



The New Radio Model: 5 Years Later

Five years ago the proverbial shit had hit the fan. In 2009, everyone was just coming to grips with the great recession of 2008 and the collapse of major industries. The radio industry's economic slide had started years earlier. Radio conventions were somber gatherings of nervous owners and managers trying to see into a dark future.

It was under these circumstances that I penned the "**New Radio Model**." The New Radio Model was a view into a better radio future that combined hyper-local content with multi-platform distribution. The idea was to promote a new and better business model for radio, one that wasn't solely dependent on spot buys and the whims of media buyers. I postulated that radio's economic future would hinge on radio's ability to monetize live events and create new digital revenue streams. Essentially, radio needed to graduate from being mass media to a promotions machine. This is pulled directly from the 2009 New Radio Model:

"The New Model leverages what radio does best: Create crowds through local promotions and live events, fueling many of the multiplatform revenue streams. The radio properties are the central mechanism in creating local multiplatform media marketing outlets."

Reading the quote above, this could be a 2014 quote from CEO Bob Pittman touting Clear Channels new business model that leverages radio and all digital platforms into "sponsorships" vs. pure radio ad buys, or about the iHeartRadio music festivals. It seems that Clear Channel and CBS have really embraced the New Radio Model. The irony is that neither Clear Channel nor CBS can be accused of embracing hyper-localism, yet the digital and live event promotions model still works for them. Mid-size radio groups such as Hubbard Radio and L&L Broadcasting (including Alpha Broadcasting) have clearly embraced hyper-local content, and have also moved swiftly to engage a new business model. And while not predicted, public radio has grown enormously in the past five years as they have embraced hyper-local content and new digital and live event revenue streams.

Looking back at the New Radio Model now is like looking back at NFL draft picks five years later. Some picks hit, some picks miss. A report card on the New Radio Model shows that a few radio companies are definitely succeeding because of their local content approach, yet the budgets of many other companies deny them that localized opportunity. The idea of a changing paradigm where radio stations become more aggressive promotion vehicles has certainly taken place, as evidenced by the recent growth of radio's digital and event revenue.

In 2014, there was a **bounce to radio's step at the recent NAB Convention in Las Vegas**. Many operators report upbeat earnings and futures. Despite massive new competition from all corners, radio is still used by 93% of Americans every week and is learning how to embrace digital platforms and live events. So now, instead of the shit hitting the fan, it might be said that "what goes around comes around."