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“Most consumers see no reason to replace their FM radio with a DAB receiver”

**“Radio via the Internet demands a new business model”**

**Despite the comfort of the FM licence extension, radio broadcasters need to find creative ways to compensate for declining advertising income. Furthermore, the growing number of people listening to radio via the Internet demands an adapted business model, according to PricewaterhouseCoopers media expert Hans Dullaert.**

“Like most media sectors, the radio market is having to contend with falling advertising income. As a result of this, we see a search for new ways to generate income. An example is the way listeners to BNR News Radio can become a ‘friend’ of the station by making a donation, and in return receive the latest news and can participate in discussions about future programming content. The most striking victim of the financial downturn has been Arrow, whose payment arrears led to them losing both their FM licences.”

“The government recently announced that the current FM licences would be extended to 2017. This at least brings some comfort for the time being for the stations that do still have a licence. A notable condition that is tied to the extension is that the broadcasters are required to invest in Digital Audio Broadcasting (DAB). This system, which makes better quality reception possible, has not yet got off the ground in the Netherlands. One of the reasons for this is the high cable density in our country, which means that most analogue FM radios already offer good quality reception. DAB does also make it possible to send additional information to the listener’s display, but most consumers don’t consider this to be a good enough reason for the time being to purchase a relatively expensive DAB receiver.”

“Another likely reason for DAB not catching on is the growing number of people who are listening to the radio via the Internet. In addition to the stations that broadcast exclusively on the Internet, all the FM stations can be found online. It is a challenge for most radio broadcasters to develop a business model that’s appropriate for channels other than over-the-air however. In order to do so, existing programming needs to be examined closely. How can it be offered in a multi-media world in a way that maintains the attention and interest of the radio consumer?”

“One of radio’s key characteristics is that certain DJs attract a particularly home-loving group of listeners. It appears that these presenters are also managing to continue to reach their target group cluster via the Internet. Gathering knowledge about target groups is a vital factor in order to attract advertisers. We’re seeing that Radio 538 is building an online community that listeners can become members of. That could very well represent the foundations for a money-making model. Choosing a defined theme, such as economic news, can be another way to serve a specific target group.”

“To offer advertisers the maximum platform possible, media companies will need to work still harder on developing an approach in which radio, TV, print and the Internet are integrated. It’s not for nothing that Sky Radio and Veronica are part of the Telegraaf Media Groep, that Radio 538 is owned by RTL and Q-music by De Persgroep. In spite of this clustering, the cross-pollination of the various media is still in its infancy.”