

InFOCUS: How HD Multicasts Can Bring More Revenue

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Norway is set to become the first nation on Earth to abandon its FM radio signals, after already ditching their AM radio signals. This will leave listeners with one over-the-air option: Consuming stations via DAB, a digital delivery option U.S. broadcasters rallied against during the Clinton administration.



Today, in-band, on-channel broadcasts via Tesseract subsidiary DTS's **HD Radio** are the FCC-approved standard.

But, where are we with HD Radio's multicast offerings? One broker thinks these HD2 and HD3 signals can potentially bring big bucks to broadcasters, while providing a much bigger coverage area for a group of operators FCC Commissioner **Mignon Clyburn** has long championed.

Broker **Robert Heymann**, Director of **Media Services Group**'s Chicago office, believes there is a solution to HD Radio's overall lack of traction with consumers.



Robert Heymann

“With digital broadcasting on FM, you have very little adoption in the consumer marketplace, and the reason is two-fold,” he says. “There is a lack of [tuners] that receive HD radio, and a lack of demand for additional audio entertainment”

That’s because, unlike many other nations, U.S. consumers have a plethora of choices, from Pandora to on-demand music services such as Spotify and YouTube, to internet radio stations and now iHeartRadio All Access, which presents smartphone users with live radio and on-demand music and entertainment.

“Given all those choices, what are we left with for HD Radio, from an economic and programming standpoint?” Heymann asks.

Using HD2 and HD3 signals to empower multicultural broadcasters is the win-win solution he’s already discussing with at least one Windy City broadcaster looking for some AM revitalization beyond what an FM translator can do.

Heymann says, “I look at HD Radio as a mass-market delivery system of information and entertainment. Who could be the major users of that group? Ethnic broadcasters who are leasing time on AM radio stations. If you have an HD signal on a full-power FM, you can deliver to the entire geographical market. There is an opportunity for full-power FM owners to lease out their HD channels to people who want to be able to deliver news, information, etc., to an entire market.”

But, there is a drawback.

“There are not a lot of radios in the marketplace,” Heymann says.

But, the positive is having a station that can reach close to 100% of the geographical area that defines a market, versus, for example, a daytime-only Class D AM signal that only covers a small portion of the market.

Following the lead of the Canadian Radio-Television and Telecommunications Commission (CRTC), this would bring diverse voices to a far greater potential audience. In Canada, several FM frequencies are set aside for First Nations, Chinese-language and other ethnically focused broadcasters.

And, thanks to gentrification and the natural progression of ethnic groups in large and medium-sized U.S. cities, there may no longer be one central location where they all live and/or work, Heymann points out.

The Windy City is one of those places.

“In Chicago, for example, I’ve had foreign-language broadcasters approach me to lease out HD channels for just that purpose — working with a foreign-language broadcaster,” he says.

The potential HD clients in Chicago include the Czech, Slovak, Moravian, Irish, Polish, Russian, Asian and Arabic programmers who purchase time on such Chicago-area stations as WCEV, WEEF, WNVR, WSBC, WKTA, WNWI, and WPNA.

“This is a future opportunity for FM operators in larger markets to have a source of income, in leasing out these HD channels,” Heymann concludes. “And, of course, radio is very anxious to uncover new sources of revenue.”

Read more at <http://rbr.com/infocus-hdrevenue-0109/#rCOKgIVtxLu0r6HB.99>