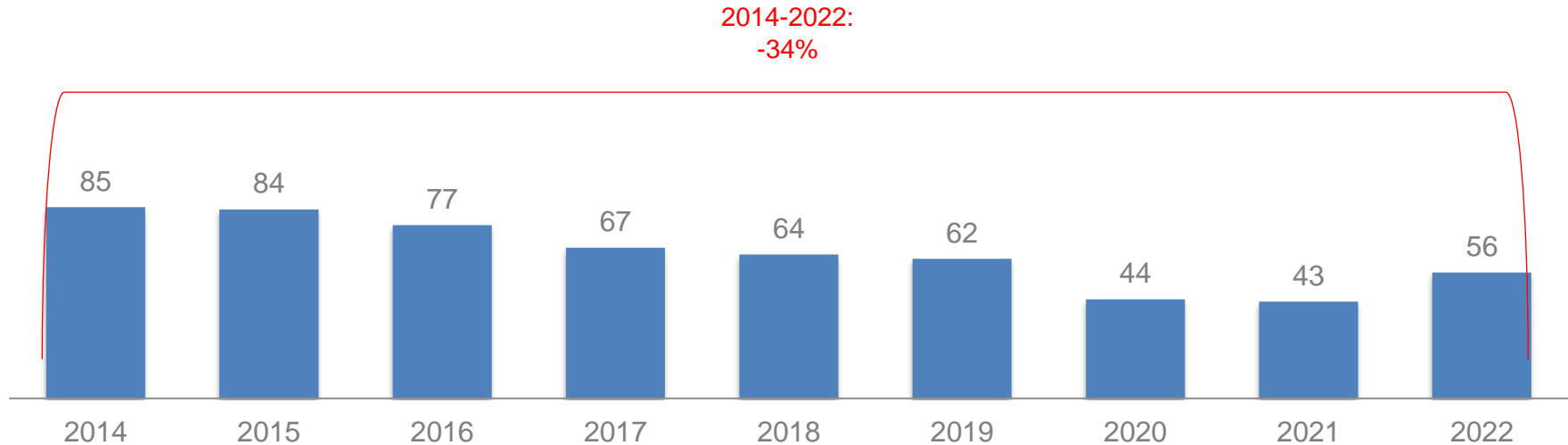
U.S. Population 13-24 Daily Time Spent Listening to Audio Sources in Minutes: Over the Air AM/FM Radio

2014-2022:  
-49%



# Share of Ear<sup>®</sup>

U.S. Population **13-34** Daily Time Spent Listening to Audio Sources in Minutes: Over the Air AM/FM Radio



All Audio Streaming Sources includes pure plays such as Pandora, Spotify and others; YouTube for music and music videos only; Podcasts; online AM/FM radio streams

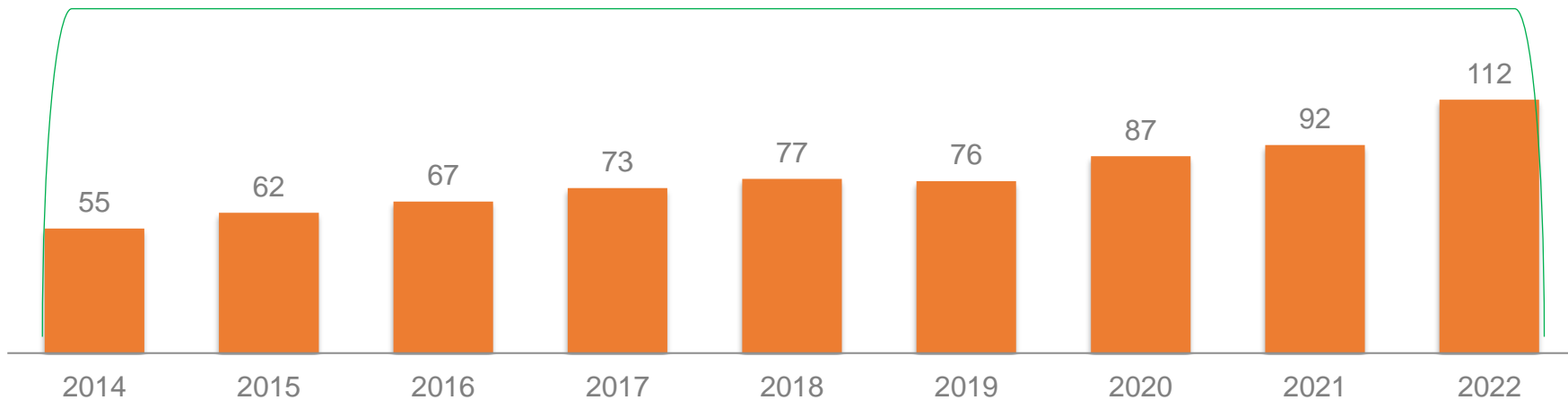
OTA AM/FM Radio includes over the air AM/FM radio broadcasts

Edison Research Share of Ear<sup>®</sup> Q1 - Q4 2022

# Share of Ear<sup>®</sup>

U.S. Population 13+ Daily Time Spent Listening to Audio Sources in Minutes: All Audio Streaming Sources

2014-2022:  
+103%



All Audio Streaming Sources includes pure plays such as Pandora, Spotify and others; YouTube for music and music videos only; Podcasts; online AM/FM radio streams

OTA AM/FM Radio includes over the air AM/FM radio broadcasts

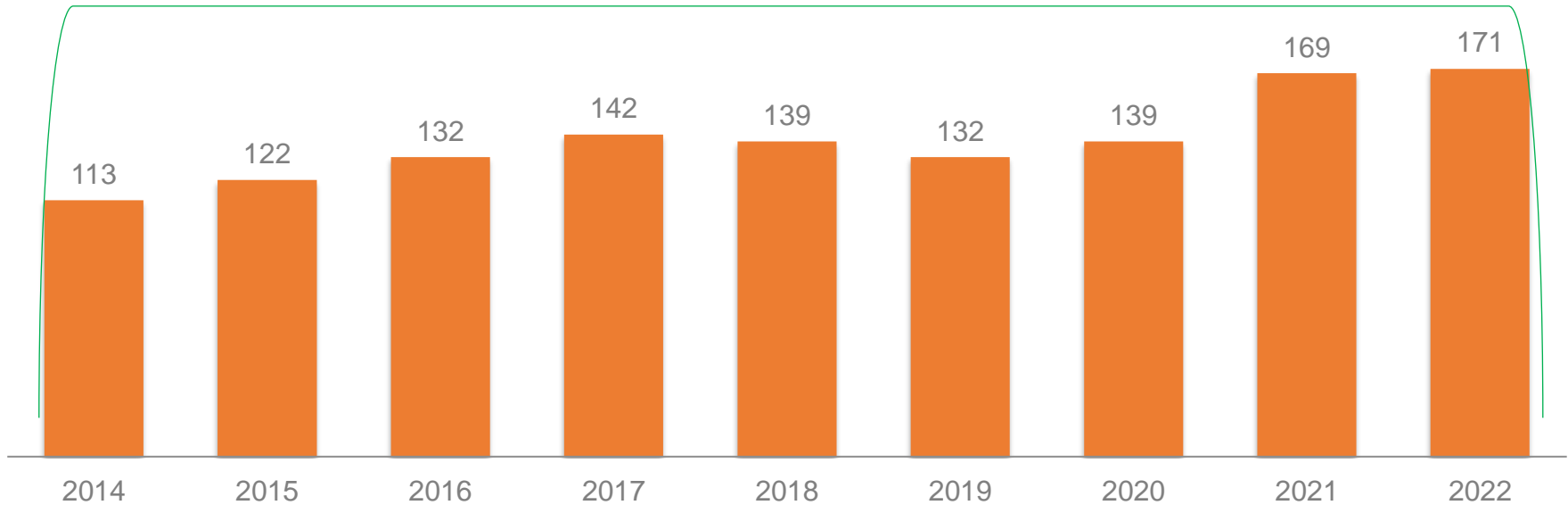
Edison Research Share of Ear<sup>®</sup> Q1 - Q4 2022



# Share of Ear<sup>®</sup>

U.S. Population 13-24 Daily Time Spent Listening to Audio Sources in Minutes: All Audio Streaming Sources

2014-2022:  
+51%



All Audio Streaming Sources includes pure plays such as Pandora, Spotify and others; YouTube for music and music videos only; Podcasts; online AM/FM radio streams

OTA AM/FM Radio includes over the air AM/FM radio broadcasts

Edison Research Share of Ear<sup>®</sup> Q1 - Q4 2022

# Share of Ear<sup>®</sup>

U.S. Population **13-34** Daily Time Spent Listening to Audio Sources in Minutes: All Audio Streaming Sources

2014-2022:  
+100%



All Audio Streaming Sources includes pure plays such as Pandora, Spotify and others; YouTube for music and music videos only; Podcasts; online AM/FM radio streams

OTA AM/FM Radio includes over the air AM/FM radio broadcasts

Edison Research Share of Ear<sup>®</sup> Q1 - Q4 2022

# Share of Ear<sup>®</sup>

Share of Time Spent  
Listening to Audio Sources  
**AM/FM Radio vs All Audio Streaming Sources**  
**Q4 2022**



## **Exhibit C**

### **Share of Ear 2022 Q4 Table 1**

Share of Ear 2014-2022 All respondents 13+ edison research

	2014		2015		2016		2017		2018		2019		2020		2021		2022		Percent change in minutes listened between 2014 and 2022
	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	
Daily average minutes listened to <b>AM/FM over-the-air</b>	130.1	50.4%	123.3	48.2%	116.1	46.4%	109.2	43.8%	100.8	42.0%	93.4	40.6%	78.5	35.1%	82.4	33.6%	84.6	32.8%	-35%
Daily average minutes listened to <b>SiriusXM</b>	15.5	6.0%	16.0	6.3%	16.0	6.4%	16.4	6.6%	17.5	7.3%	21.3	9.3%	18.4	8.2%	19.0	8.1%	19.6	7.8%	26%
Daily average minutes listened to <b>All streaming audio sources (including AM/FM digital streams, Streaming Audio, Music on YouTube, and Podcasts)</b>	54.6	21.1%	61.7	24.1%	66.4	26.6%	72.5	29.1%	76.6	31.9%	76.1	33.1%	87.3	38.9%	98.8	40.3%	111.5	43.3%	104%
Daily average minutes listened to <b>AM/FM digital streams</b>	6.8	2.6%	8.2	3.2%	8.7	3.5%	8.5	3.4%	8.8	3.7%	8.4	3.7%	9.5	4.3%	9.8	4.0%	13.1	5.1%	93%
Daily average minutes listened to <b>Streaming Audio (Pandora/Spotify, etc.)</b>	28.7	11.1%	32.6	12.8%	34.6	13.8%	34.1	13.7%	34.1	14.2%	37.8	16.5%	40.8	18.3%	43.6	17.8%	42.7	16.6%	49%
Daily average minutes listened to <b>Music on YouTube</b>	14.2	5.5%	15.5	6.1%	17.9	7.2%	22.8	9.2%	25.3	10.5%	21.6	9.4%	22.8	10.2%	32.1	13.1%	36.0	14.0%	154%
Daily average minutes listened to <b>Podcasts</b>	4.9	1.9%	5.4	2.1%	5.4	2.2%	7.2	2.9%	8.4	3.5%	8.3	3.6%	13.0	6.2%	13.0	5.3%	19.8	7.7%	304%
Daily average minutes listened to <b>Owned music</b>	42.4	16.4%	38.9	15.2%	35.7	14.3%	32.2	12.9%	29.2	12.2%	25.2	11.0%	23.7	10.6%	23.3	9.4%	25.6	9.7%	-41%
Daily average minutes listened to <b>TV Music Channels (Music choice, etc.)</b>	12.9	5.0%	12.6	4.9%	11.5	4.6%	11.3	4.5%	11.3	4.7%	8.0	3.5%	8.1	3.6%	9.3	3.8%	9.3	3.6%	-28%
Daily average minutes listened to <b>Some other type of audio</b>	2.9	1.1%	3.1	1.2%	3.9	1.6%	4.5	1.8%	4.8	2.0%	5.9	2.6%	7.8	3.5%	12.0	4.9%	8.6	3.1%	175%

Share of Ear 2014-2022 Respondents 13-24 edison research

	2014		2015		2016		2017		2018		2019		2020		2021		2022		
	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Percent change in minutes listened between 2014 and 2021
Daily average minutes listened to AM/FM over-the-air	85.4	28.3%	77.8	25.9%	63.8	22.8%	54.8	19.9%	53.1	20.3%	54.8	20.8%	38.5	16.7%	31.5	11.8%	43.4	16.3%	-49%
Daily average minutes listened to SiriusXM	10.0	3.3%	7.9	2.6%	6.8	2.4%	6.0	2.4%	7.4	2.8%	10.5	6.3%	7.3	3.2%	6.2	2.3%	4.5	1.7%	-55%
Daily average minutes listened to All streaming audio sources (including AM/FM digital streams, Streaming Audio, Music on YouTube, and Podcasts)																			
	112.5	37.2%	121.7	40.6%	131.9	47.1%	141.9	51.6%	138.9	53.0%	131.6	49.9%	139.2	60.4%	188.8	69.9%	171.2	64.3%	52%
Daily average minutes listened to AM/FM digital streams	4.3	1.4%	6.9	2.3%	7.2	2.6%	7.8	2.8%	8.2	3.1%	6.6	2.5%	5.7	2.5%	6.5	2.4%	5.9	2.2%	36%
Daily average minutes listened to Streaming Audio (Pandora/Spotify, etc.)	53.8	17.8%	63.1	21.0%	67.6	24.1%	61.6	22.4%	66.9	25.5%	67.4	25.6%	69.6	30.2%	101.0	37.4%	81.0	30.4%	50%
Daily average minutes listened to Music on YouTube	42.6	14.1%	40.7	13.6%	46.0	16.4%	58.3	21.2%	55.0	21.0%	46.4	17.6%	45.7	19.8%	64.0	23.7%	61.5	23.1%	44%
Daily average minutes listened to Podcasts	11.8	3.9%	10.9	3.6%	11.1	4.0%	14.2	5.2%	8.8	3.3%	11.2	4.2%	18.1	7.9%	17.0	6.3%	22.9	8.6%	94%
Daily average minutes listened to Owned music																			
	78.5	26.0%	71.7	23.9%	61.8	22.1%	51.7	18.8%	49.2	18.8%	49.6	18.8%	32.2	14.0%	23.2	8.6%	31.4	11.8%	-60%
Daily average minutes listened to TV Music Channels (Music choices, etc.)	12.7	4.2%	16.0	5.3%	10.1	3.6%	10.0	3.7%	7.9	3.0%	8.2	2.3%	3.1	1.3%	3.8	1.4%	7.3	2.9%	-39%
Daily average minutes listened to Some other type of audio	2.4	0.8%	4.9	1.6%	5.2	1.9%	10.3	3.8%	5.6	2.1%	4.9	1.8%	10.3	4.5%	16.2	6.0%	8.3	3.1%	244%

Share of Ear 2014-2022 Respondents 13-34 edison research

	2014		2015		2016		2017		2018		2019		2020		2021		2022		
	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Percent change in minutes listened between 2014 and 2021
Daily average minutes listened to AM/FM over-the-air	84.7	32.9%	84.2	30.6%	77.4	28.8%	67.1	25.2%	61.1	24.2%	62.0	25.5%	44.1	19.8%	44.6	15.8%	55.8	19.5%	-34%
Daily average minutes listened to SiriusXM	11.1	4.3%	9.5	3.4%	9.8	3.6%	10.5	3.9%	10.2	3.8%	16.1	6.6%	9.4	4.2%	12.1	4.3%	7.7	2.7%	-31%
Daily average minutes listened to All streaming audio sources (including AM/FM digital streams, Streaming Audio, Music on YouTube, and Podcasts)	85.3	33.1%	108.3	39.3%	116.1	43.2%	126.0	47.2%	128.3	48.4%	113.6	46.8%	129.7	58.0%	166.7	59.1%	170.0	59.7%	99%
Daily average minutes listened to AM/FM digital streams	5.3	2.0%	6.5	3.1%	8.8	3.3%	8.8	3.3%	8.8	3.3%	7.0	2.9%	7.0	3.1%	8.7	3.1%	12.3	4.3%	136%
Daily average minutes listened to Streaming Audio (Pandora/Spotify, etc.)	45.1	17.5%	56.7	20.6%	61.2	22.8%	57.6	21.6%	57.8	21.8%	55.2	22.7%	62.2	27.8%	80.9	28.7%	67.2	23.6%	49%
Daily average minutes listened to Music on YouTube	27.8	10.8%	32.4	11.8%	35.7	13.3%	46.3	17.4%	50.7	19.1%	38.7	15.9%	39.4	17.6%	58.4	20.7%	62.3	22.0%	125%
Daily average minutes listened to Podcasts	7.2	2.8%	10.6	3.8%	10.4	3.9%	13.3	5.0%	10.9	4.1%	12.7	5.2%	21.1	9.4%	18.6	6.6%	27.9	9.8%	288%
Daily average minutes listened to Owned music	63.4	24.6%	57.9	21.0%	51.2	19.0%	44.9	16.8%	45.7	17.2%	37.7	15.5%	26.5	11.9%	29.3	10.4%	31.0	10.9%	-51%
Daily average minutes listened to TV Music Channels (Music choice, etc.)	10.6	4.1%	12.1	4.4%	9.7	3.4%	10.0	3.8%	12.1	4.6%	6.8	2.8%	4.0	1.8%	9.9	3.5%	10.3	3.6%	-3%
Daily average minutes listened to Some other type of audio	2.3	0.9%	3.6	1.3%	3.6	1.3%	4.2	1.6%	2.0	0.7%	6.8	2.8%	9.8	4.4%	19.2	6.8%	10.3	3.6%	346%

Share of Ear 2014-2022 Car listening  
All respondents 13+  
edison research

	2014		2015		2016		2017		2018		2019		2020		2021		2022		Percent change in minutes listened between 2014 and 2021
	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	
Daily average minutes listened to <b>AM/FM</b> in the car	52.5	68.6%	51.0	70.5%	51.0	70.2%	49.8	69.0%	46.6	66.6%	45.8	62.4%	35.8	61.5%	34.6	58.1%	37.2	59.3%	-29%
Daily average minutes listened to <b>SiriusXM</b> in the car	10.6	13.8%	11.0	15.2%	10.7	14.7%	10.9	15.1%	11.8	17.1%	14.2	19.4%	10.4	17.9%	11.3	19.0%	10.0	16.0%	-5%
Daily average minutes listened to <b>Streaming Audio</b> (Pandora, Spotify, etc.) in the car	1.6	2.1%	2.0	2.7%	2.3	3.2%	2.7	3.8%	3.1	4.4%	4.3	5.8%	4.0	6.8%	4.8	8.0%	5.2	8.2%	222%
Daily average minutes listened to <b>Music on YouTube</b> in the car	0.3	0.4%	0.3	0.3%	0.3	0.4%	0.5	0.8%	1.1	1.5%	1.0	1.4%	1.0	1.7%	1.7	2.9%	2.5	4.0%	737%
Daily average minutes listened to <b>Podcasts</b> in the car	0.4	0.6%	0.6	0.8%	0.6	0.9%	1.0	1.4%	0.9	1.3%	1.3	1.8%	1.6	2.7%	1.6	2.7%	2.3	3.7%	481%
Daily average minutes listened to <b>Owned music</b> in the car	11.0	14.3%	8.5	11.8%	7.2	9.8%	6.2	8.6%	5.6	8.0%	6.1	8.3%	4.6	7.9%	4.7	7.9%	4.6	7.3%	-58%
Daily average minutes listened to <b>Some other type of audio</b> in the car	0.1	0.2%	0.2	0.3%	0.5	0.7%	1.1	1.5%	0.7	1.0%	0.6	0.9%	0.9	1.5%	0.8	1.4%	0.9	1.4%	



	2014		2015		2016		2017		2018		2019		2020		2021		2022		
	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Percent change in minutes listened between 2014 and 2021
Daily average minutes listened to <b>AM/FM</b> in the car	39.9	63.1%	41.1	64.1%	36.2	62.0%	31.0	59.6%	31.9	57.5%	28.2	49.2%	21.8	51.0%	18.6	42.3%	24.5	48.9%	-38%
Daily average minutes listened to <b>SiriusXM</b> in the car	6.2	9.7%	4.8	7.5%	4.5	7.7%	4.4	8.5%	4.2	7.5%	3.5	16.6%	3.7	8.8%	4.3	9.5%	3.1	6.0%	-51%
Daily average minutes listened to <b>Streaming Audio</b> (Pandora, Spotify, etc.) in the car	3.9	6.2%	4.7	7.3%	5.5	9.4%	4.8	9.3%	7.2	13.0%	8.4	16.3%	9.0	21.1%	11.8	26.8%	9.0	17.6%	130%
Daily average minutes listened to <b>Music on YouTube</b> in the car	0.8	1.3%	0.8	1.2%	0.7	1.3%	1.4	2.6%	2.9	5.3%	1.9	3.3%	1.2	2.8%	2.9	6.4%	5.8	11.4%	625%
Daily average minutes listened to <b>Podcasts</b> in the car	0.2	0.3%	0.5	1.5%	0.5	1.6%	0.8	1.6%	0.9	1.5%	1.0	1.7%	1.1	2.7%	1.5	4.4%	2.0	3.9%	892%
Daily average minutes listened to <b>Owned music</b> in the car	12.2	19.3%	11.9	18.4%	10.2	17.5%	8.8	16.9%	7.6	13.6%	7.3	12.7%	5.4	12.6%	4.5	10.2%	5.8	11.5%	-68.2%
Daily average minutes listened to <b>Some other type of audio</b> in the car	0.0	0.0%	0.1	0.3%	0.4	0.6%	0.7	1.3%	0.8	1.4%	0.1	0.1%	0.5	1.1%	0.1	0.3%	0.4	0.7%	-68.2%

Share of Ear 2014-2022 Daily average minutes listened to in the car Respondents 13-34 edison research																			
Total minutes listened	2014		2015		2016		2017		2018		2019		2020		2021		2022		
	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Daily average minutes	Average share of listening	Percent change in minutes listened between 2014 and 2021
Daily average minutes listened to <b>AM/FM</b> in the car	48.4	68.4%	46.0	67.8%	45.1	66.5%	39.8	63.7%	37.1	60.5%	36.4	54.4%	25.2	52.3%	26.1	47.1%	31.1	52.6%	-35.6%
Daily average minutes listened to <b>SiriusXM</b> in the car	7.2	10.2%	5.9	8.7%	5.8	8.5%	5.4	8.7%	5.9	9.6%	10.9	16.3%	5.1	10.7%	6.4	11.6%	4.2	7.0%	-42.1%
Daily average minutes listened to <b>Streaming Audio</b> (Pandora, Spotify, etc.) in the car	2.3	4.0%	3.8	5.7%	5.0	7.3%	5.4	8.7%	6.0	9.8%	7.4	11.1%	7.8	16.1%	9.7	17.5%	8.5	16.0%	240.1%
Daily average minutes listened to <b>Music on YouTube</b> in the car	0.5	0.8%	0.5	0.8%	0.7	1.1%	1.3	2.1%	2.7	4.4%	2.0	3.0%	1.5	3.1%	4.1	7.5%	4.9	8.2%	876.2%
Daily average minutes listened to <b>Podcasts</b> in the car	0.9	0.7%	1.1	1.6%	1.1	1.7%	1.4	2.3%	1.1	1.8%	2.3	3.4%	2.6	5.4%	2.3	4.1%	3.0	5.1%	507.1%
Daily average minutes listened to <b>Owned music</b> in the car	11.4	16.0%	10.4	15.4%	9.7	14.3%	8.6	13.8%	8.0	13.0%	7.4	11.1%	5.1	11.0%	5.4	9.9%	5.8	9.7%	-49.4%
Daily average minutes listened to <b>Some other type of audio</b> in the car	0.9	0.8%	0.1	0.1%	0.4	0.6%	0.5	0.8%	0.6	0.1%	0.5	0.7%	0.6	1.3%	1.0	1.8%	0.7	1.2%	

## **Exhibit D**

### **Share of Ear 2022 Q4 Table 2**

<b>Share of Ear 2022</b> <b>Listening to over-the-air AM/FM radio edison research</b>			
	All respondents 13+	Age 13-24	Age 13-34
Did not listen to over-the-air AM/FM radio	39.40%	52.30%	46.50%
Listened for 15 minutes	3.00%	4.80%	4.10%
Listened for 30 minutes	8.10%	9.50%	8.80%
Listened for 45 minutes	5.90%	4.70%	5.10%
Listened for one hour	7.50%	7.30%	7.30%
Listened for more than 1 hour - 2 hours	15.90%	11.70%	15.30%
Listened for more than 2 hours - 3 hours	7.50%	4.70%	6.20%
Listened for more than 3 hours - 4 hours	4.00%	2.20%	2.30%
Listened for more than 4 hours - 5 hours	2.70%	2.00%	2.20%
Listened for more than 5 hours - 6 hours	1.20%	0.10%	0.50%
Listened for more than 6 hours	4.80%	0.70%	1.60%
Listened to over-the-air AM/FM radio at all during their diary day	60.60%	47.70%	53.50%
Listened to over-the-air AM/FM radio for 30 minutes or less	50.50%	66.70%	59.40%
Listened to over-the-air AM/FM radio for more than 30 minutes	49.50%	33.30%	40.60%
Listened to over-the-air AM/FM radio for one hour or less	63.90%	78.60%	71.80%
Listened to over-the-air AM/FM radio for more than one hour	36.10%	21.40%	28.20%

**Exhibit E**  
**Q4 2022 Share of Ear Methodology Statement**

## **Q4 2022 Share of Ear Methodology Statement**

Edison Research conducted a national study of 4,200 Americans ages 13+ to measure their time spent listening to audio sources. Respondents completed a 24-hour diary of their audio listening on an assigned day. Diaries were completed both online and by mail using a paper diary. Diaries were completed in both English and Spanish.

Information about the design, execution and analysis of the survey are detailed below.

### **Design and Data Collection**

Americans ages 13+ were recruited to record their time spent listening to audio sources using a 24-hour audio listening diary. A total of 4,200 participants completed the diary; 3,732 of diaries were completed online and 468 diaries were completed by mail.

Participants were asked to record their audio listening in 15-minute increments starting at 6am on an assigned day, reporting their audio listening through 6am the following day. Each 15-minute increment measured what type of audio was listened to, the device on which it was listened, the location, and the audio content.

Participants were recruited in two ways: Dynata recruited panel members to participate in an online diary, and a landline telephone sample was used to recruit participants to fill out a diary by mail. The online survey was programmed, hosted and administered by Edison Research. The paper diary sent by mail was also designed and administered by Edison Research.

The sample design, which recruited participants to complete diaries online and by mail, was implemented in order to ensure that Americans with all levels of Internet usage were represented, including those who do not have access to the Internet and those who used the Internet for an hour or less in the previous 24 hours.

### **Contact Procedures**

#### **Online**

Dynata contacted panel members to participate in a 24-hour audio listening diary which would be filled out the following day. Panel members who agreed to participate were immediately sent an email with instructions and were then sent an individual link to their online diary at 5am on their diary day. Participants were instructed to fill out the diary beginning at 6am on their assigned day. Participants were encouraged to update their diary as often as every hour and visited the link after 6am the following day to complete their audio listening report.

## **Telephone recruit for mail survey**

Mail survey participants were recruited by telephone one week in advance of their diary completion day. Only those who had used the internet for one hour or less in the past 24 hours were invited to participate. As many as eight attempts were made to contact every sampled telephone number. Calls were staggered over times of day and days of the week to maximize the chance of making contact with potential respondents.

## **Questionnaire Development and Testing**

The questionnaires were developed by Edison Research and both the online and mail questionnaire were pretested. Participants were asked to record their audio listening in 15-minute increments starting at 6am on an assigned day, reporting their audio listening through 6am the following day. Each 15-minute increment measured:

- Whether the participant listened to any audio
- What platform he/she listened on: AM/FM Radio, Internet-Only Radio, Owned Music, SiriusXM, TV Music Channels (e.g., Music Choice), Podcasts, Music Videos on YouTube, Audiobooks or any other audio
- The location the participant listened to that audio
- The device listened on: AM/FM radio (over-the-air on a regular radio), Desktop/laptop computer, Mobile Device (smartphone, tablet, etc.), SiriusXM Satellite Radio, TV for audio listening only, Internet-connected TV Device (DVR, TiVo, Gaming console, Apple TV, Roku, etc.), CD Player, Voice-enabled smart speaker, or another device
- The content type listened to: Music, News/Information/Traffic/Weather, Personalities/Talk Shows, Sports (talk, play-by-play), or Audiobooks
- If he/she listened to AM/FM radio, they indicated how they listened: over-the-air, on a mobile app/website of a specific radio station, iHeartRadio, Audacy, TuneIn Radio, or something else
- If he/she listened to Internet-Only Radio, they indicate how they listened: Amazon Music, Apple Music, Google Play, iHeartRadio, Pandora, Rhapsody, SoundCloud, Spotify, or something else

The study also captured key demographic information including age, sex, ethnicity, children in the household, employment status, educational attainment, household income, time spent using the Internet.

## **Weighting and analysis**

Data was weighted in a three-stage process. Post-stratification weights were applied to weight Internet use to the parameters found in the 2022 Infinite Dial Study, a national RDD telephone study that includes landline and cell phones. The combined online and by mail data was then weighted by age, sex, race and region using the 2021 American Community Survey (ACS) administered by the U.S. Census Bureau. The Q4 respondents were then combined with respondents from the three previous waves of Share of Ear and each wave was weighted so that it comprised one quarter of the total sample.

## **Response Rate**

Respondents who participated by mail were recruited first by telephone. The response rate to the telephone recruit was 6%, as calculated by AAPOR Response Rate 3. The completion rate among those recruited was 34%.

Respondents who participated online were recruited first by email. The response rate to the email recruit was 5%, as calculated by AAPOR Response Rate 4. The completion rate among those recruited was 41%.

## **Margin of Error**

The margin of error reported for this survey was computed using the classical SRS formula with an adjustment for the estimated design effect. The overall design effect for a survey is commonly approximated as the 1 plus the squared coefficient of variation of the weights. For this survey, the margin of error (half-width of the 95% confidence interval) incorporating the design effect for full-sample estimates at 50% is  $\pm 2$  percentage points. Estimates based on subgroups will have larger margins of error. The margin of error assumes that the weighted estimates are approximately unbiased. This assumption of approximate unbiasedness is based on our assertion that any differences between the survey sample and the target population on key survey outcomes are corrected by raking on the demographics listed in the weighting description.



## **Exhibit F**

### **Borrell – 2023 Digital Advertising Report**

## INTRODUCTION

This is a February 2023 update to our original report, compiled in April 2019, when we were asked to provide data and analysis on fragmentation among local media channels across the U.S. This represents our second update to that original report. The trends identified in the original statement remain accurate and, in some cases, more pronounced.

The research cited in this document comes from four principal sources:

1. **Borrell's database of advertising and marketing expenditures** for all businesses within every U.S. market. This database is used by hundreds of media companies, ad agencies, trade associations, investors, and ad buyers to track, analyze, and forecast advertising and marketing expenditures in individual markets. More information can be accessed at [www.adspending.com](http://www.adspending.com).
2. **Borrell's surveys of local advertisers buying habits and intent.** The twice-yearly survey is the largest survey of local advertisers in the nation.
3. **Borrell's database of digital advertising receipts** for 9,746 local media entities that are selling digital advertising. This is paired with Borrell's database of ad *spending* to show the actual recipients of digital advertising in each U.S. market.
4. **Company reports and presentations, and other publicly available and purchased research** required to support Borrell's ongoing data-collection efforts, including SEC filings.

## ABOUT BORRELL

Borrell Associates has been tracking, analyzing, and forecasting local advertising for 22 years. It was founded as a data-based company that disrupted traditional ways of tracking advertising expenditures. Unlike other ad-trackers that utilize advertising receipts from a limited number of media entities in a market, Borrell uses a holistic "bottom-up" methodology that starts with spending from all businesses. Information is gleaned from IRS tax records, BLS, USPS, Dun & Bradstreet, Woods & Poole, and other data points. Borrell tracks and forecasts advertising expenditures in all 3,007 U.S. counties and parishes across 11 advertising channels (newspapers, magazines, yellow pages, online, direct mail, cable, out of home, cinema, TV, radio, and telemarketing).

The company's data and insights are cited frequently in *The Wall Street Journal*, CNN, MSNBC, Ad Age, MediaPost, TV NewsCheck, Radio Ink magazine, and many online publications. Borrell is asked to deliver keynote addresses and presentations at company events and conferences approximately 30 times per year. The company's research has been widely used by trade associations, including by the American Association of Advertising Agencies, the Television Bureau of Advertising, the Radio Advertising Bureau, the Media Financial Management Association.

## EXECUTIVE SUMMARY

The meteoric rise of digital advertising over the past dozen years – and especially since the pandemic in 2020 and 2021 – has forged a new reality for local media companies that are dependent on advertising to support their operations. Whereas the first wave of disruption in the 2000s affected mostly print-based media, this second wave is disrupting broadcast media as the Internet morphs from a “read” medium into one that is viewed and heard. The COVID-19 pandemic accelerated trends, as ad revenue for all traditional forms of media suffered in that two-year period, while digital media saw revenues continue to grow.

A shift in audience has caused this diversion of advertising, which has been the lifeblood of locally-based media. As a result, local media are struggling to provide local channels of news, information, and entertainment that have served their markets for generations. Thousands have shut down entirely, creating news and information “deserts” in many local markets.

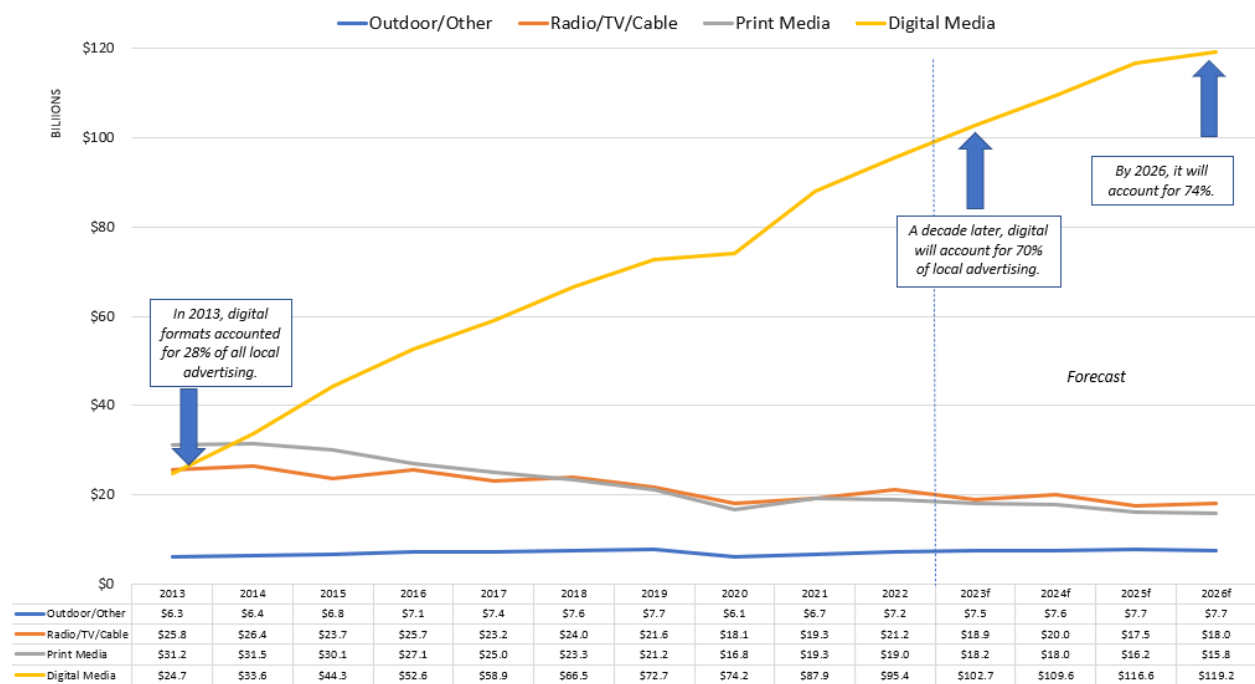
Local businesses have trimmed print and broadcast advertising budgets to fund new, cheaper, and more targeted marketing within an ever-expanding array of digital offerings. Broadcast, print, and outdoor media companies have attempted to offer niche or hyperlocal products, most of them in digital. Despite those efforts, 86% of the digital advertising purchased by local businesses in 2022 went to out-of-market companies such as Google, Facebook, and Amazon.

These out-of-market “pureplay” Internet companies have a clear advantage. They utilize vast amounts of personalized user data to expand channel offerings without government regulation. As a result, digital media’s share of all local advertising has grown from 26% nine years ago to 67% in 2022. This year, no locally based media entity will control more than a 6% share of local advertising. Meanwhile, three out-of-market tech companies – Amazon Advertising, Google (Alpha), and Facebook (Meta) – will control 53% of it, with an additional 14% controlled by other out-of-market digital platforms.

The swift growth and popularity of social media, particularly YouTube, Facebook, Instagram, and now TikTok, has had perhaps the greatest effect on radio, which considers itself “the original social media channel.” Radio’s collective share of local advertising has slipped into the single digits; for an individual station, the share in virtually every market is less than 1% of total advertising.

## LOCAL ADVERTISING ASSESSMENT

By the end of 2022, local businesses had spent \$142.8 billion on media advertising. The figure was 7% above the prior year as local markets continued to spring back from a damaging pandemic. In fact, 2020 was the first year since the Great Recession of 2008/2009 that total local advertising showed a year-over-year decline (7% below 2019). For the past 18 years, businesses have been spending smaller and smaller percentages of their total ad budgets on classic forms of advertising and more on internally controlled “owned” media such as their own websites and social media pages.<sup>1</sup> Of the \$142.8 billion spent in 2022, 67.8%, or \$95.4 billion, went to digital media, which has been consuming market share at the expense of traditional forms of local media. The COVID-19 pandemic acted as a springboard for digital forms of media, at traditional media’s expense. In fact, digital media was the only form of media that grew in 2020; all other forms (print, broadcast, etc.) declined. We expect digital advertising to continue growing, accounting for 74% of local advertising, by 2026.



Source: Borrell Associates, February 2023

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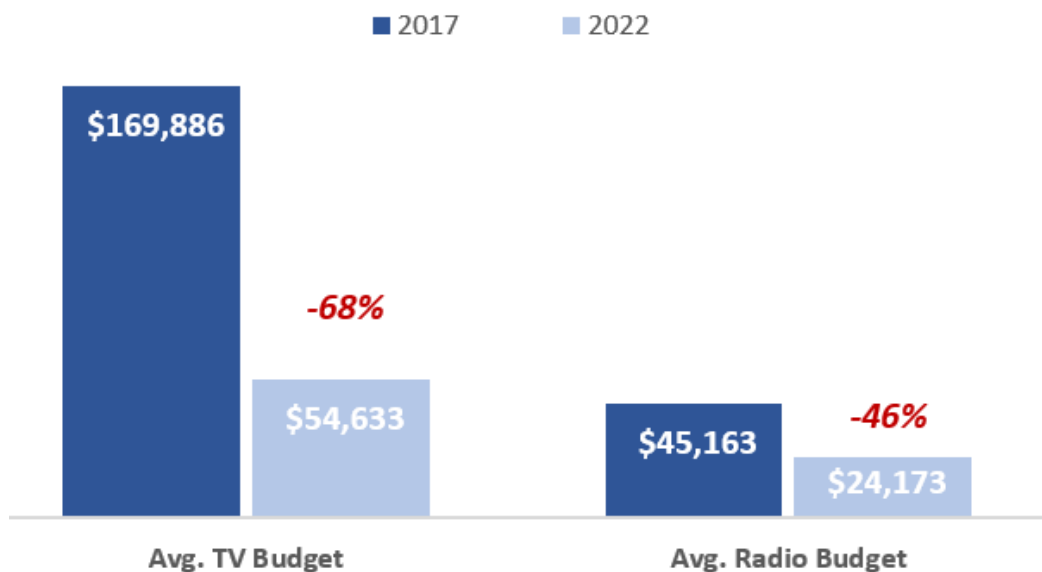
The past decade has been difficult for print and broadcast media, which continue to see diminishing shares of a space that was once the exclusive domain of companies that had a physical presence (printing press, broadcast tower, sales office) in that market. The share of local advertising expenditures being diverted to out-of-market digital media companies doubled between 2013 and 2018. Since then, it has grown by seven points. Growth in the 2013-2018 period was fueled mostly by Facebook’s late 2012 rollout of a do-it-yourself advertising program that made buying ads simple and inexpensive for local businesses. In the latter 2010s, Facebook blossomed into the

<sup>1</sup> Source: IRS, Pivotal Research

most popular form of local marketing, used by more local businesses than any other type of advertising media.<sup>2</sup> Even at the peak of the yellow pages industry, when every local business of note had an ad in the local directory, not as many businesses were buying directory ads at the rate of participation that Facebook currently enjoys.<sup>3</sup>

Facebook's biggest victim may be radio – which calls itself “the original social medium.” Facebook mimics the attributes of radio, giving advertisers access to affinity groups that were once chiefly the domain of radio's music genres (country music fans, sports talk fans, hip hop fans, oldies' fans, etc.). Our Fall 2022 survey of 851 radio advertising buyers showed that 69% of them were buying social media advertising. Comparatively, those who do not buy radio advertising are less inclined to participate in social media marketing.<sup>4</sup> Thirty-one percent of radio ad buyers said they planned to increase their social media spending in 2023, compared with 26% of non-radio buyers saying they planned to increase it in 2023. From our research, we have concluded that local advertisers see radio and digital advertising as substitutes – shifting dollars back and forth between these media for various reasons. Additionally, we noticed that local businesses had begun peeling away of advertising dollars from radio and TV budgets: Between 2013 and the first half of 2022, there was a 69% decline in the average annual expenditure on television advertising for local business who were buying TV spots, and a 46% drop in average radio budgets for those buying radio commercials. During that time, there was a slight increase in the percentage of businesses that bought TV (21% in 2017 to 25% in 2022), and a large decline in the percentage buying radio (38% in 2017 and 24% in 2022).

### Avg. Annual Expenditure For Local TV, Radio Advertisers



<sup>2</sup> Source: Borrell's 2018 Local Advertiser Survey; 91% of 3,860 local ad-buyers surveyed said they use Facebook, with 82% reporting they buy ads on Facebook. The next-highest percentage was for those using email marketing (57%). All other media, including traditional types of media and search advertising, had lower participation rates.

<sup>3</sup> Approximately 58% of local businesses were buying ads on Facebook in 2022, according to Borrell's 2022 survey of 1,983 local ad buyers.

<sup>4</sup> Source: Borrell's Sept.-Nov. 2022 survey of 1,983 local ad buyers of whom 851 bought radio advertising and 1,132 did not; among non-buyers, 50% participate in social media marketing.

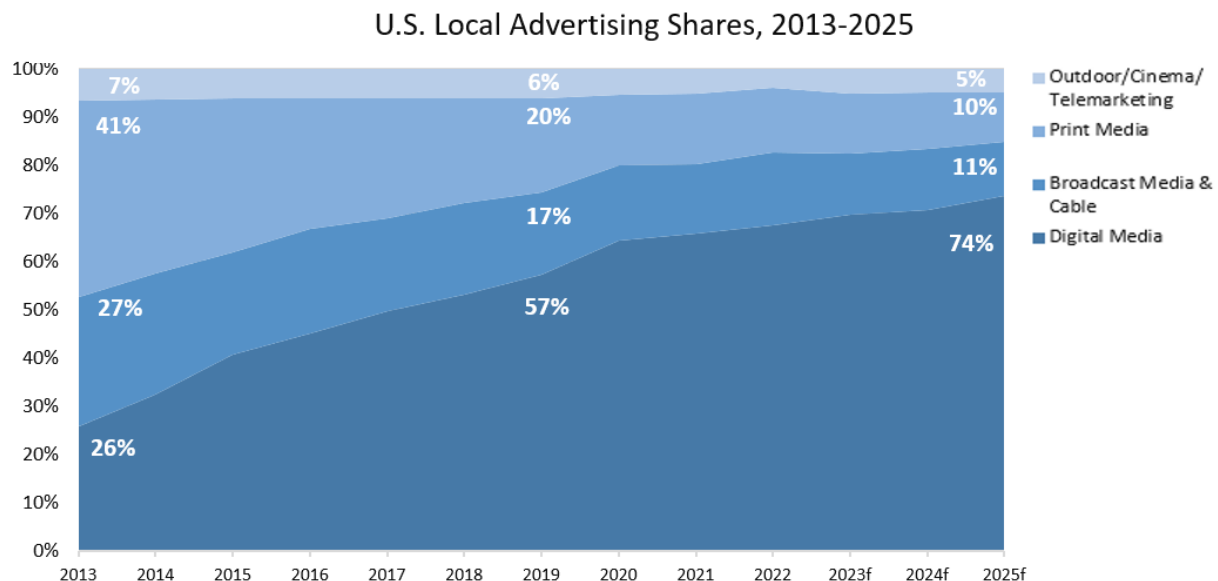


Source: Borrell's survey of local ad buyers; N=3,511 in 2017 and 1,983 in 2022  
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Facebook's dominance happened fast. Since 2013, it reported 29 consecutive quarters of revenue growth above 30%, with most year-over-year quarterly growth above 50%. As all forms of traditional media saw declines in advertising sales in 2020, Facebook realized growth in all four quarters, averaging 21% growth for the year. Google also experienced strong growth, averaging 9% growth in 2020 with only one quarter of decline in ad revenue.

Radio is not the only medium affected over the past decade. Advertising market share has shifted at the expense mostly of print media. Newspapers, magazines, yellow pages, and direct mail lost 23 points from 2013 to 2020, while digital media gained 17 points of advertising share. The loss for radio and TV was 10 points, larger than in previous years.

The disruption to broadcast media began to manifest in the early 2010s and has continued into this decade. Since 2012, Internet access speeds have increased nearly sixfold, transforming the digital audience from "readers" into listeners and viewers.<sup>5</sup> As this new wave of distribution of audio and video content shifts to digital channels, we are forecasting an additional 5-point decline for TV and radio between 2020 and 2025 on top of a 10-point loss between 2013 and 2019.



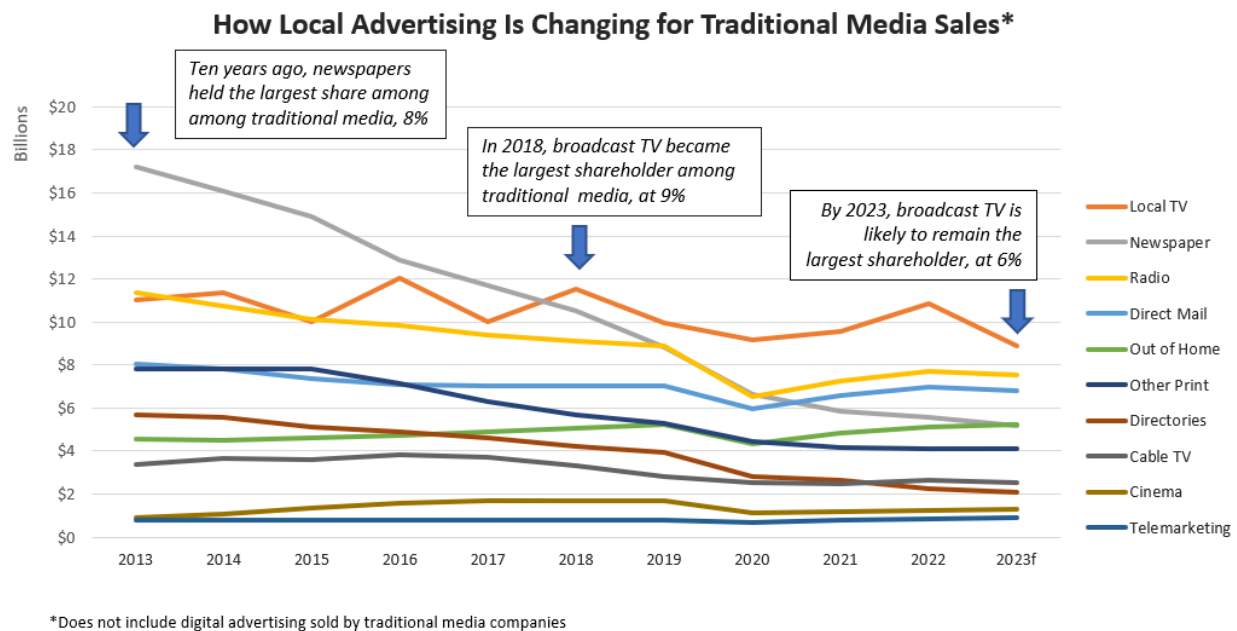
Source: Borrell Associates, February 2023  
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Examining the traditional media channels separately, we found that broadcast TV became the largest advertising shareholder among traditional forms of media in 2018, surpassing newspapers for the first time. Radio became the second-largest traditional media category in 2020, behind TV. The fact that political advertising hasn't yet migrated so heavily to digital media has certainly helped broadcast TV. In 2022, political spending on broadcast TV

<sup>5</sup> Sources: FCC, NCTA; based on actual average download speeds of 15 mbps in 2012 and 86 mbps in 2020.

outlets totaled \$3.1 billion, representing 58% of money spent all political advertising.<sup>6</sup> Radio is not a particularly large beneficiary, accounting for less than 3% of all political advertising in 2022, down from 7.7% in 2018.<sup>7</sup>

When describing the encroachment of digital media on print and broadcast media's turf, it is important to note that it's not entirely "us vs. them." Today, nearly 80% of the army of 50,000 local advertising sales reps sell some sort of digital advertising or marketing service in tandem with their print, broadcast, outdoor, and cable offerings.<sup>8</sup> However, many of those digital products are re-sold banner advertising or search advertising inventory; thus, profit margins on digital sales are significantly less than typical broadcast radio advertising EBIDTA.<sup>9</sup>



Source: Borrell Associates, February 2023  
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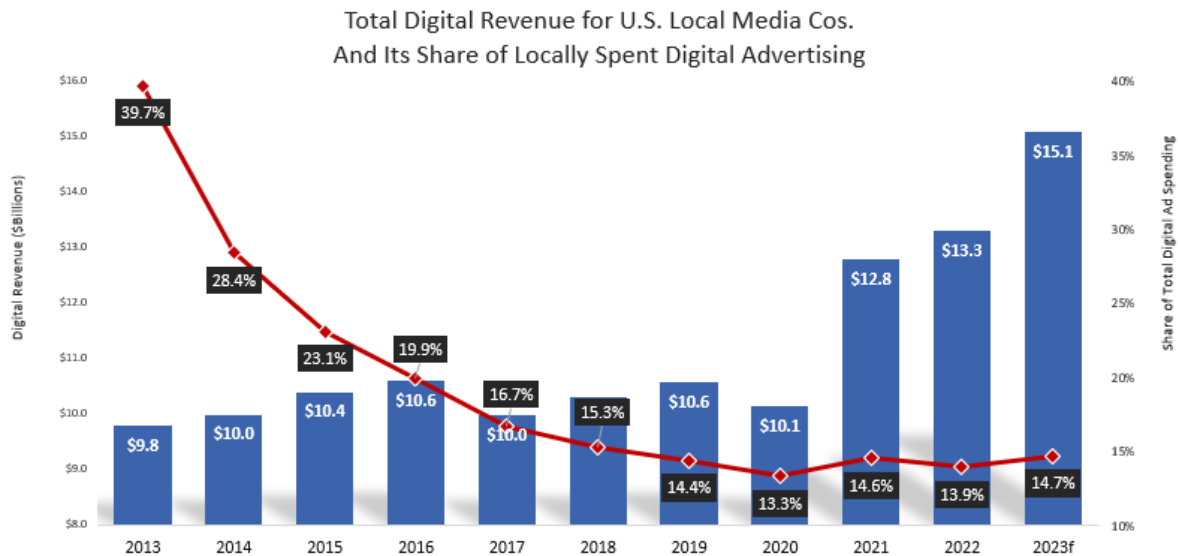
In 2022, these home-grown efforts drove \$13.3 billion in digital ad sales, or 14% of all locally spent digital advertising. This involves selling banner ads on their websites or inserting audio or video spots in the multimedia streams that can be found on their websites or apps. While sales have been growing, they have not kept pace with the rate at which local businesses have been increasing their digital spending. Eighty-six percent of digital advertising goes to pureplay Internet companies located outside the local markets where it's spent. In 2013, local media's share of all digital advertising expenditures was 39.7%, nearly three times more than it is today. In short, local media clients are buying more and more digital advertising from other sources, further eroding overall market share for traditional local media companies.

<sup>6</sup> Sources: Axios Media Trends, AdImpact

<sup>7</sup> Ibid

<sup>8</sup> Sources: U.S. Bureau of Labor Statistics (2022 data); Borrell

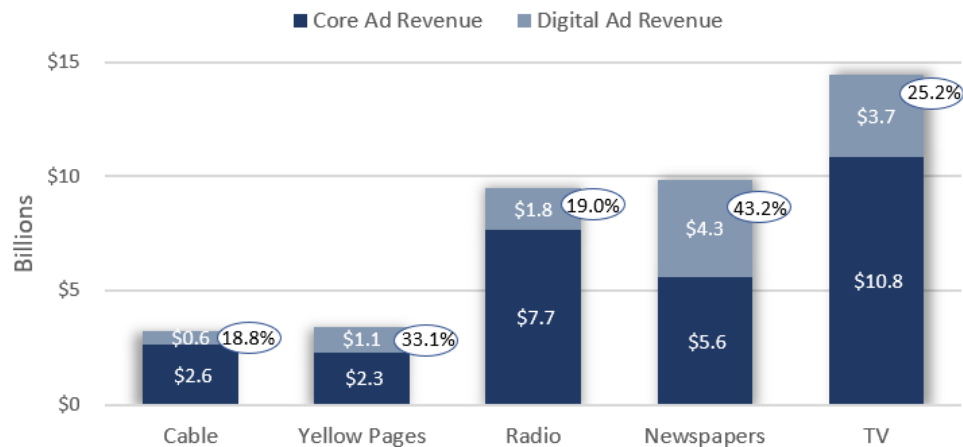
<sup>9</sup> Source: Borrell's digital media revenue database



Source: Borrell Associates Inc.  
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These digital ad sales have bolstered their core-product sales, contributing anywhere from 16% to nearly 50% of ad revenue for the average cable, radio, TV, yellow page, or newspaper company. Newspapers continue to weigh in with the largest amount of digital revenue, \$3.7 billion in 2020. The ratio of digital sales to core-product sales varies by type of media. Print media have the greatest ratios, while broadcast and cable media are lower. The chart below shows the amounts of digital ad sales relative to core-product sales for each medium, while the table on the following page lists the percentage of total sales attributable to digital advertising for 22 publicly held companies, plus the averages for each type of media.

### How 2022 Digital Sales Added Up for Traditional Media Cos.



Source: Borrell Associates Inc.  
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U.S. & Canadian Local Media Companies' % of Gross Advertising Revenues from Digital Adv. & Marketing Svcs., 2022			
Company	% from Digital Adv.	Company	% from Digital Adv.
Entravision (radio & TV)*	82.9%	Outfront Media (outdoor**)	28.1%
Yellow Pages Ltd. (Canada)	77.4%	iHeart Media (radio)	25.8%
New York Times (newspaper)	60.0%	Audacy (radio)	20.8%
Gannett (newspapers)	54.8%	Nexstar (television)	19.5%
thryv (yellow pages)	53.2%	Salem Communications (local radio only)	15.8%
Townsquare (radio)	50.0%	Beasley Broadcasting (radio)	15.8%
Lee Enterprises (newspapers)	47.7%	Cumulus (radio)	14.9%
Postmedia (Canadian newspapers)	44.5%	Univision (Radio & TV)	10.1%
Clear Channel Outdoor**	37.5%	Saga Communications (radio)	7.2%
Urban One (radio)	28.5%	FP Newspapers (Canadian newspapers)	6.8%
INDUSTRY AVERAGES (Not restricted to companies listed above)			
Newspaper Companies	43.2%	TV Broadcasters	25.2%
Yellow Pages Companies	33.1%	Radio Broadcasters	19.0%

\*Includes revenue from marketing services companies outside U.S.

\*\*Digital revenue for outdoor companies comes from Internet-delivered ads on digital signage

Sources: SEC Filings, public company statements, Borrell estimates through Q3 2022

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Another factor affecting locally based media companies is the growth of *in-market* competition over the past several decades. Responding to the need to create more specialized products in the 1990s and 2000s, newspapers, telephone directories, magazines, radio stations, TV stations, and outdoor venues expanded their offerings broadly. While much has been written about the demise of the local newspaper industry, 90% of the daily newspapers that existed 20 years ago are still publishing today, though more than half of them are publishing a printed newspaper fewer than seven days a week. Here is an estimate of the total number of advertising-supported media entities across the U.S.:<sup>10</sup>

- 1,230 daily newspapers
- 5,150 weekly newspapers
- 3,800 yellow page books
- 4,546 AM radio stations
- 6,682 commercial FM stations
- 1,374 UHF/VHF Commercial TV stations
- More than 1,000 cable systems with local sales staffs

The total comes to 23,782, or 2,900 fewer than when we first wrote this report four years ago. That's 14 fewer media properties per TV Market Area (TMA). Radio stations represent 48% of the total number of media entities; the industry suffered a net loss of 194 stations in the past four years.

<sup>10</sup> Sources: FCC, March 2021; News Media Alliance, Association of Directory Publishers, NCTA, Borrell Associates

**SUMMARY AND CONCLUSIONS**

Locally based media companies are struggling to survive in an unprecedented time. While print and broadcast media operate under ownership restrictions, unregulated national media companies have reached into local markets and carved away more than half of their advertising market share. TV and radio broadcasters and print media have attempted to adapt to this new digital environment, but digital distribution of local audio, video, and written content yields significantly less advertising revenue than their traditional distribution channels. Further, digital distribution of their content erodes their richer core audiences.

Local media's mission is to not only inform and educate the public, but also to provide a voice for local entrepreneurs and business owners for their products and services. As media channels struggle, those local businesses suffer perhaps even more as they watch online retailers such as Amazon, Alibaba, eBay, Walmart, Target enter the advertising business as "Retail Media" and further erode traditional media's advertising revenue.

As we stated in our prior reports filed with the FCC to address the radio ownership rules, these rules governing media ownership at the local level are obsolete. They have given national Internet media an unfair advantage. Data-driven digital media has quietly been able to become "local" by collecting geolocation and other personal data about their user base and visitors. Within five years, Google, Facebook, and Amazon will have crimped off nearly two-thirds of the flow of locally spent advertising dollars – the lifeblood of local print and broadcast media.

We continue to believe that a revision of ownership rules is in order. It has the potential to put local media on a more competitive footing with the Internet giants, which ultimately serves local interests.

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Gordon Borrell  
Chief Executive Officer  
Borrell Associates

**Exhibit G**

**Declaration of W. Lawrence Patrick**

## **Declaration of W. Lawrence Patrick**

### **Competitors are Often and Best and Only Buyers**

As a radio station owner for over 37 years and a media broker for over 30 years, I have a perspective on the current radio ownership rules that I would like to share with the staff and the Commissioners of the Federal Communications Commission ("F.C.C.") This statement will focus primarily on the thousands of radio stations that operate in smaller or unrated radio markets across the country. In many cases, the current F.C.C. rules concerning radio ownership impose a severe hardship on many owners.

F.C.C. Commissioner Brendan Carr knows the damage of these rules first-hand following his visit not only to one of my radio clusters in Cody, Wyoming but also to another owner's nearby cluster. Commissioner Carr visited a cluster of my radio stations in 2019 just to see how small market radio works. There he saw and listened to our four FM stations and one AM station.

There he also saw a vibrant news department with a host of guests appearing on the stations; regular weather, sports, agricultural, and other informational programming; and multi-host entertainment programming from the staff. After spending several hours with us, he wanted to drive to see a nearby cluster of three FM radio stations that operated on the other end of the business spectrum.

We drove a half-hour north to Powell, Wyoming where three FM stations were originating from a single Dell computer placed on a counter. We could not actually access the building as the door was locked. There was a sign telling listeners that, if they had a problem or concern, they could dial an 800 number which rang at commonly owned stations some 413 miles away. There was no local news, sports, weather, or emergency information being broadcast by these three FM stations. They were simply juke boxes on the air. Their programming consists of nothing but satellite-delivered music and a few repetitive liners.

My company that has won numerous awards for outstanding news and informational programming with KODI-AM being named station of the year in Wyoming several times under our ownership. The problem that we see is that we cannot purchase these three nearby FM stations due to the restrictive ownership rules. The owner of these three stations has died and his son has asked me to purchase his late father's Powell stations. If we owned those stations, we would make them live and local, would program them to serve portions of the audience with relevant programming not currently available. But, under the current ownership rules, we cannot own these stations.



Clearly these stations are not serving the public interest. These days, there simply is not the revenue in the market for an independent operator to come into the area and operate these stations as real local radio stations. The county in which both Cody and Powell are located has a population of less than 30,000. There are more than 10 commercial and noncommercial radio stations in the area, plus two weekly newspapers. Even in small markets like ours, out-of-market digital media has taken a substantial share of local ad revenue as local businesses promote their operations through services like Google AdWords and on Facebook. While my company, which has been operating in this market for over 25 years and has the financial capability to invigorate these stations and make them perform as they should, can survive in the market and offer local service, we cannot see how other owners could do so as evidenced by the competitor whose stations Commissioner Carr visited.

The problem that exists in Cody and Powell, Wyoming is not unique. From my perspective as a veteran media broker with over 900 radio transactions worth over \$8.5 billion in my career, I know of many other owners who are stuck in ownership positions well past normal retirement age, are looking to sell, but cannot exit their stations. Given that the best buyer for most stations is a competitor in the same market, the ownership rules hinder the development of strong radio stations. Weaker stations that would normally go to a stronger in-market competitor struggle to find an exit.

When that in-market competitor is limited in bringing fresh capital and stability to struggling stations, he or she is often prevented from purchasing the stations from another owner. In many cases, that weaker station owner may be forced simply to give up being a real broadcaster. Formats are imported by satellite with no local talent involved. Community service, the foundation of successful radio stations, is ignored due to financial constraints.

The F.C.C.'s goal of promoting competition runs directly into the reality of the marketplace. Some radio station owners cannot compete effectively and simply retreat, hoping for a miracle that will save their investment. The Commission has the ability to remedy this situation by lifting the ownership restrictions in smaller markets. If this becomes the policy, then the weak stations can thrive with new formats and capital infusion that would serve the public better in the long run. A community having stations run by a computer sitting on a counter in a locked building with no local access and no local involvement is no one's idea of what radio should be.

We face a similar situation across the state in Gillette, Wyoming. That same owner in Powell also owns a single FM in Upton, Wyoming. My company is the only viable buyer for the station. We are prohibited from doing so by the current rules. The Upton station is simply re-broadcasting another station owned by a third party from Casper, Wyoming located more than

175 miles away. Again, no local presence, no informational programming, and no community service. Just a dumb juke box.

To demonstrate that this is not just a local problem in northern Wyoming, as a broker I am increasingly finding owners calling to sell with no real interested buyers. We have run into the exact same situation within the past year with stations in Louisiana, Michigan, Missouri, Texas, California, Pennsylvania, Tennessee, and Alabama. Ownership rules enacted in 1996 with the best of intentions today push many owners into skeleton operations, bankruptcy, or minimal sale pricing. The best buyers are restricted from competing for these stations. The rules simply are now doing more harm than good.

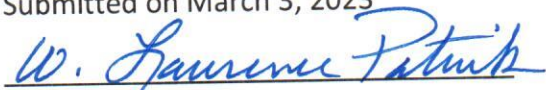
### **The Sole Station Trap**

In the larger markets the problem for single-station owners is likewise dire. When several owners have reached the ownership caps with their clusters, the single station operator, such as Emmis was with KPRW-FM in Los Angeles, find that the in-market buyer most able to pay a competitive price for the station is prohibited from making that acquisition. In that case, the option is to sell to a new entrant. However, in big markets where there is more media competition from television, cable, print, outdoor, and on-line media (as well as from other existing radio competitors), there are few if any new buyers ready to enter the radio broadcast business to provide local service to the community. In our brokerage business, we are seeing many situations where the only buyer for full-market FM stations in large markets is often a foreign-language programmer or religious buyer, who generally does not offer a price anywhere close to what a commercial in-market buyer would offer, and generally programs from a nationwide network not as a local operator providing a substantial local presence.

### **Conclusion**

We believe that the radio ownership rules are outdated and must be relaxed. Particularly in the smaller markets, the F.C.C. rules should be lifted to allow the market to work as it should, giving the weaker owners a means to exit the business and existing local owners, willing to provide local service, the ability to expand their service to additional stations in their markets.

Submitted on March 3, 2023



W. Lawrence Patrick, Managing Partner

Patrick Communications and Legend Communications