



## **HD Radio is a technology that claims to deliver interference-free, near CD-quality sound to radio listeners. But will it mean better radio?**

### **How HD Radio Works**

Terrestrial radio is currently undergoing a major transformation. Using a technology called In Band, On-Channel (or IBOC), thousands of broadcasters are transmitting analog signals simultaneously with higher quality digital signals on their existing spectrum. In other words, stations are using their allotted spectrum to broadcast both an analog and digital signal at the same time.

Unlike analog broadcasts, which bleed over onto adjacent frequencies, digital signals are interference-free; it's almost like the signal is running on a train track. Since there's no need to compensate for the fade off of the station's main channel, the spectrum can be used much more efficiently. As a result, the station's adjacent or "side channels" can be used for new purposes, including entirely different programming, transmitting stock prices or traffic information, or even delivering software updates to your car.

For broadcasters, the transition to HD radio could mean the development of new revenue streams, either through the creation of entire new stations on these side channels, or through the leasing of their digital spectrum for data services. For musicians and listeners, HD radio holds the promise of a wider choice of programming.

### **HD Radio and Artists**

Most artists' groups express broad support for the opportunities that digital radio presents to citizens and musicians. If implemented wisely, HD radio has the potential to reinvigorate radio through the creation of anywhere from three to five times the number of audio streams in a local market than are currently possible with analog technologies. Clearly, a more efficient use of the public spectrum means more opportunities for local programming, "niche" stations that focus on specific genres like bluegrass, jazz, classical or world, and more voices on the air.

The emergence of this technology also raises a number of questions for musicians. The first is whether the government will recognize that these digital services are more analogous to satellite services like XM/Sirius and webcast stations than they are to traditional radio. If so, HD radio broadcasters should be required to pay both the songwriting royalty and the performance royalty that is currently required for digital performances but not for terrestrial radio broadcasts (*see also FMC's Public Performance Right for Sound Recordings Fact Sheet*).

The second set of questions focuses on how the FCC will define and enforce public interest standards on HD broadcasters. In this transition from analog to digital, incumbent broadcasters stand to triple their license's usable spectrum. Indications show that the FCC intends to just hand this additional spectrum



# Future of Music Coalition on **HD Radio**

over to the incumbent broadcasters without thinking seriously about the long-term implications of this transition, how it relates to media ownership in local markets, royalty parity and its bearing on the Commission's public interest obligations. FMC and many public interest groups have been urging the FCC to adopt specific public interest obligations for HD radio.

## **HD Radio's Rollout in the US**

HD radio is already widely deployed in Europe and some parts of Asia, but is just beginning to roll out in the United States. In 2004, the FCC opened a proceeding to collect feedback from stakeholders and citizens to determine the regulatory structure that will accompany the transition from analog to digital radio, but has not issued any rules yet.

This has not, however, stopped stations from launching their HD channels. By the end of 2007 there were over 1,500 stations – AM and FM, commercial and noncommercial – multicasting more than 2,500 channels, with many NPR stations leading the way in the transition. In December 2006, the HD Radio Alliance, which includes eight of the nation's largest commercial radio groups, announced a \$250 million ad campaign to promote HD radio among consumers. Despite the number of new stations, consumer interest in HD radio remains tepid, likely because of competition with internet and satellite radio offerings, the cost of buying new HD radio receivers, lack of adoption of HD radio in automobiles, and a general lack of interest, especially among commercial broadcasters, in using their HD channels to program anything fresh, local, or diverse.

## **Broadcast Flag? Performance Right?**

While HD radio could energize terrestrial radio through the addition of new music and fresh programming, some artist and industry groups are concerned that HD radio has the potential to disrupt or diminish existing revenue streams on which musicians depend. There are already HD radio receivers on the market in Europe and Asia that let radio listeners rewind, buffer, record and store radio broadcasts and songs. This has led some in the music industry to warn that HD radio listeners could use hardware and software to scan their local radio airwaves and "cherrypick" the best songs for recording and downloading. Industry groups contend this would diminish CD sales and even displace the emerging internet technologies offering legal downloads. The RIAA has urged the FCC and Congress to impose a mandatory "broadcast flag" — a bit of code embedded in songs and "read" by HD radio receivers — on HD radio content. Songs that were "flagged" would not be downloadable to a hard drive.

FMC recognizes concerns over protecting copyrighted works in a digital age, but we do not believe that establishing a legal requirement for broadcast flag-type technology is the best answer for either consumers or creators. Instead we urge Congress to update the Copyright Act to extend the public performance right for sound recordings to terrestrial and HD radio. Concerns about the extent of "cherry picking" and the displacement of sales should be considered when setting up the license rate, rather than creating a broadcast flag that won't let new technologies develop without federal approval. By choosing "licenses over locks" Congress will ensure that consumers have the ability to use digital technologies in ways that expand their access to music. Most importantly, when united with the existing performance rights, a broad performance right in sound recordings will ensure that songwriters, composers, performers



# Future of Music Coalition on **HD Radio**

and record labels are compensated for the public performance on terrestrial radio or on the expanded HD radio of the future.

## **What Musicians Can Do**

Educate yourself about the issue. FMC and other organizations have written a number of pieces about the challenges and opportunities that HD radio presents, including:

**Joint reply comments at FCC on Digital Audio Broadcasting** (August 2004)

<http://www.futureofmusic.org/news/PRDABreplycomments.cfm>

**FMC letter to Senate Commerce Committee on Public Performance Right** (October 2005)

<http://www.futureofmusic.org/news/PPRSRletter.cfm>

BA 04.25.08



**Future of Music Coalition**  
Education, Research and Advocacy for Musicians

This fact sheet and others are available online at [www.futureofmusic.org](http://www.futureofmusic.org)  
To receive our email newsletter, visit [www.futureofmusic.org/subscribe.cfm](http://www.futureofmusic.org/subscribe.cfm)