The Radio Supply in Catalonia, Between Maturity and Crisis

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The supply market for radio productions in both Spain and Catalonia is currently presenting symptoms of maturity and crisis. This is not a contradictory statement but rather the logical consequence of an assessment of the sector's evolution over the past 20 years, a period of significant deregulation of radio activity and where specific legislative and regulatory policies have been developed by the two Administrations involved, i.e., State and Catalan, which have configured a radio sector considerably different to the one of the late 1970s.

Catalan radio broadcasting can be analysed in different ways. If we look at it from the industrial point of view, we could say that it is made up of an important number of public and private companies operating on an uneven playing field that favours the former, and an imprecise number of frequencies, which some analysts put at more than 3,500, established in an unequal fashion across the land. If we analyse it economically, we see that the industry enjoys double funding: from public aid and from advertising, making it hard to assess its real economic weight, as there is no reliable figure on turnover.

If we analyse radio in terms of the medium, we would say that it comes second among the major media in terms of audience size, with a daily penetration rate over more than 60% of the population[1]; a weight which coincidentally does not correspond with advertising investment, as it receives a much smaller percentage (around 10%[2]) and yet even still is one of the highest among European countries.

The Catalan radio sector is very fragmented. The supply is very diversified. Firstly it forms part of a large State market, insofar as public and private stations of a Spain-wide scope operate within Catalonia, working in a way similar to American networks, i.e., with State, regional and local programming. Secondly, Catalonia has its own national market, which includes regional and municipal public stations as well as autochthonous private groups. Without having a need for comparative statistics to hand, I would say that nowhere else in Spain is the autochthonous supply as important in terms of quantity or, in particular, variety.

It seemed important to me to begin this article with a reminder of the general situation because we are very often tempted to talk about stations and programming while systematically forgetting the context in which activity is developed, i.e., the market of supply and demand, and also the decisive role that external and international logics play with regards operator strategies, as I have said before on other occasions[3].

Factors that Explain the Maturity

We can talk about a radio market being mature when it seems difficult, if not impossible, for its overall size to increase and in particular for the number of operating frequencies or transmission powers to grow. When we reach this situation, technical experts refer to the saturation of the radio spectrum. In this context, it does not seem possible for the number of operators either in the public or private sector to grow and thus supply to increase. From this point on, all the indications would suggest that the only

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transformations the market could experience would be related to its resizing, i.e., changes in the structure of some stations as a result of the application of business-efficiency policies or new supply strategies from the same operators based on the implementation of new transmission supports, essentially digital radio.

We can specify the maturity of a market in terms of programming supply based on an analysis of a number of internationally accepted indicators, using a heuristic methodology[4]:

1. Number of stations available to the audience on the main markets and submarkets.

2. Distribution of existing stations among the different station models (full-service and specialist radio).

3. Evolution of station supply, particularly analysing the average implementation time that the most popular stations once needed to reach their audience share.

4. Comparison indices with other consolidated radio systems expressed in terms of similarity of the most relevant data: penetration and audience segmentation, advertising segmentation and standardisation of the strategies of the main operators present on the market.

With regard to the first point, I have already said that the Catalan market is getting close to, or may have already passed, saturation point. The almost immediate consequence of this usually is that we can see the crisis besetting new operators who compete with stations that have been on the market for years and which are very consolidated both in terms of audience and advertising. A fairly clear example of this can be seen in the full-service segment, in which one can see the difficulties that new stations such as COM Ràdio, RAC 1 and Ona Catalana are having in capturing significant market shares.

This penetration problem is due to different factors that we should bear in mind and which essentially use the same station model, even though the new public and private operators regrettably often undervalue them. The most important include the historic weight of station brands and the presenters of the main programmes; the level of social recognition of the aforementioned brands; the loyalty habits of the audience with regards programmes made by successful stations; efficiency in managing production resources and the share of historical advantage in penetrating the advertising market. Despite the difficulty of this context, many business projects have systematically forgotten that first of all they should draw up business plans which take into account the difficulties that could arise when they enter supply markets where positions are very consolidated. In other words, it is important to firstly offer differentiated programming, realised at assumable costs, and to have the capital needed to keep afloat for as long as it takes until you achieve a significant market share.

Having made this first point, another thing that comparison indices with other radio systems tell us is that, despite the existence of differential factors linked to historical and cultural questions and the application of particular legislative policies, a national radio market structured in a fashion similar to another one tends to develop the same behaviour patterns and suffer from the same problems.

The consolidation of supply is particularly important on the Catalan talk-radio market, which is why the process of new stations' obtaining significant audience shares and later advertising is slowing down in a way that is putting the operators' capacity for economic resistance to the test. We already know that for some of them, mainly public ones, this factor may not be particularly important as they do not operate on a basis of economic efficiency but rather operating costs, but for private ones the time they must wait before obtaining a significant presence on the market is of paramount importance as talk programming tends to be very expensive.

The Crisis: Strengths and Weaknesses of the Catalan Market

Having reached this point, we should now answer the question of whether the saturation of supply in the Catalan radio sector will sooner or later lead to a crisis. The answer is: not necessarily. The condition to ensure this does not happen is for the industry overall and operators in particular to stay on their toes and respond to what they see. It is important to make an in-depth reflection, analysing their strong points, weak points and the opportunities that could arise in the immediate future, particularly those related to the implementation of new transmission supports, i.e., mainly, as I have already said, digital radio.

So what are the strong points? Radio in Catalonia is a socially recognised form of communication. Its reporting task and ability to generate discussions compared to the generally increasingly discredited medium of television are not in doubt. If from the business point of view its excessive fragmentation is a handicap, from the social point of view it is a positive attribute as people consider it is more grassroots and closer to their concerns. In many studies[5], radio is seen as a credible medium that forms part of the day-to-day life of a great part of the population. Many studies have found its variety is also considered an asset, i.e., listeners know that supply is fairly broad and it is easy for them to choose what they most like listening to at any time. The relationship listeners generally have with their radio stations is one of loyalty: you only have to look at how little the ratings for each station have changed in the past few years to see that.

From the political point of view, it is considered to be a very influential medium. Many public policies and strategies in recent years have involved taking direct or indirect control of public or private autochthonous radio groups. They also have the image of being an important instrument of linguistic normalisation (although less than television) and as such at least 50% of FM programming must be made in Catalan, as must 25% of the music played.

It is also important to look at its weak points. The Catalan radio market is growing in supply[6], but not consumption[7]. This could be a good headline for summing up the sector's chief weakness. The figures speak for themselves: we are talking about nearly 10,000 inhabitants per frequency (bearing in mind that the US has 30,000 inhabitants per frequency) but only just over 60% of people aged over 14 say they listen to the radio every day.[8]

However, neither policymakers nor operators are in the habit of taking much notice of statistical figures, with the latter tending to think they have spotted a gap in the market. Over the past 10 years, three new full-service stations have started up (COM Ràdio, RAC1 and Ona Catalana), competing directly with the pre-existing ones (Catalunya Ràdio, COPE, Onda Cero-Onda Rambla, Ràdio 4 and RNE1). No other market in Spain has such an abundance of competition in the same segment.

Furthermore, the audience for this type of programming has not grown significantly over the same time period, which leads one to think that the new stations have not created new listeners but have simply stolen them from the stations that existed before. This strategy of direct competition undertaken by some operators does not seem to have borne fruit if we take into account the meagre results obtained to date from the process of urgent restructuring that most have been forced to carry out.

The last five years have also seen important changes in supply in the specialised radio segment, particularly by broadening the coverage of already existing stations, mainly in the Barcelona metropolitan area, which have made them into de facto Catalonia-wide stations. Competition has grown significantly in the sub-segments, particularly in music stations, as table 1 shows.

A quick look at this table shows firstly the large number of specialised stations of all types on the Catalan radio market, and particularly the modifications made in the coverage of some of them, which has allowed them to win a potential market share.

In line with other arguments made in this article, we can see that the above table can again justify the saturation of the Catalan radio market, but with distinctions, as, while in the case of full-service radio there are eight stations competing for the same market segment, in the case of specialised radio the segmentation possibilities are much more disperse and competition much more widely spread, even though even a cursory glance at the list above may strike one as excessive for a market the size of the Catalan one.

In keeping with the arguments of other authors[9], I have been saying for years that the segmentation process in radio has been moving in line with the rise in the supply of the number of stations. The current saturation in Catalan radio could be defined as a transitional stage between the possibility the listener has for choosing from a wider range of products on offer (i.e., "the right station for everyone") and an immediate future in which digital radio will make it possible to choose stations "in line with people's interests and particular music tastes" [10]

The behaviour of the Catalan supply market with regard to specialised radio is similar to that of the radio models in more competitive countries, in which we can see that the percentage of specialised formats addressed at audience segments aged 25-40 are growing inexorably. The operators justify this option by repeating that they are the most sought-after by the big radio advertisers, as this segment of

Table1. Changes in the Coverage of Specialised Stations

Stations that have not substantially modified their coverage	*Stations that have substantially modified their coverage*
Catalunya Informació	Flaix FM
Catalunya Música	Ràdio Flaixbac
Catalunya Cultura	Ona Música
Radio Clásica (RNE 2)	RAC 105
Radio 3 (RNE)	Radio Tele Taxi
Cadena 40 Principals	Hit Ràdio
Cadena Dial	Ràdio Intereconomia
M80 Radio	Ràdio Estel
Ràdio Club 25	
Europa FM	
Màxima	
Cadena 100	

Source: author's own work.

Table 2. Types of Specialised Radio Formats in Catalonia

Hit Lists	*Adult Contemporary Music*
Cadena 40 Principals	
Flaix FM	M80 Radio
Cadena Dial	Ràdio Flaixbac
Cadena 100	Ona Música
	RAC 105
Formats Specialising in Information	Hit Ràdio
	Europa FM
Catalunya Informació	Ràdio Estel
Ràdio Intereconomia	Ràdio Club 25
Mixed Formats	*Classical Music*
Catalunya Cultura	Catalunya Música
Radio 3 (RNE)	Radio Clásica (RNE 2)
Radio Tele Taxi	

Source: author's own work.

the population includes some of the most hardcore consumers. The structure of the specialised-station supply market in Catalonia matches the trend we can see in countries with more competition.

Table 2 is open to many interpretations and speculations. Firstly, the history of the past 20 years explains why operator strategies have been very imitative in terms of music stations, i.e., they have chosen to develop competitive formats that have highlighted important audience segments. 20 years ago that meant that everybody tried to make clones of the Top 40, but over time they have realised two things: firstly, that people aren't keen on copies and secondly, that the oldest end of the target group, i.e., 24-26 year olds, tend to migrate to other formats when music stations for an older audience are available. This phenomenon was experienced in the US and gave rise to the 'adult contemporary' (AC) format.[11]

We could say that the rise in the number of these types of formats is a common phenomenon on European markets that are growing or that have reached important saturation levels in the supply of music stations. The second aspect to take into account in this regard is that the umbrella term 'AC' includes different and varied types of music, potentially making it more expensive to programme different types of music for adults. Table 2 demonstrates this: there are some stations that strictly obey the AC format while others are closer in style to 'golden oldie' stations, i.e., rock and pop from the 1960s and 1970s.

In general, we could say that the specialised radio supply market is still open to new proposals that could cover demands not meeting potential audiences. In reality, operators still opt for proposals that may interest more specific sectors, not just among people who regularly listen to the radio, but also among people who do not.

Niches, the Hope of the Future

I have already used this article to describe the difficulties some operators have in surviving on a mature market, particularly full-service radio. I also think specialised radio is the only part of the Catalan radio spectrum able to find a way out of a possible crisis and, particularly, positive expectations for the future.

My idea is simple. Historical experience of reference markets shows that in the face of saturation, the only way forward is differentiation. The consumption of cultural goods has a number of characteristics typical of all consumer products: audience segments are still too broad and undefined for particular products. Experts seek niche markets, i.e., more precise groups of listeners interested in increasingly more specialised stations and which are usually attractive to advertisers.

Niche programming has other advantages, too. Production costs, particularly in the case of music stations, is one advantage. What is required is to make a good design of the format, and test it out beforehand on potential audiences[12]. In most cases, transmission can be automated. Secondly, niches are the threshold for digital radio, as the people who announce this new transmission support say that the number of stations available to an audience will be even greater. My idea would therefore be to prepare station supply for a new situation that will enable Catalan radio to have a good head start in DAB.

In short, we could say that if the Catalan radio system wants to prevent the negative effects of saturated supply, it will be necessary for operators to diversify and seek new programming niches and audiences, otherwise the crisis could have negative consequences in the short and medium terms. Everything seems to suggest that over the next few months we will witness important changes, particularly bearing in mind that, following the granting of the latest licences, the implementation of digital radio will considerably raise the limits of the supply market and the complexity of its production and funding.

Notes

1. 63% of people aged over 14, according to the General Media Survey (EGM).

2. Source: Infoadex. *Study on Advertising Investment in Spain in 2003*.

3. MARTÍ, J. M. 1995. *Modelos de programación radiofónica*. Barcelona: Feedback, and also MARTÍ, J. M. 2000. *De la idea a l'antena. Tècniques de programació radiofònica*. Barcelona: Proa. Eines de periodista.

4. We are mainly talking here about the evolution parameters of radio systems that have undergone similar growth processes.

5. For example, a recent survey by the Catalonia Broadcasting Council (CAC).

6. It is not my intention in this article to analyse the growth in the number of frequencies available to operators, particularly commercial operators; the current number of frequencies is around 700, including public, private and other ones (associate, free, pirate and educational).

7. As EGM figures from recent years show.

8. EGM 1st trimester 2004.

9. Bellanger, P.C. 1992. *La radio du futur*. Paris: Armand Colin.

10. Martí, J.M. 2003. "La radiodifusión en el horizonte del tercer milenio" In: LÓPEZ, N.; PEÑAFIEL, C. Eds. *Odisea 21. La evolución del sector audiovisual*. Madrid: Fragua.

11. Kelley, D. 1995. "The AC Format". In: Martí, J.M. (editor). *Nuevos formatos de radio en USA*. Barcelona: SER, Fira de Barcelona-Sonimag.

12. A good example is the format that Kiss FM offers in Spain, designed by the American production company, Broadcast Architecture.