

COST A20 Conference: Towards New Media Paradigms. Pamplona June 2003

**Names of authors:** Dr Roger Wallis, Anders Edström-Frejman

**Organisation:** Dept of Media Technology, Royal Institute of Technology (KTH), Stockholm

**Country:** Sweden

**Conference Topic:** Media Content 1

**Title: Can Diversity be a profit-maximising media strategy? The apparent incompatibility of de-regulation policies, media concentration and audience access to range of choice.**

#### ABSTRACT

A political will to de-regulate the media and vertical integration within the media and entertainment industries have characterised recent decades. Supporters of de-regulation have claimed that market competition leads to a greater range of media output and diversity of consumer choice. Content studies of music in broadcasting channels during the 1990:s, suggest that the above combination (liberalisation of ownership and content rules, in tandem with media concentration) has led to a smaller range of choice being available to the public (both in North America and in Europe). Studies from Sweden indicate that even licence-financed Public Service broadcasting has followed the same trend as a response to a perceived change in the competitive environment.

The argument that commercial media firms are "giving the audience what it wants" (based on sophisticated measurements of taste), becomes less convincing in the light of the fact that radio listening, especially among younger persons, is decreasing. Young people are choosing other sources, particularly those characterised by a wide range of choice. Millions engage in seeking out and sharing music files over the Internet. "Legal" music services have not been able to compete with the diversity available via Napster (now defunct) and KaZaA. The established media industry's response has been to brand file sharers as criminals. Closing Napster was probably counter-productive.

The paper discusses the implications of these observations for cultural policy-makers as "cultural diversity" heads to the top of their agenda.

## Introduction - the music industry and radio at loggerheads

**"UK music industry wants more local radio flavours"** was the top headline in the April 12<sup>th</sup> 2003 issue of the European trade magazine "Music and Media". The article concerned the pending UK Communications Bill that would liberalise restrictions on radio station ownership, and highlighted the worries of the UK music industry about the likely effects on diversity of programme output. The Bill would make it both easier for the same media company to own more radio channels as well as for international interests to enter the UK market. The notion of control of local media by local interests would be replaced by a clause requiring certain levels of local news and local entertainment. The Music Business Forum - a broad coalition of different sectors of the UK music industry - wanted the government to include "safeguards for the diversity of music on local radio". The commercial radio industry bitterly opposed the move (Music & Media 2002-04-12 Page 1 and 21)

Two weeks earlier, Peter Jamiesson, the head of the UK record industry trade body (BPI) addressed a conference of radio executives (Jamiesson 2003). He observed that "*a bill that*

*promises liberalisation and deregulation could all too easily end up diminishing choice and damaging music ... There is a real chance that consolidation will reduce the opportunities for new artists. If this happens I can foresee us one day having to ask the government for quotas".* Jamiesson went on to note that the British share of tracks on radio over a five year period had halved from 60 to 30%. He also reminded his audience of a quote from the CEO of one of the likely new entrants to the UK market, the US radio/entertainment conglomerate, Clear Channel, indicating that "he was not in the music business but in the advertising business".  
(www.bpi.co.uk)

Such head-on collisions in the entertainment sector have been rare. A synergy has existed for decades between radio and the recording industry. Radio stations play the recordings and act as a shop window for the record companies. The music helps to attract advertisers (or licence payers) whose contribution covers both the copyright dues for the public performance of works and recordings as well as the costs of running the station.

A similar debate can also be observed in the USA, where successive moves to deregulate radio have resulted in a marked increase in ownership concentration, with Clear Channel emerging as a market leader. Since the 1996 Telecommunications Act, Clear Channel grew from 40 to 1,240 stations by late 2002, reaching 100 million listeners, four times more than any potential competitor. An extensive study published by the Future of Music Coalition in November 2002 (DiCola, P., Thomson, K. 2002), concluded that:

- A small number of companies control the news Americans hear on the radio.
- Format consolidation leads to fewer gatekeepers (i.e. with more stations following the same programme policies, those individuals making choices of music output become fewer)
- Increased format variety does not ensure increased programme diversity, and
- A "twin bottleneck" limits musicians' access to radio (referring to the interaction between the oligopoly of a few major companies controlling radio and the five major record companies). This too reduces choice for citizens.

Similar observations regarding television news content can be reported from Sweden. Throughout the 70:s and 80:s Swedish public service television's two national channels, were required to run two separate news organisations. Their brief was to provide diversity of coverage and comments. Even though commercial competitors, both terrestrial (TV4) and satellite/cable (TV3) entered the Swedish market in the 1980:s, the public service brief was confirmed as recently as 2000.

The broadcasting bill (2000/01:94 Public Service Radio and Television 2002-2005) noted that news operations should be organised in such a way as to "*offer a clear range of choice of news items, analysis and comments*". At the same time Swedish television decided to integrate the two previously separate news organisations into one central operation. A study commissioned by the official radio and television regulator ("Granskningsnämnden" - the Swedish Broadcasting Commission) compared news content in the output on Swedish televisions two channels in 1998 and again in 2001.

The results showed that the percentage of same news items in the two public service channels' main news programmes had increased from 40 to 53% between 1998 and 2001 (Findahl, O. 2002). Other earlier studies have demonstrated a similar trend with the major US national newscasts on CBS, ABC and NBC, as they compete for listeners and closely view each other's output (Wallis, R. Baren, S. 1990) Studies of radio output in Sweden throughout the 1990:s, as this paper will demonstrate, show a marked shift towards more airtime (as channels increase) but less overall diversity of music

content. But first, let us consider the driving forces behind media deregulation, and the apparent beliefs amongst decision-makers that market competition would lead to a greater diversity of choice.

## **Selling the radio de-regulation message in Sweden (1985 - 1994)**

Commercial radio came late to Sweden. It crept in almost unnoticed via a system for community radio that allowed different bona fide organisations to apply for transmission time over a number of low-powered FM transmitters. The Employers Federation actively supported a number of such ventures, as well as a flow of publications with titles which all included the word "free". "Is free radio a Utopia? (Larsson, J ed 1990:1), "Free radio in Sweden"(Larsson, J Ed 1990:2), etc. The inference was that the existing public service organisation (Sveriges Radio) was a tool of the state, and that opening the market to private competition would offer more freedom of choice and even freedom of expression.

These Swedish proponents of "free" or de-regulated radio/TV borrowed many of their arguments from both the USA and other European countries where de-regulation was enjoying current popularity with policymakers. One source, in particular, a think tank called the Institute of Economic Affairs (IEA) in the UK seems to have had considerable influence. The IEA publication Freedom in Broadcasting from 1989 is important in this context. This contains a number of articles with the common denominator (according to the editor) that

*"broadcasting is like any other economic activity. It should be provided competitively unless there are compelling reasons for not doing so.... the rationale for the state's encroachment on the media are rapidly being undermined by technological advances, and the growing demand that it is the viewers and not broadcasters who should decide what we see, hear and read"*

*(Ed Veljanovski, C 1989 preface page ix).*

The IEA ideology was based on two assumptions. Consumers will make active choices and leave media channels with uninteresting programming. No-one should therefore impose notions of quality on programmers or listeners (apart from issues related to privacy and decency). Secondly, competition will ultimately and automatically lead to increased diversity of consumer choice.

From these standpoints a further conclusion is that, where technical constraints such as spectrum availability exist, then franchises should be distributed on the basis of auctions rather than demands on content formats and similar obligations.

Veljanovski admits that decreased range of choice can be a temporary problem, but that the market will sort it out ( in the case of TV when there are at least five competing channels):

*As the number of channels increases there will eventually arise an opportunity for at least one channel to increase its market share by showing a different type of programme to the others. There is a critical level of channel competition after which diversity becomes the profit-making strategy for some channels.*

*(Veljanovski 1989:19)*

Such views had a strong influence on the de-regulation of radio in Sweden. The notion that consumers know what they want and can choose accordingly, coupled with faith in increased range of choice led to a de-regulation where radio frequencies were auctioned off to the

highest bidder. An alternative view that consumers can hardly know what they want/like if they never have an opportunity to experience a variety of choices, was not prominent in the deliberations.

## **The expansion of radio in Sweden and the Nordic area during the 1990s**

The lobbying for "free radio" was closely observed by public service broadcasters in Sweden and its Nordic neighbours. When "pirate radio" was closed down in the UK in the 1960s, the BBC took over the job of providing similar music services, and started the national channel Radio 1. But now, 25 years later, de-regulation was a fact all over Europe. Some reactions, as far as they can be ascertained from a variety of documents, were interesting.

Around the end of the 1980:s, there was a flurry of policy-statement activity amongst Nordic Public Service Broadcasters. The focus was on their duties in the field of music in a radio landscape which they probably feared, would change beyond recognition.

A paper from the programme director of Danish Radio's national P3 channel in 1989 listed priorities as follows:

- Danish music, not only on commercial recordings but acquired through the company's own recording activities.
- Music from the Nordic area, including the Faro islands and Greenland
- Music from the rest of Europe
- Anglo-America chart music.

Finnish Radio decided to introduce a new national channel for popular music with the scintillating name, Radio Mafia. The priorities were:

- a) Following trends at home and abroad, but being aware of the channel's role in creating new trends.
- b) Avoiding the influence of commercial pressures as much as possible
- c) Using the company's record library to guarantee speedy access to phonograms from all over the world, as well as tapes from other national broadcasters.

A Swedish policy statement in 1989 for the national channel, P3, stated:

*"Swedish music should be richly represented on P3. It should be the task of this channel to present music both from countries with which we have a cultural affinity, as well as those the culture of which is less well known in Sweden."*  
(quoted in Wallis 1990: 31-33)

All three statements above would probably enjoy unlimited acclaim from those who support the concept of Broadcasting in the interests of the general public (as opposed to particular commercial interests).

But what effect, if any, was advertising-financed broadcasting likely to have on traditional "monopoly" broadcasters in the Nordic region? Commercial local radio was introduced into Sweden in the early 1990:s. The minister in charge gave this public statement of intent:

*"For me, diversity, competition and freedom of choice form my code of honour. When I became Minister, it was natural to achieve these visions in the area of Radio. Now that a multitude of local radio stations are starting their*

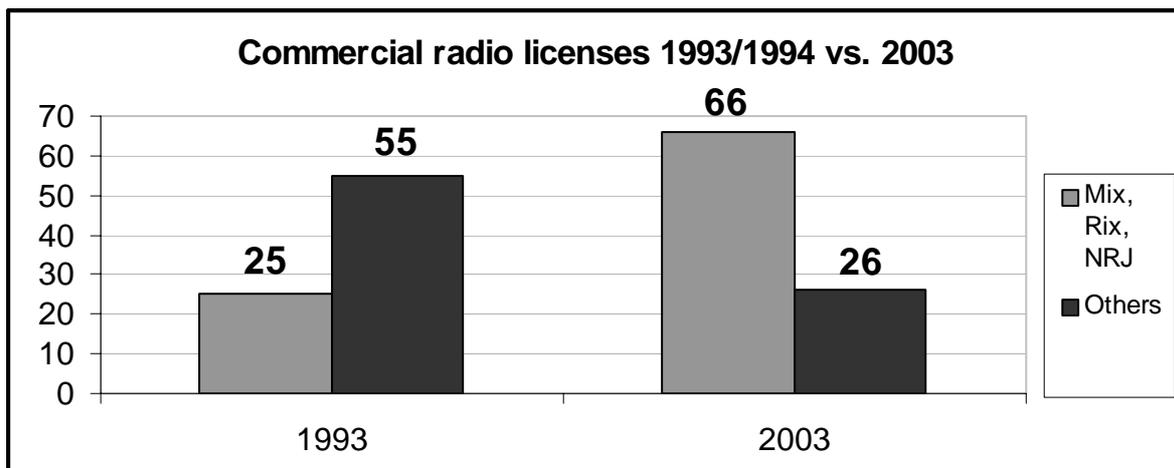
*transmissions, I really feel we have turned intentions into actions. Many years of political activity and public opinion have at last born fruit."*

*(B Friggebo in Wallis 1995:21)*

The Swedish commercial stations were to be truly local. There were rules against networking. A certain number of hours of programming per day were to be produced on site, locally.

Within a couple of years Sweden had between 3 and 4 networks of local private stations. The rules for local programme production were bypassed by investing in a CD-Rack player controlled by a random sampling device at each local node of a national network. Licences were sold to the highest bidder with no demands on program policy - the result was that only those with very deep pockets could survive the bidding process.

Rules intended to limit concentration of ownership proved to be without effect. During 1993/94 some 80 licences were issued to 50 different licence holders; the three groups emerging as dominant networks (Mix, Rix and NRJ) controlled 25 stations at this early stage. By 2003, data from the government agency that awards licences show that of 92 existing licences, 66 were controlled by the same three networks. The total number of licence holders had decreased from the initial group of 50 to 16. In other words, a small number of media companies ending up controlling most of the licences (see diagram 1). Output became more and more streamlined, and the networks sounded more and more similar. What's more, as we shall see shortly, range of choice in the competing public service channels was also affected in a negative fashion.



*Diagram 1, Concentration of ownership in Swedish commercial radio.*

*Source: Swedish Radio and TV authority.*

These developments hardly equated to the intentions of the Bill that created local commercial radio in Sweden. But the supervisory board - the Swedish Broadcasting Commission - in charge of monitoring radio and TV concessions in Sweden, either lacked the will or the political support to act decisively. It was toothless in the face of this massively well-financed new media animal (which, somewhat ironically, was losing millions of Swedish kronor annually for its owners because of the huge bids they had put in for frequencies).

Despite what was frequently proposed by economists supporting de-regulation, at no point could one observe Veljanovski's "critical level of channel competition at which diversity becomes the profit-making strategy for some channels". On the contrary, the study reported in the next section suggests that there is a direct (inverse) correlation between "range of choice of output" and "concentration of ownership".

## A look back over the past ten or so years.

Bearing in mind this historical flashback, it becomes interesting is to reconsider the past ten or so years, using available statistics from reports of music performed in various radio/TV channels, and noting the apparent effects on public service output.

The fine goals from the late 1980:s were generally quantified in terms of percentages of different types of music made available to the public. Swedish Radio P3 maintained a percentage of Swedish music (in terms of volume) of around 34% - almost the same as the percentage of Swedish produced phonogram sold in the commercial market. But volume quotas say little or nothing about range of choice, i.e. diversity.

In the year 2000, researchers from the Royal Institute of Technology in Stockholm presented a study of the diversity of music output on various radio channels (Edström,A, Landström, L 2000). The study was both qualitative and quantitative. Interviews with radio station gatekeepers and record industry representatives were combined with quantitative historical data concerning actual output. The latter was achieved by linking up available databases and analysing music reports received by the Swedish Performing Rights Society, STIM.

The picture from commercial radio was one of minimal range of choice. The number of different pieces of music one could hear on any network decreased as the network consolidated its power.

Diagram 2 below is an updated version of the overall results of this study, with data from 2002 included. The two graphs show the following. A) the increase in the number of airplays of works of music reported from all the national networks in Sweden (4 public service channels and three de facto commercial networks). B) the number of unique works reported per annum - i.e. the number of different works of music which were reported. The picture is hardly one of increasing range of choice. The number of different works listeners could hear on Swedish radio remained at around 50,000, despite an increase in total airplays from 200,000 to over 700,000. Public Service radio still remains the main source of diversity, but there are changes in certain channel outputs, as we will note shortly.

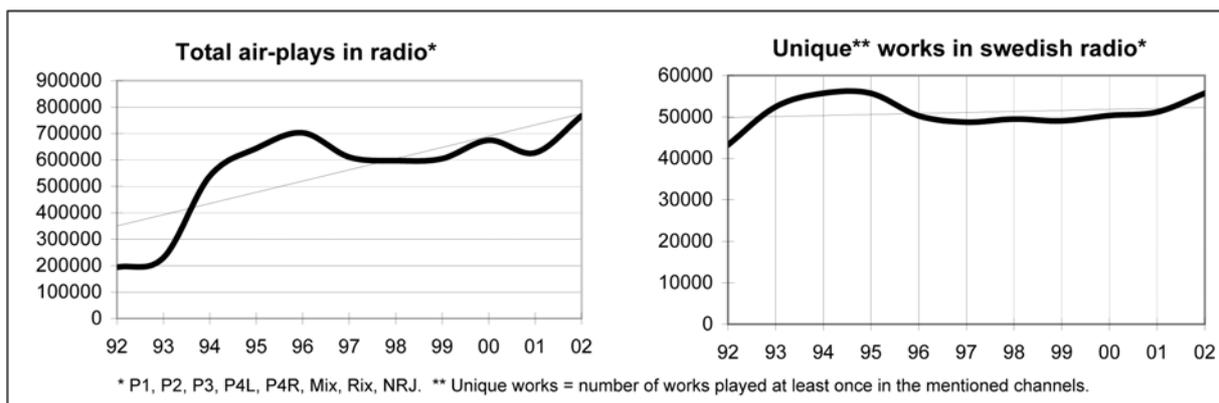


Diagram 2, Air-plays and works played in national Swedish radio channels 1992-2002.

Diagram 3 presents a more detailed look at output in a changing radio landscape. Here we compare range of choice, measured as the number of different pieces of music performed at least once per annum, with two indicators of music activity in the marketplace. The indicators chosen were the following. 1) releases of new Swedish music on CDs, and 2) the number of new works registered by composers with the Swedish copyright society, STIM. The first sets of figures published in 2000 illustrated a clear downward trend for both advertising-financed

and licence fee financed broadcasting. Range of choice on the national public service radio's pop channel, P3, had decreased by almost 50% over a ten-year period.

The commercial radio example quoted in Diagram 3, is the French-controlled NRJ network, seeking a younger audience and having the same "target group" as the public service national channels P3. Interestingly, during the nine first years in the Swedish radio market, NRJ has only played some 60 unique works, recorded in France, despite its French origin.

As the market indicators demonstrate, the decrease of radio range of choice could not be linked to a decrease in the amount of commercially available music in the market. Both the numbers of releases of Swedish-produced phonograms, and the number of new works registered with the Swedish Performing Rights society had shown a steady increase throughout the 1990s.

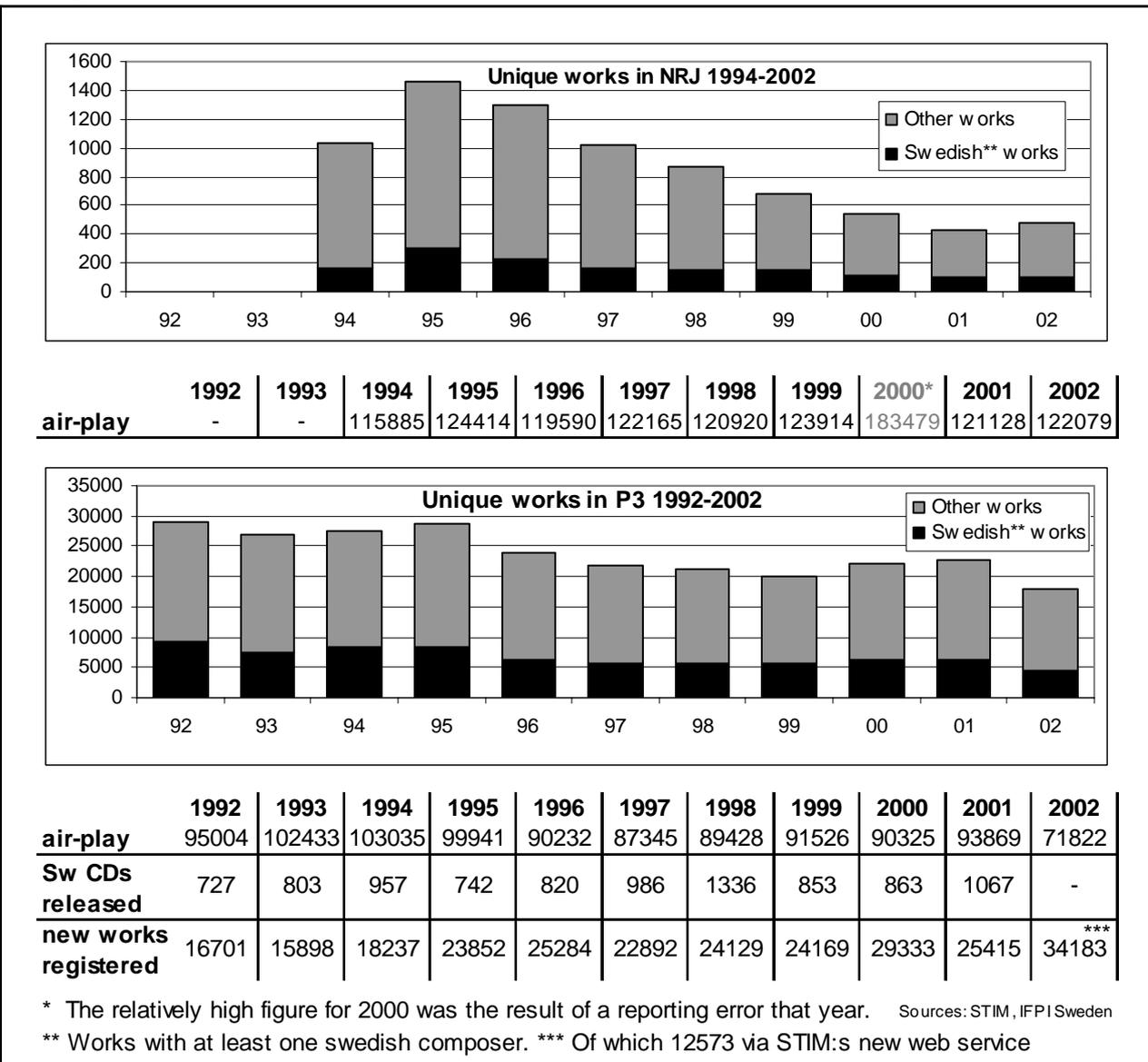


Diagram 3, Comparison of range choice in two national networks with other market activities.

Swedish public service radio's defence when presented with this data, was that they had been adapting to a changing competitive environment. Clearly a notion that diversity, rather than similarity was the best strategy for retaining and attracting listeners was not a high priority.

Diversity was not seen to be a "winning strategy", even for radio with a charter to reflect the diversity of cultural activity in Swedish and other societies.

The study and its conclusions received considerable publicity in the print media, and clearly came to the attention of policy-makers in the political establishment. An all-party study from the Swedish parliament concluded that the Swedish Public Service broadcasting organisations "had a particular responsibility for Swedish music, Swedish artists, and creators of music" (Government Bill 2000/01:94 page 40).

### **The public debate leads to a temporary increase in range of choice.**

The effect of the public and political debate can be noted if one studies carefully the figures for the ensuing years. The number of different works aired on public service radio P3 actually increased in the following two years. The commercial radio network Mix Megapol even ran a "variation guarantee" advertising campaign. Megapol's advertising slogan promised that the same song would "not be heard more than once an hour" on the network during prime time transmissions. But by 2002, the effort to increase diversity was apparently discontinued in both the commercial and the public service networks.

### **Overlap of output increases between networks and formats**

The comparison of music output between different national channels (defined as a channel that can reach at least 66 % of the population in this sparsely populated country) also shows how different networks have become more and more similar. **Diagram 4 summarises the overlap between the 200 most frequently performed musical works in different networks. Public Service P3 and French-owned NRJ are both seeking a youth audience. Their overlap has increased from 37% in 1994 to 81% by 2001. The two separate networks RIX and Mix Megapol (controlled by the competing Bonnier and Stenbeck MTG media empires) have nominally different "format" definitions, all borrowed from the US radio market.. RIX describes its format as Hot AC (Hot Adult Contemporary) - the Hot indicates that current hits are prominent. MIX Megapol is an AC station (Adult Contemporary), i.e. in all the hits don't have to be current. But over time their music output has become more or less indistinguishable.**

	<b>P3</b>	<b>Mix</b>	<b>Rix</b>	<b>NRJ</b>
<b>P3</b>		<b>15 (18)</b>	<b>24 (30)</b>	<b>43 (37)</b>
<b>Mix</b>	<b>15 (18)</b>		<b>47 (20)</b>	<b>29 (26)</b>
<b>Rix</b>	<b>24 (30)</b>	<b>47 (20)</b>		<b>44 (19)</b>
<b>NRJ</b>	<b>43 (37)</b>	<b>29 (26)</b>	<b>44 (19)</b>	

*Diagram 4, Overlapping play-lists four national radio channels 1994 and 2001.*

### **The commercial phonogram market and radio output out of phase**

A comparative database analysis of reported radio plays from the Swedish Performing Rights Society (STIM) with registration of new commercially available phonograms in the extensive Swedish Radio record library highlights the increasing difficulties for new releases to meet a

radio audience. The Swedish Radio library in question is one of the most extensive anywhere in the world, with 2.4 million recorded works from 1894-2002 in its database. Some 90,000 are added each year, and are catalogued, amongst other things, by genre.

By 2001, the total number of different pieces of recorded music (available on discs), which could be heard on a national network during the same year they were released, was as low as 6 %. The percentage which could meet a potential audience via a radio play dropped at different rates for different genres (see Diagram 5).

Enthusiasts and entrepreneurs have released an increasing number of jazz CDs. On average some 9.000 jazz-works per annum were registered in the mentioned record library the last decade, but the percentage getting any airtime has dropped steadily. During the same period the annual addition of works catalogued as “light entertainment music and Swedish schlager” has exceeded 15 000/annum on average, but the trend is towards fewer unique works played and less total air-plays.

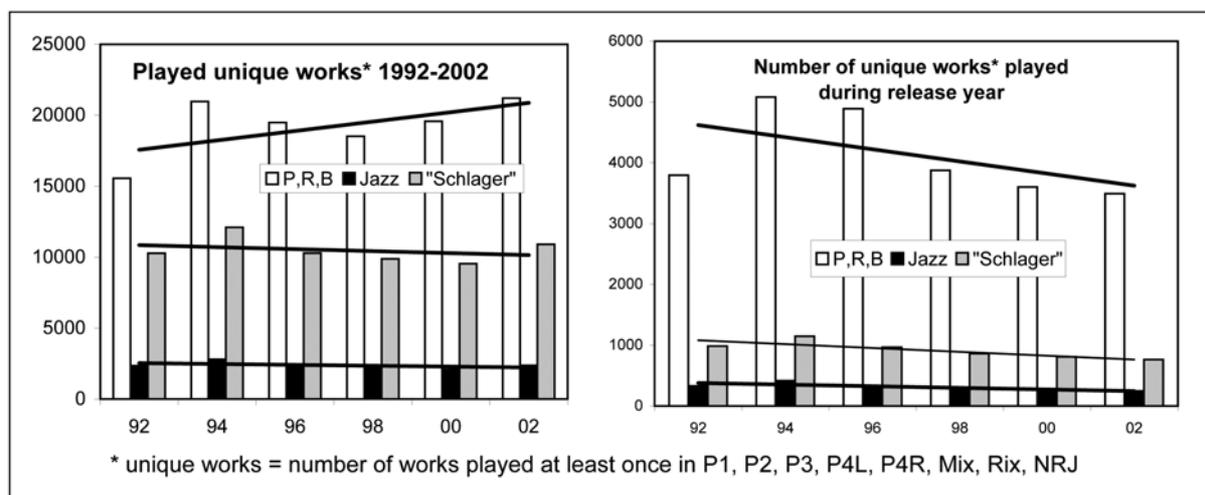


Diagram 5, Left: Works played once or more during year 1992-2002 for three genres. Right: Works played once or more the same year as they were released.

For the mainstream genre “pop, rock, blues” with some 41 000 new works per annum, the total number of played unique works has increased steadily. From 1994 the genre totally dominates the Swedish air waves. The total air-plays of “pop, rock, blues” has increased from 77 000 air-plays in 1992 to over 560 000 in 2002, helped by the introduction of commercial radio. Nevertheless new works in the genre seem to have the same problems of being played during the year they are released on the market as other genres (Diagram 5).

### Listeners leaving mainstream radio.

At the October 2002 conference on the future of Radio, organised by the US Broadcasters Association (NAB), delegates heard that more and more teenagers were replacing traditional radio listening to US broadcasters with other ways of accessing music. This anecdotal evidence is supported by earlier research from the USA (Edison/Abitron research 1999). Time devoted to radio had decreased primarily among younger listeners; down 11 percent among teens aged 12 to 17 and down 14 percent among adults aged 18 to 24 between 1993 to 1999.

Some interesting figures about media consumption, showing similar trends in Sweden, can be gleaned reports from the national radio audience survey company, RUAB, a company owned

jointly by public service and commercial radio. According to figures from 1996-2003 both commercial and, above all, public service radio have experienced problems in recruiting and retaining listeners in target groups 9-19 and 20-34. Figures over the listeners' average time spent on radio listening shows a decrease by almost 12 percent, from 185 to 163 minutes daily during the period 1997 to 2003.

So, if listeners are leaving radio - where are they going? Are they seeking other alternatives, which offer a greater diversity of music? What about the role of the Internet?

The most likely cause is a shift of consumer loyalty in certain demographic groups to alternatives on the Internet. At the height of Napster's popularity, the service is estimated to have had some 60 million users. The current figures for KaZaA, Morpheus and similar services are in the region of 100 million world-wide (Liu, P., Landegren, J. 2003). The marked increase in the live concert and touring business (with a wider range of concerts gaining a ticket-paying audience) also suggests that Internet diversity creates a demand for physical experiences. Concert revenues were up 20% in both the USA and Sweden during 2002 (Pollstar quoted in Music & Copyright 2003)

### **Diversity in new digital networks via Peer-to-Peer activities emerges as an attractive proposition**

There are two extreme views of the Internet - a saviour of diversity or, a major threat to diversity, because of copyright issues.

Many sociologists have expressed concerns about unequal access to the Internet. "Establishing equality in Internet access is necessary to ensure that less well-to-do or technically sophisticated citizens are not excluded from .. the opportunities the Internet increasingly provides" (DiMaggio et. al 2001)

Other visions have included those of each and everyone of us controlling and programming our own individual Internet radio station; broadcasting over transmitters, narrow-casting over cable would be replaced by "shout-casting" over the Internet.

To assume that the Internet will provide the global solution to guaranteeing access to a multitude of cultural expressions and experiences is somewhat naive. No one who does not have at least 25 dollars over (after basic living costs have been covered) is likely to indulge in Internet surfing or even have a mobile phone. This applies to a large proportion of the world's population.

But for those millions in the industrialised world who do use the Internet, a number of interesting observations can be made.

Case1) The shortest route between composer and audience (MP3.com)

My MP3.com did offer for a while one of the shortest routes between creator and listener of musical recordings. Anyone, in principle, could post their own music on this site, and share the associated advertising revenue with MP3.com. The MP3.com service was free for the creator - even if the MP3.com environment soon got very noisy. MP3.com was sued for its use of copyrighted music in other activities, and ended up being owned by one of the five large music corporations (Universal-Vivendi). The service is no longer "free" and many enthusiasts maintain that it has lost its value.

Case 2) Younger listeners leave radio and prefer the diversity available over the Internet.

The Internet offers a number of means of discovering, storing and hearing music. These involve a mix of access channels and means of storage - personal files stored on computers, music via streaming from a variety of foreign stations available over the Internet, and music via file-sharing services such as KaZaAa,

Indeed, those attempting to introduce legal services for downloading music files (where copyright issues have been cleared with record companies and publishers) maintain that the competition they face is not from factors such as easier usability, or even price. Their problem is competing with the huge diversity available over Peer-to-Peer services (P2P) such as the now defunct Napster, or KaZaA, Gnutella and other variants. (Grimsdale 2002).

This same view was supported at the 2003 Midemnet music conference by a senior official from the "legal" music service PressPlay, launched by Sony and Universal. CEO, Mickael Bebel in a panel debate that "People use P2P to find and discover new music not available in the market place - not so much to burn it. We are trying to offer the same services" (Bedel, M 2003).

These are facts, whatever one feels about the legality or lack of legality of file sharing activities. Some studies indicate that Napster users bought more "legal" CDs than non-Napster users (Jupiter Communications 1999). Also the notion that Napster gave a user "free" music is a myth - one has to invest in a computer, pay for an Internet Service provider and cover the costs of the network operators. At the height of the Napster phenomenon, with most users on telephone modems, an average cost per song of 60 Euro cents in the United Kingdom was not unlikely. Unfortunately none of this revenue went back to copyright holders. The sudden blocking of Napster, it can be argued, was counter-productive, both for diversity and the immediate economy of the telecommunications industry (Wallis, R. 2001). More recent research in Sweden concludes that Swedes spend a total of 100 million US dollars annually on downloading music from the Internet. This figure is well over the estimated annual net-revenue of the Swedish recording industry (Liu, P., Landegren, J. op cit)

So, to summarise, it would appear that "diversity" can be an attractive consumer proposition. It could therefore be a profit-making strategy, for both broadcasters and related parts of the music industry. It is interesting to note that CD sales have actually increased of late in those countries where a large range of local music is featured on the radio (France, UK and Norway). And this has occurred despite the increase of private copying, CD-burning and file sharing. Even in Sweden, sales of CDs produced by the music industry have remained more or less stable around 24 million, despite an increase in the import of blank CDs (for domestic use) from 9 million in 1999 to an estimated 70 million in 2003 (source Copyswede Collection Society, Sweden).

The trends in mainstream radio we have summarised in this paper suggests that actual strategies of radio networks do not consider the possibility of "diversity being a profit-making strategy.

### **Final thought. Will Public Service broadcasting survive? Will diversity be accepted as a general strategy?**

For the remains of Public Service broadcasting to survive, policy will have to involve a careful balance between an output, which can be recognised, and new experiences, a combination that can retain existing and attract new listeners/viewers. Otherwise there will be little incentive for citizens to continue to pay for an extra licence to finance something which is not very different from other commercial alternatives.

One would have thought that the same type of strategy could appeal to profit-seeking commercial media enterprises in the broadcasting arena. So long as minimising risk is the overriding priority - then this is unlikely to happen. Monitoring and a certain measure of societal control (where franchises are involved) would seem to be the only way to encourage a shift towards diversity of output.

The music industry's strategy towards file sharing over the Internet has been counter productive. Had the industry instead supported Napster, introduced non-intrusive digital rights monitoring systems, and come to a revenue sharing agreement with network operators, then it could have been a win-win situation for all parties (content owners, network operators and consumers seeking diversity). A resort to some forms of statutory licensing, where a share of ISP revenues are distributed amongst copyright owners, might be a last resort solution to retain the value of Internet diversity.

Where demands for "diversity" can be linked to the healthy functioning of markets, then such demands could provide a way out of any impasse that might exist between the interests of free trade and those of cultural diversity.

## References

- Bebel, M Statement made in panel debate on "*Subscription Wars - how to compete with free?*", Midemnet conference, Cannes, January 18<sup>th</sup> 2003.
- Dicola, P., Thomson, K., (2002) "*Radio Deregulation: Has it served Citizens and Musicians?*"  
Report from Future of Music Coalition, Washington DC, USA
- DiMaggio, P., Hargittai, E., Russell Neuman, W., Robinson, J. (2001) "*Social Implications of the Internet*" Annual Review of Sociology, 2001 Volume 27: 307 - 336
- Edström, A., Landström, L. (2000) "*Music output in Swedish Media*" (in Swedish), Dept. of Media Technology & Graphic Arts, Royal Institute of Technology, (KTH) Stockholm.
- Findahl, O (2002) "*Mångfald i TV-nyheterna*" (*Range of Choice in TV News*) Granskningsnämndens Rapportserie - Report # 10, Stockholm 2002
- Grimsdale, C (2002) "*Technology challenge and Consumer Modes*" Panel contribution at CISAC Bi-annual Congress, London, September 23, 2002.
- Jamieson P (2003) "*Confronting Our Fears Together*" address by BPI Executive Chairman to the 2003 UK Music Radio Conference, London April 6 ([www.bpi.co.uk/news](http://www.bpi.co.uk/news))
- Jupiter Communications (2000) "*Selling Music Online*" (Beauvillan, O.) Paper presented at 2000 Popkomm conference, Cologne, August.
- Kretschmer, M. and Wallis, R. (2000). Business models and regulation in the electronic distribution of music. In B. Stanford-Smith *E-Business: Key Issues, Applications and Technologies* (pp. 197-204). Amsterdam: IOS Press.
- Larsson, J (Ed) (1990:1) "*Fri Radio i Sverige*" (*Free Radio in Sweden*) Näringslivets Medainstitut, Report No 2 Stockholm
- Larsson, J. (1990:2) Ed "*Fri Radio - en utopi?*" (Free Radio - a utopia?) Näringslivets Medainstitut Rapport no 4 1990
- Malm, K and Wallis, R (1992). "*Media Policy and Music Activity*", Routledge, London.
- Music & Copyright (2003), Pollstar quoted in "*Ticket revenues for Concert attendance in North America rose 20% in 2002...*", January 22, 2003.
- Music & Media (2003) "*UK music industry wants more local radio flavours*" April 12 Volume 21 issue 16 p 1 & 21, London
- Wallis, R., Baran, S. (1990) "*The Known world of Broadcast News*", Routledge, London & New York

Wallis, R (1990) "*Music, music everywhere, and so much of it the same*" Working Report # 57 Department of Journalism and Mass Communications, University of Gothenburg, Sweden.

Wallis, R (1995) "*The future of Radio as seen from the outside*" in Nordicom-Information, No 1/1995 pp 11-23

Wallis, R., Baden-Fuller, M. Kretschmer, M. Klimis, G.M. (1999) "Contested Collective Administration of Intellectual Property Rights in Music: The Challenge to the principles of Reciprocity and Solidarity " *European Journal of communications*" #14:1 pp 5-35 London.

Wallis,R (2001) "*Business as usual or a real paradigm shift? The music industry' response to e-commerce technology and ideology*" in B.Stanford-Smith /E. Chiozza *E-Work & E-Commerce* pp 998 - 1005 Amsterdam: IOS Press

Veljanovsky, C. (1989) "*Freedom in Broadcasting*", London: The Institute for Economic affair.