MARKO ALA-FOSSI

SALEABLE COMPROMISES

Quality Cultures in Finnish and US Commercial Radio

ACADEMIC DISSERTATION
To be presented, with the permission of the Faculty of Social Sciences of the University of Tampere, for public discussion in the auditorium A1 of the University Main Building, Kalevantie 4, Tampere, on February 26th, 2005 at 12 o’clock.

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Marko Ala-Fossi

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“We all can buy the same records, play them on the same type of turntable and we can all hire someone to talk. The difference in radio is like the difference in soap – it depends on who puts on the best wrapper.”

(Gordon McLendon in 1961, cited in Garay 1992, 70)

The p.d., who had been with the station nine years, asked: “Do you think we can maintain our reputation for quality programming and still pull in a much larger audience?” The general manager leaned back in his armchair, thumped his sales reports, and said, “My definition of quality radio is whatever the No. 1 station is doing!”

(Fornatale & Mills 1980, 59)
ACKNOWLEDGEMENTS

Although some of my very earliest memories are related to radio programs, my first real interest in radio was rather physical. I am still grateful to my parents that I was allowed to study and demolish a few old and obsolete receivers and turn them into all kinds of imaginary devices – and nowadays I am even more grateful that some of those old receivers also survived my curiosity. For a while, another medium took my attention. As a child of the television age, I learned to read from the screen before I went to school. But when I became a teenager, I turned back to radio. Again, radio was an instrument, which opened the gates to an imaginary world, this time to distant lands and exotic places on the other side of the world. I spent many nights DXing, seeking new foreign stations, taping programs and making notes for reception reports. These pleasant experiences with radio at young age established my path towards studies in journalism and work in radio.

My career as a professional journalist started at about the same time as private local radio was introduced in Finland. A few times these two paths also intersected. I was eager to start my first real job in a small local paper, because the same company also had a brand new local radio station in the basement. But it was not until I got a job in regional public radio that I became interested especially in commercial radio. From a common sense perspective, certain things at the commercial stations did not seem to make any sense at all. However, it soon became crucial to understand these private competitors as well as their new methods, which were adopted from them also to public radio. That situation gave the original spark for seeking deeper knowledge about commercial radio. Anyway, I got to know the pioneer spirit of the late 1980’s and early 1990’s in Finnish radio – and for that I am grateful to all my former colleagues in radio.

I would like to thank three scholars of radio, without whom this study would never have happened. Taisto Hujanen has been my academic advisor at the University of Tampere since 1993, when I started my first studies on radio. His patience and encouragement, and careful guidance have helped me to find my way through one academic project after another. I got to know Gregory F. Lowe first through his writings in the early 1990’s, and since 1997 I’ve had a privilege to know him also as a friend and colleague at Yleisradio. Our discussions and joint projects have been a great pleasure and also very important for the development of my theoretical thinking about radio. Since September 1997, Alan G. Stavitsky has been my mentor and
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I had a privilege of spending the academic year of 2001–2002 as a visiting doctoral student at the University of Oregon, Eugene. Those twelve months of full-time studies in an exceptionally inspiring academic community really had a deep and profound impact on my thinking in general and especially on this research. I wish to thank all my teachers and all my fellow students at the Journalism School. It was great to get know you – and I still miss those stimulating discussions we had during that year. Along the way, I have also learned to know other graduate students of radio. Lars Nyre and Eeva Mäntymäki have been my fellow travelers on the long and sometimes windy road towards this doctoral dissertation, and they have also read and commented on parts of this study. In addition, I would like to thank Veikko Pietilä for commenting the first full version of the manuscript as well as Michael Huntsberger for both commenting the text and correcting my English.

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The last five years have been an adventure for me and also my family. I want to thank Tarja, Mikko, Jukka, Hanna and Heta for sharing this journey with me. My passion for radio took us all to the other side of the world for a while, but your fearless and high-spirited attitude made that year a memorable experience. I owe you all a lot: you have patiently tolerated my absence as well my absent-mindedness, and my wife Tarja has taken care of almost all of the responsibilities of our everyday life, while I have concentrated on this study. Without you, I would not have been able to carry through all those lonely hours of work.

Ilmajoki,
May and December 2004

Marko Ala-Fossi
ABSTRACT

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The focus of this study is on the comparative analysis of the quality cultures in contemporary Finnish and US commercial radio, and its major theoretical objective is to understand and define the quality culture in commercial radio. The study examines how the conceptions of quality in Finnish and US commercial radio are historically constituted, what are the major differences and similarities in conceptions of quality in contemporary Finnish and US commercial radio, and what is quality and quality culture in commercial radio broadcasting and how it is composed.

The cultural history of the quality conceptions in commercial radio in both countries is examined using qualitative methods from the perspective of political economy and media economics as an historical process of value transformation. The contemporary quality cultures, based on quality conceptions reflecting the underlying values, are studied using an integrated theoretical approach, drawing on multiple theories from communications studies, media economics, political economy, quality management and cultural studies. This approach is the basis for the idea of six-dimensional quality culture, which is the framework for the qualitative analysis of 24 research interviews of people working for commercial radio in Finland or in the US.

The major findings of the study are that, although the conceptions of quality in commercial radio have eventually been shaped by economic considerations, these considerations have also been informed by social, political and cultural aspects of quality. The main difference in quality cultures in contemporary Finnish and US commercial radio is that the quality conceptions in the US are more uniform and primarily industrial, while in Finland there are still two main co-existing quality cultures. Despite certain national differences, the industrial culture is very similar to the US counterpart, while the semi-industrial culture still has some distinctive
characteristics of the older quality cultures of Finnish radio. Finally, quality in commercial radio broadcasting cannot be presented with any single universal or absolute idea of quality. However, it can be described by using six different perspectives on quality, which are related to different sets of values as well as the different needs and wants of other social groups or systems.

*Keywords*: quality culture, commercial radio broadcasting, local radio stations, radio production, value transformation, multiple markets, political economy, media economics, cultural economy, quality management, Finnish.
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PART I
INTRODUCTION

1. TRADITIONAL QUALITY CULTURE OF RADIO IN CRISIS

After the mid-1980’s, the quality culture and productional methods of radio both in the US and in Finland have changed a lot. In Finland, the new development began when private commercial radio was introduced in addition to public radio, while at the same time the American commercial radio industry was practically released from its long-standing government regulation. As a result, many earlier ideas of quality and good programming in radio were abandoned or at least severely questioned by the commercial radio operators in both countries. This study intends to examine, how these new quality cultures were composed in commercial radio and also compare the present situation in Finland and in the US.

Radio is the oldest electronic mass medium: it is also so ordinary that it has become invisible.1 The same thing has happened to radio in the academic field. Despite the transformation of radio culture during the past 20 years, radio research everywhere remains comparatively marginal in the study of audiovisual communication and culture. However, in the early 1990’s, a new kind of interest in the radio medium and radio research was born both in the US and in Finland.2 At least one of the reasons for this growing attention to radio research was the increasing commercialization of radio culture. This new radio research tradition has resulted in several publications3 about Finnish and Nordic radio during the last 10 years, and in recent years there has been an expanding academic interest in the radio medium in Finland.4

At the same time, academic studies concentrating on commercial radio still remain as a minority in this already marginal group. In fact, the present

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2 In Finland, for example Alm & Salminen 1992, Lowe 1992c and Hujanen 1993a were signs of this new interest. In the US, the first issue of the Journal of Radio Studies was published in 1993 (Hujanen 1993a, 4).
3 For example, Carlsson 1997 and Hujanen & Jauert 1998, which was an introductory article to a symposium on Scandinavian radio published by the Journal of Radio Studies (Vol. 5, No.1 & 2/1998).
study is the first Finnish academic dissertation on commercial radio since the introduction of private radio broadcasting almost two decades ago. In my earlier studies on radio I have concentrated on two areas: the impact of the new competitive situation on Finnish commercial radio programming and on the industrialization of Finnish commercial radio culture, which also offered a basis for the present work on quality culture in commercial radio.

1.1. Commercial Competition and New Quality Culture in Finnish Radio

The traditional ideas about quality in Finnish radio programming, based on national, educational and cultural values, were first challenged in the early 1960’s by commercial pirate stations. Although the attack of the pirates was defeated, the popularity of their programming brought some new dimensions to professional conceptions of quality in Finnish radio (Alm 1992b, 35; Hujanen & Jauert 1998, 106; Kemppainen 2001, 81–85). However, the real watershed came in 1985 as a result of regulatory relief, when the first licenses for private and commercial local radio broadcasting were granted in Finland. Many radio professionals in Yleisradio (YLE), the former national public service monopoly, thought first that the small competitors would not be able to produce real quality programming (Wiio 1998, 47). However, the private operators introduced a new, alternative commercial and local quality culture to radio programming, which was partly based on the traditional conventions of Finnish radio. At the same time it was also in many ways contrary to earlier conceptions of quality (Tuominen 1992, 108–109; Kemppainen 2001, 149–150).

These small private operators captured such a large share of the radio listeners, especially younger listeners, that the national public service broadcaster Yleisradio was forced to reform its programming in 1990. In order to accomplish its public service mission, Yleisradio absorbed and adapted the means and features of the new quality culture of radio, while at the same time preserving some of the key aspects associated with the older culture. (Kemppainen 2001, 150, 322–323) The local commercial stations, whose new approach to radio programming had subverted many traditional professional ideas about quality in Finnish radio during the late 1980s, now faced a dual competition. The reformed Yleisradio was competing for the audiences, and increasing number of commercial stations were competing for advertising revenues during an economic depression.

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5 Ala-Fossi 1995.
6 Ala-Fossi 1999.
This caused a change in quality culture of commercial radio in Finland, because more and more local stations questioned their earlier approach and adopted methods and professional values of competitive radio formatting characteristic for American radio (Tuominen 1992, Ala-Fossi 1995). A new, nationwide standard for quality in commercial radio was set in Finland after the launch of Radio Nova in 1997. This first national commercial radio channel featured a consistency and uniform quality in its programming, which made local productions less impressive by comparison, even though the music format and playlists were sometimes nearly identical. (Ala-Fossi 1999, 171–173) The contextual and competitive dynamics meant that in the late 1990’s practically all commercial radio channels in Finland were competing for the same groups of consumers with more or less the same content and means of production.

From a traditional point of view, the quality of radio programming in Finland collapsed after the introduction of commercial radio and channel competition. This is why a central part of the transformation of public service radio was developing a new, alternative, industrial conception of quality programming and professional values – a new quality culture – for the new type of operations relying on concepts of program flow and format aesthetics instead the earlier artisan quality of unique programs (Alm 1992b, 38–45). At the same time the quality of programming has been an important strategy for differentiation and legitimization of public service radio in competitive situation with commercial operators (Ang 1991, 137). However, as a result of cultural transformation of radio, public service broadcasting has adopted practices and values characteristic for international commercial operators so thoroughly, that commercial radio culture has become a hegemonic form of radio culture in Finland (Hujanen & Jauert 1998, 105–107, 118). Some of the earlier differences in program policies have eroded to such extent, that the listeners cannot necessarily find a difference between Yleisradio and its commercial competitors. (Hellman 1999, 267; Mäntymäki 2001, 16–19, 154)

This is why study of commercial radio culture and understanding of its quality conceptions could be useful also for the redefinition of national public service radio in Finland. But what really counts for quality in commercial radio and how it can be defined or measured? Is it determined directly by market research, program consumption and advertising revenues – or are there any other cultural or social values which affect the development and change the conception of quality in commercial radio?
1.2. Concentration of Ownership as a Factor of Quality in US Commercial Radio

The traditional ideas about quality in American radio were challenged in the 1980’s and early 1990’s, when the US Federal Communications Commission (FCC) gradually relaxed and even removed many regulations and ownership rules that had earlier been considered fundamental in American radio broadcasting (Douglas 1999, 295–299). Instead of earlier broadcast policies, the public interest was now defined by the public’s interest. This shift from regulation by the government to regulation by the market was called “deregulation” (Mosco 1996, 201–202). However, perhaps the most dramatic changes happened in the late 1990’s after the Telecommunications Act of 1996. The further relaxation of the ownership rules launched an enormous wave of radio station transactions and the station ownership structure became highly concentrated in a rather short time. While in 1992 it was not possible to own more than 40 radio stations in the US, ten years later over 50 per cent of all commercial stations were owned by large radio groups, consisting hundreds of stations (Huntemann 2002, 71–73).

According to the critics, American commercial radio took a totally new direction because of two reasons: the massive station ownership concentration after the Telecommunications Act of 1996 and the new digital technology. The “consolidation” of the radio industry itself resulted a total collapse of the quality of radio in the US (McChesney 2001) and it also made it possible to implement new technologies that have produced a historical shift from the defining principles of American radio (Nellesen & Brady 2000). This new form of corporate radio, owned by enormous, publicly traded companies using the latest digital technology, ruthlessly transformed commercial radio from a lively and local medium into a generic commodity. On the other hand, the proponents of the new order have argued that, thanks to ownership concentration, the commercial radio industry has been able to offer even better quality programming by more talented performers also in smaller markets (Mathews 2002) as well as more options and programming variety than before (Barry & Waldfogel 2001).

The economic power structure of American commercial radio has obviously changed significantly because of ownership concentration. But does it also mean that the corporate radio and its employees have abandoned the earlier professional values and conceptions of quality in commercial radio? In which ways have commercial radio professionals redefined quality after the consolidation and to what extent are these ideas really different from earlier conceptions? If there has been a change, was the direction a totally
new one or already familiar? These questions reveal that the traditional ideas of quality in American commercial radio are also in crisis, and more sophisticated tools for analyzing and understanding quality cultures are needed.

1.3. Why Compare Quality Cultures in Finnish and US Commercial Radio?

In the United States commercial radio enjoys a long heritage and a large market, while public radio remains marginal. In Finland the market is small with long tradition of public service radio, while the commercial radio industry is still rather young. In the early 1990’s, the differences between Finnish and American cultures of radio operation and production were still much more distinctive than similar. After finishing his academic dissertation on Finnish radio in 1992, an American radio scholar Gregory F. Lowe warned Finnish program hosts and producers not to imitate the American model. He argued that the social, political, economic as well as cultural differences between Finland and the US were so significant that if something from the American radio experience would be borrowed to Finland, it should be modified to the new environment: just adopting methods and practices out of their context would not be wise. (Lowe 1992a, 142–143)

So, in any unique socio-cultural environment it is impractical to completely imitate radio operations of another, similarly unique environment [because the conditions and framework are so different]. However, to a certain extent imitation is possible. Comparison of the systems and environments can facilitate a better understanding of the similarities and differences that enrich the usefulness of imitation for both the practitioners and the theorists. But the requirement is for critical and systematic analyses. [Translated from Finnish by the author] (Lowe 1992a, 142–143)

These warnings and suggestions fell more or less on deaf ears. Despite the still remaining contrasts in national cultures, history and market structure, the operational philosophy and methods of commercial radio were soon imported without much critical thought (Isokangas 1998, 69–72). Now there are remarkable similarities in operational practices as well as in competitive strategies, influenced by the dominant radio practice in the United States. First, the Finnish commercial radio stations have adopted methods that have been successful in the US markets. Second, American influence has also gained strength from the expanding multinational radio companies operating in Finland. These companies are replicating their successes in a new cultural environment by adapting the reliable pattern developed elsewhere, mostly
in the American market, which is the birthplace and the most important stronghold of commercial radio culture.

Moreover, the further relaxation of government regulation during the 1990’s both in Finland and in the US has produced ownership concentration and similar change in programming strategies. Although the national and cultural contexts are still quite different, concentration of station ownership in both countries has greatly increased networking. More narrow and specific station formats have emerged as the multiple stations that are owned by the same company and operating in the same markets try to avoid “cannibalism”. Both in Finland and the United States increasing percentages of commercial radio programming are not produced locally, because network owners find it economically more efficient to centralize production and only distribute locally. Although the program may sound like a live broadcast, it is often actually prerecorded using the new computer technology. This practice, called voice-tracking, is by now widely used in commercial radio in the US as well as Finland.

Because many of the values and practices of American radio operations have already been adopted and modeled in Finland without much questioning, criticism\(^7\), or deeper understanding of the concepts and context, it is about time to finally begin the task Lowe (1992a) has proposed. This is why it is first necessary to examine and compare the cultural history of quality in commercial radio in Finland and in the US, and to study and compare the contemporary quality culture in commercial radio in Finland and in the US. In this way it will be possible to understand the unique characteristics of the quality culture in Finnish commercial radio as well as its similarities with the American counterpart.

### 1.4. Study Design

#### 1.4.1. Research Problems

On the level of the empirical data, the present study analyses the differences and similarities of the professional quality cultures in contemporary Finnish and American commercial radio and the perspective of the study is the viewpoint of production. Because these quality cultures in two separate nations can not be properly understood or compared without their context and history, the cultural history of the concept of quality in commercial radio in both countries must be first studied. At the same time the major theoretical objective of this study is to understand and define the quality

\(^7\) Cf. also MacFarland 1997, 95.
culture in commercial radio. It should be noted here, that although quality conceptions and quality cultures are two closely connected notions, they are not synonymous. More detailed discussion about their relation will follow in chapter 1.4.3. In this way, the main purpose of this study is to examine:

1) how the conceptions of quality in Finnish and US commercial radio are historically constituted;

2) what are the major differences and similarities in conceptions of quality in contemporary Finnish and US commercial radio; and

3) what is quality in commercial radio broadcasting and how the quality culture in commercial radio is composed.

In the United States commercial perspectives on quality in radio have been dominant since the late 1920’s, but commercial quality has also changed over the years. For example, in the 1930’s constant repetition of certain songs on the radio (and records in general) were considered bad quality in radio – but twenty years later the opposite was common. In both countries local orientation and community involvement were earlier seen as the cornerstones of success in commercial radio broadcasting, but at the moment the radio industry both in the US and in Finland is dominated by large, nationwide radio corporations. This is why this study will investigate

1a) how the present conception of quality differs from the earlier traditions of commercial radio.

In both countries, non-commercial perspectives of quality in radio are usually associated with the concepts of public interest and public service. Especially in Finland, where radio was in practice a national public service monopoly for several decades, these conceptions of quality, interpreted by Yleisradio, were dominant for a long time. In the US, all commercial broadcasters have been licensed to serve the public interest. Over the years the FCC has also presented several interpretations of what would best serve the public interest, until most the radio broadcast regulations were removed. This study will also assess

1b) how the present quality conceptions in commercial radio differ from traditional public service quality ideas.

Because of the different contexts and still existing cultural, sociopolitical and economic differences between Finland and the US, one would expect that the quality cultures in commercial radio and the quality conceptions related to them would also be somewhat different. Finland had 60 years of public service radio tradition before commercial radio was introduced, and the format radio approach with its playlists and rotation clocks did not really arrive in Finland before the 1990’s. However, the logic of the market economy and the profit motives of commercial business operations have been
exactly the same in both countries. Nowadays some of the stations in Finland have also American owners with American practices. The main questions of the study are

2a) what are the unique, national characteristics of quality culture in Finnish commercial radio, when compared to American commercial radio; and

2b) what aspects of quality culture does Finnish commercial radio share as such with American commercial radio.

Last but not least, the study serves also theoretical purposes. It discusses several different theoretical approaches towards quality and performance in commercial media organizations that have been used to explain the media output quality in mass communication research, in media and production economics (quality management theory), as well as in cultural studies and political economy of communications. The study examines to what extent it is possible to synthesize and integrate these different theoretical perspectives for more comprehensive understanding of quality conceptions and quality culture in commercial production. The study intends to lay a theoretical basis and integrated model of

3a) how to define quality in commercial radio and how to describe the quality culture of a commercial radio organization.

1.4.2. Study Approach

Comparative case study. This study is a comparative study, because most operational models in contemporary commercial radio in Finland as well as elsewhere in the world have originally developed in the US. As Lowe (1992a) had suggested, a comparison of the systems and the environment in Finland and in the US would have been essential for useful adaptation of American models, but in any case contemporary commercial radio in Finland can not be properly understood without studying American radio.

After the introductory section, the present study is divided in two parts. On the one hand, the purpose of the study is to offer explanatory comparisons of the cultural history of the concept of quality in commercial radio in the US and Finland, focusing more on the social forces and economic structures underneath the development. On the other hand, the study offers comparative descriptions of contemporary quality cultures in Finnish and US commercial radio by asking the same questions to interviewees from both countries and by identifying differences and similarities. (Salokangas 2002, 101)

In comparative research between national (quality) cultures, a case study provides a flexible model, which can be applied to historical periods or nation states, and both qualitative and quantitative methodologies can be used.
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(Jensen 2002, 96). The first part of the study: the national cultural histories of the concept of quality, are actually explanatory case studies which aim at explain and elaborate the context. Consequently, the second part of the study, the analysis and comparison of the quality conceptions of Finnish and American commercial radio professionals, is a descriptive case study, which aims primarily to describe the quality cultures through comparative analysis and interpretation. (Gummesson 1991, 74–75)

Qualitative research. This study is based on qualitative analysis of three different kinds of data. First, extensive amounts of written material, newspaper and magazine articles as well as official documents and earlier research, were used in the analysis of the cultural history of the concept of quality. Both primary and secondary sources were used in order to explain and describe the development of the quality conceptions in US and Finnish radio. Second, the contemporary quality cultures in the US and in Finland were studied through qualitative analysis of 24 tape-recorded research interviews of people working for commercial radio. This analysis was supported by using written sources and tape-recorded program samples.

The American research interviews were made at six different commercial radio stations in Eugene and Portland in Oregon and in Seattle, Washington in February 2002. The Finnish research interviews were made at six commercial stations in Lapua, Vaasa, Iisalmi, Joensuu and Helsinki during October and November 2003. In addition, four earlier interviews made in Finland in 1998, originally for the author’s licentiate thesis were analyzed and compared with the later material in order to see if there has been any significant changes in Finland during the last five years. The program samples of the stations visited were not separately analyzed as was originally planned, but as mentioned earlier, this material was used to support the qualitative analysis of the interview material.

Theoretical background briefly. The present study has also a dual theoretical approach. In the second part of the study, critical political economy and media economics are used for explaining the development and the present state of the radio industry and its products in Finland and in the US. These theoretical perspectives enables one to explain and understand how commercial radio programming has evolved as it is today, as well as to ascertain the motives and objectives which define its qualities. The process after “deregulation” and changes in programming output can be fully understood only if commercial radio companies can be seen as economic actors in the market and when both the programming output and its audience are seen as commodities. In that light, the forms of commercial culture become more understandable. The development itself is understood as an
evolutionary transformation process, which is based both on change and continuity.

However, although political economy is a useful approach in studying the historical development of economic structures, this approach alone is not the best tool for analyzing cultural commodities (Meehan et al. 1994, 347–348) or quality cultures either, because it tends to neglect the cultural dimensions of economic activities. This is why the third part of the study relies on a diversity of theories. On the other hand, this integrated approach is also firmly based on media economics and political economy, but the other source of the core ideas is quality management theory and especially the version of this theory, which was applied to radio production in Finland by Ari Alm (1992a; 1992b; 1993). Alm (1993) applied this theory to public service radio in the transition period from traditional (one-dimensional) professional quality to new competitive environment, where the media quality was at least partly defined by different “markets”. These theories are supplemented, supported and reinforced with perspectives from media system dependency theory, media performance studies and broadcast quality assessment as well as the cultural economy based on cultural studies tradition.

1.4.3. Central Concepts of the Study

1.4.3.1. Quality Culture

Because one of the main objectives of the present study is to understand, define and describe quality culture in commercial radio, it is necessary to examine exactly what these concepts mean. In this study, quality culture is by no means identified with “high culture” or any other particular kind of artistic work (Cowen 1998, 2). Moreover, quality and culture as well as the relationship between these two are not examined here according to the Arnoldian tradition or from the perspective of Leavisism: culture is not only “the best that has been thought and said in the world” (Pietilä 1997, 89–91; Storey 1998, 22–35). Instead, the approach here is based on quality management theory and a more recent change of perspective in mass communication research, which has also brought up the question of culture in economy, like cultural economy (see previous chapter).

The word quality has multiple and different, but mostly positive meanings, like general superiority. However, here the concept of quality is not directly tied to any general or particular characteristics. Instead, it is understood as a relation between a characteristics and a set of values. In this way, there is no absolute quality or universal quality, which would be based on fixed set of values. Quality is a relative and also a multi-dimensional concept. Based on
the “quality philosophy” of quality management theory, the notion of quality refers here primarily to the accordance with the requirements (at a given time). (Rosengren et al. 1996, 21–39; Lillrank 1998, 11; Kekäle 1998, 15) Like quality, also culture has different meanings. In this study, culture refers to a particular way of life, which is shared by a group of people. Culture provides solutions to the problems of living, survival and adaptation. Culture, based on common and shared values and meanings guides the actions of individuals, groups as well as organizations, making it rather regular and predictable. (Lillrank 1990, 163–165; DeFleur & Ball-Rokeach 1989, 6; Schein [1985] 1991, 65; Storey 1998, 2; Levo-Henriksson 1994, 16–17)

The concept of quality culture has its origin in quality management theory. Sometimes, the term quality culture has been used to describe the result of a process, where a quality management system has been created and established – for example, in an institution of higher education (Enemark 2000; EUA 2004). However, this would be a very narrow and even slightly misleading definition of quality culture. It suggests, that there could be organizations without any quality culture – and moreover, it argues that a quality culture would be created only by implementing the principles of quality management.

In this study, the term quality culture refers to a wider concept, where the word culture refers both to national and organizational cultures. National cultures describe the shared values of different nations, while organizational cultures describe the common values and practices of the employees of an organization or its parts. (Lillrank 1990, 163; Lillrank 1998, 151–152) A quality culture is based on both of these dimensions of culture. It means the common understanding of successful performance and desirable outcome of the working process, which is based on a shared set of values in a group of people. In the production process and organizational practices, these underlying values are reflected in more detailed and commonplace quality conceptions about what are considered to be the desirable characteristics (of the product or the practices) in relation to what is considered to be the optimum outcome (of the process). Every organization always has some kind of quality culture. In addition to creating standardized quality systems, where the best practices are described, quality management actually aims at developing and managing this quality culture. (Lillrank 1998, 153–160; Alm 1992b, 38–41)

Because national cultures are the basic context of quality cultures, it is necessary to briefly examine here also the basic differences and distinctions

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8 Originally, Lillrank (1998) referred in Finnish to “average values”, but he had no statistical value analysis.
between American and Finnish cultural values. According to Levo-Henriksson (1994, 69), the most essential difference between them is that the American culture is the culture of the person who moved away – and Finnish culture is the culture of the person who remained behind. Also Lowe (1992a, 142–143) has emphasized the difference between American “melting pot of social enculturation” and Finnish multi-cultural approach, which not only tolerates but also, celebrates cultural differences. The following brief summary is based on Levo-Henriksson (1994, 38–72) and Tamminen (2000, 150–154).

The American culture is much more individualistic than Finnish culture. It is culture where youth and activity in doing are highly valued, and which emphasizes the future instead of the past and the present. Growth and learning are valued, and change is usually considered as a good sign or an accomplishment. In American culture, the frontier is a place of new opportunities and freedom. The Americans also accept certain amount of inequality, uncertainty and ambiguity. Typically, American culture is about conquering something new and moving towards happiness.

The Finnish culture is individualistic, too, but it also values consensus and interdependence. Moreover, it values history and experience as well as work. In the Finnish culture the past as well as the present are emphasized more than in the American culture. The Finns value also learning and growth, but change as such is not so highly valued. For the Finns the frontier has been more of a border to defend. They also bear less uncertainty than the Americans or other Nordic people. Similarly with the Nordic neighbors, acceptance of inequality in Finland is low. In this way, Finnish culture has been more about joining together and defending itself.

1.4.3.2. Radio: Redefinition of the Sound Medium

Social definition of the sound medium. Lately, new technologies like the Internet and different terrestrial and satellite digital audio broadcasting applications have challenged technological definitions of the radio medium.9 This helps us to see that the radio medium – as we have learned to know it – is not a result of inevitable natural evolution, but a cultural convention. It has been created over time by making choices under influence of certain technological, political and economic forces (McQuail 2000, 191–192, Black 2001, 403). This is why we must examine the nature of the medium in its historical context. It is not only the present activities and decisions, which

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9 Because word radio has multiple meanings, for example Hujanen (2003, 93) had ended up calling radio broadcasting in Finnish “ääniradio”, which means more or less directly “sound radio”.

shape the present nature and the future of radio, but also the choices and decisions made in the past. (Mosco 1996, 27–29; Setterfield 1999, 841–843)

Because of certain political choices as well as technological solutions, the word “radio” in common speech has become synonymous with analog broadcast radio, which transmits its signal on a specific part of the electromagnetic spectrum. Although the principles of a broadcasting system are included in the idea of the radio medium, broadcasting was not the inevitable outcome of radio (Eerikäinen 1992, 21). Broadcasting through the air was not the first model for audio program distribution either, although it later became the dominant model. In a similar way, private advertising – supported broadcasting was not the first economic model for radio, although it quite soon became dominant in the US (McChesney 1993). Still it was not the only one, because at the same time many other democratic countries like Great Britain and Finland established public broadcasting systems, which were supported by public license fees.

If we say that radio is an aural medium, which carries audio programming – speech and music – transmitted from one place to another using a bandwidth in the electromagnetic spectrum or a cable system, this technologically comprehensive approach does not help us to determine the difference between telephony and radio. Actually, the first regular audio program service carrying news and entertainment – the Telefon Hírmondó in Budapest, Hungary – used telephone lines to distribute its programming directly to subscribers already in 1893 (Huhtamo 1992, 14). When the new radio technology, which made it possible to transmit speech and music over the air, was first introduced after World War I, it was called “wireless telephony”. As the name suggests, it was considered to be a new kind of telephone (Coase 1947, 189; Eerikäinen 1992, 22). AT&T first defined commercial broadcasting basically a phone service by giving it the telephone-related name “toll-broadcasting” (Black 2001, 397–398; Delli Carpini 1995, 22; Barnouw 1966, 106). The reason for this was not only that AT&T was a phone company, but also the way that radio technology was first understood. Few years later, when radio broadcasting both in the US and in Finland was transformed into nationwide networks, these two media were mixed up

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10 In this way, listening in digital Internet audio programming using a computer, modem and telephone line (or a broadband connection) is of course technologically very sophisticated, but actually not a very revolutionary or new way to use aural media. Although Internet audio distribution provides other opportunities (text, video), the ideas and concepts of these functions are actually not new. The combination of already existing ideas represents primarily the convergence of products and services. (Black 2001, 397–398, 403; Picard 2002, 35–36; Sohn et al. 1999, 131)
again. For decades telephone lines were a crucial part of program delivery system of broadcast radio networks. In the US telephone lines were used to carry network programming to the local affiliates until the late 1970’s and early 1980’s. (Smulyan 1994, 64; Ditingo 1995, 8–9, 28)

The idea of wireless telephone was “re-invented” about 50 years later, when the development of cellular radio technology made it possible to introduce mobile phones, first using analog and later digital systems. (Huff 1985, 137–138; Roos 1993, 4; Manninen 2002, 24–28; Picard 2002, 35) In many ways, a modern cell phone now fulfills the expectations Bertolt Brecht originally had for radio: it is a technology of two-way communication and not just distribution – although mobile phone enables primarily narrowcasting instead of broadcasting (Brecht [1932] 1993, 15–17; Eerikäinen 1992, 18; Hujanen & Lowe 2003, 12–13). The mix becomes even more difficult, because mobile phone manufacturers have added analog radio receivers to some digital mobile phone models and also broadcasters like Yleisradio are already delivering special audiovisual programming services for mobile phone users. In addition, for example in Finland, radio programming services are also delivered via digital television network, and engineers have been studying for years the possibilities of integrating to certain degree all digital terrestrial mobile telecommunication networks like DAB (Digital Audio Broadcasting), DVB (Digital Video Broadcasting), GSM (Global System for Mobile communications) and UMTS (Universal Mobile Telecommunications System) (Huschke & Co. 2000). In addition, digital radio chipset suppliers and mobile phone manufacturers have finally been able to develop a small and low-power DAB radio receiver module for mobile phones and other digital handsets. (SOU 2004:16, 81; Frontier Silicon 2004)

Because of this complex and multi-level convergence, for the purposes of this study the radio medium is not defined as a technical form of broadcasting on a certain part of the electromagnetic spectrum or other bandwidth. Instead radio is defined here primarily as a set of social practices. Despite what technology is used for transmission and reproduction of the audio programming, it becomes radio if people use the resulting audio product in their everyday life as they would use traditional broadcast radio (Tacchi 1999, 4–8; Wall 1999, 4–5; Black 2001, 398). In this way an audience and

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11 It is very interesting that the number of cellular phone subscribers per capita in Finland has for several years been among the highest in the world, although playwright and radio theorist Bertolt Brecht described Finns to be people who are silent in two languages (Roos 1993, 2). According to Manninen (2002, 298) the main reason for the huge success of both NMT and GSM in the Nordic countries was that the idea of mobile telephony was socially shaped and technology was not given a dominant position.
its use of programming is the most important factor in defining what is radio, and the definition is neither tied to broadcasting nor to any single technology. (Eerikäinen 1992, 21; Ala-Fossi 2004, 71)

**Technological definition of the sound medium.** On the basis of technology used, broadcast radio can be divided first into (traditional) analog broadcast radio and (new) digital broadcast radio. Different modulation types and wavebands of analog radio have different characteristics. Low frequencies (LF) and medium frequencies (MF) are used for broadcasting with amplitude modulation (AM). For certain technical reasons, an AM radio station can cover a rather large surrounding area with a single transmitter. High frequency (HF) broadcasting also uses amplitude modulation, though some reason it is usually called short wave broadcasting (SW), as it is in this study. This analog application is at its best in long distance broadcasting. Broadcasting in very high frequency (VHF) band with frequency modulation (FM) is usually called FM broadcasting. This type of system offers better sound quality than AM, and it is also rather cheap to build and operate, but its signal does not usually carry beyond the horizon. (Lax 1997, 29–33; Douglas 1999, 37–38; Malm & Wallis 1992, 201)

For digital radio, there are a few different systems for terrestrial and satellite radio broadcasting. In addition, digital radio program delivery is possible over computer and telephone networks and in mobile phone networks (SOU 2004:16, 75), but that is actually not broadcasting (see chapter 2.1.). As mentioned earlier, the terrestrial digital television network using DVB-T (Digital Video Broadcasting- Terrestrial) can be used for digital radio broadcast distribution – like in Finland and Sweden – but this standard was originally not developed for the needs of audio broadcasting or mobile reception (SOU 2004:16, 73).\(^\text{12}\)

Instead, another European standard, Eureka DAB (Digital Audio Broadcasting) was developed especially for these purposes. Eureka DAB would work also for satellite audio broadcasting (S-DAB), but so far it is the most widely used system for terrestrial digital audio broadcasting (T-DAB). Every transmitter can deliver five CD-quality audio channels or five FM-quality audio channels with additional data. (Ala-Fossi & Stavitsky 2003, 64–66) While Eureka DAB has been marketed as a successor of FM radio, another “brainchild of the EBU” (European Broadcasting Union) is DRM

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\(^\text{12}\) However, DVB-T has been the basis for the new DVB-H (Digital Video Broadcasting- Handheld) technology, which is designed to deliver multimedia content to handheld devices like mobile phones. Another new mobile multimedia technology is DMB (Digital Multimedia Broadcasting), which in turn is based on the Eureka DAB standard. (David 2004)
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(Digital Radio Mondiale). DRM has originally been developed for digital broadcasting in the low, medium and high frequency bands which have been used for analog AM broadcasting (Olon 2002, 41; BIPE 2002, 167).

Only two countries have developed their own terrestrial digital radio systems. Japanese ISDB-T_{SB} (Integrated Services Digital Broadcasting - Terrestrial Sound Broadcasting) uses the same multiplexing system as Eureka DAB. American IBOC (In-Band On-Channel), which is marketed as HD (High Definition) Radio is a digital hybrid system, where the digital signal is transmitted on both sides of the existing analog radio signal. By using these sidebands for the digital signal, it is possible to broadcast simultaneously a standard analog signal, plus one near-CD-quality digital signal and a small amount of additional data. (Nakahara 2003; Ala-Fossi & Stavitsky 2003, 66–67)

At the moment the four most established options for digital satellite radio are Worldspace, XM Radio, Sirius Radio and DVB-S (Digital Video Broadcasting – Satellite). Washington- based Worldspace is a global satellite radio project that operates 3 geo-stationary satellites, covering Africa and large parts of western and southern Europe, Latin America and Asia. Worldspace is using the same technology developed with French Alcatel as XM Radio, which operates with two satellites in the United States. XM is also built on the same programming infrastructure and it has four music channels created by Worldspace. (SOU 2004:16, 74, 143–144; BIPE 2002, 167–168; XM 2000; Worldspace 2004). Another American satellite radio company, Sirius, is using a different kind of technology with three geosynchronous satellites on elliptical orbits (Layer 2001). In addition, Nordic Satellite AB (NSAB) has successfully tested digital satellite radio broadcasts using DVB-S for audio only (SOU 2004:16, 143–144).

1.4.3.3. Multiple Markets and Arenas of Commercial Radio

Commercial radio and its quality culture can not be properly understood apart from its multiple markets. In this study the concept of market multiplicity is not similar to Ala-Fossi (1999) or Hellman (1999), however they can be linked to each other through Alm (1992b) and Lowe & Alm (1997), where the idea of market multiplicity was based on quality management theory (Alm 1992b, 40). On the other hand, its roots were also “in social science investigations concerned with the ongoing contradictions between ‘the state’ and ‘civil society’” (Lowe & Alm 1997,170). Despite the other merits of all these approaches, their main weakness was that although the concept of

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13 See chapter 3.12.
14 See also Alm & Lowe 2001, 369–371.
market was a central part of the models, these market multiplicity theories had no solid connection to economic theory.

This is the reason why in this study the model of the multiple markets of commercial radio is significantly different from the models mentioned above. Here the idea of market multiplicity is firmly based on both media economics as well as on critical political economy. Also, the approach to culture is different: culture is not seen only as cultural goods in the popular market or as the operational culture of the media organization, but also as a context and a normative framework for all interactions between different social forces. This combined model of four markets and two arenas is presented in more detail in chapter 5.7.1. as a basis for integrated theoretical approach to quality culture.

The media goods market refers to marketing the media content product to the media consumers, who are seeking media products to meet their subjective needs. In practice, the media goods market of a radio station encompasses the listeners in its coverage area. But in the more theoretical sense, the media goods market of commercial radio has been difficult to identify and understand, because the main content product of broadcast radio are intangible public goods, which the consumers have usually not paid for directly. However, the media goods market is needed to produce saleable audiences for the audience market (Smythe 1977; Napoli 2001a). These issues are discussed further in chapters 2.2. and 2.3.

The capital market consists of all forms of capital trading. The pure profit produced with commercial radio operations in the other markets (the media goods market or the audience market) is used here to repay borrowed capital as a part of commercial operation, divided as return to the owners and the investors (Picard 2002, 4–7, 172). The capital market is also the birthplace, or at least the cradle, of a commercial radio company. It all starts with capital, because establishing (as well as acquiring) a media firm usually requires a significant amount of money.

The labor market refers to the competition for skilled labor and transactions between the commercial radio company and its employees. A radio company needs a certain amount of talented people and to get them, the company has to offer proper compensation for their work. In order to make them more productive, the company should also maintain the motivation of the employees. On the other hand, the productivity of labor can be increased by cutting the expenditure on the human resources and replacing people with machinery or automated systems.

The audience market is probably the most important market in terms of revenues for most media businesses, but the true nature of the commodity
has been difficult to identify. Instead of just buying and selling media space or time or access to audiences (Sohn et al. 1999, 231; Picard 1989, 18), advertising-supported media firms are actually producing audiences through their media goods market. In broadcasting, media consumers who spend time and attention on the consumption of media goods are used as a raw material for audience commodity (Napoli 2001a, 66). They are described with ratings and then sold as prospective audiences for the advertisers (Smythe 1977, Smythe 1982, 195–197). More detailed discussion will follow in chapter 2.4.

The sociopolitical arena refers to all transactions between the commercial broadcaster and surrounding sociopolitical system. Broadcasters have traditionally obtained their licenses to use the public radio spectrum for free, because they have also been given an obligation to serve the public interest (Le Duc 1987, 9–11; Sohn et al. 1999, 231, 245; Napoli 2001b, 66–79). In this way the licensing decisions have been made on a social and political basis – and not on the basis of pricing system like in a real market. In addition, there are numerous other resources in the sociopolitical arena, which are important for commercial media: legislation, decisions about economic policy, welfare policy, cultural policy as well as media and communications policy. (Power 1988, 60; Sohn et al. 1999, 156–165, 245).

The ideological arena is not a market either. It represents that political role which gives the media their special place in society (Sohn et al. 1999, 231; McQuail 2000, 147; Napoli 2001b, 17, 99–105). Because all information is also some sort of ideology, this means that when people are acquiring and consuming media goods, they get both information and ideology at the same time (Sohn et al. 1999, 231–232; Murdock & Golding 1974, 226–227). In other words, both audiences and the public are produced through the media goods market.

### 1.5. Outline of the Study

The first part of the study offers an introduction to the subject as well as to the economics of radio and economic theory of commercial broadcasting. The second part of the study provides an analysis and a historical review of the cultural history of the concept of quality in commercial radio. Chapter 3 concentrates on the development of US commercial radio and elaborates the most important and epochal changes in public interpretations and conceptions of quality in commercial radio production since the 1920’s. Chapter 4 covers the same era in Finland and analyzes the changes in public interpretations and conceptions of quality in radio production before
the introduction of commercial radio as well as during the last 20 years of commercial radio broadcasting. The third part of the study provides an analysis of quality culture in contemporary commercial radio. Chapter 5 discusses several theoretical approaches to quality and on the basis on this discussion, it defines an integrated model of market multiplicity of radio and the respective quality perspectives corresponding to each market and arena. The analysis and comparison of the quality conceptions of the American and the Finnish commercial radio professionals are provided in chapter 6. In the chapter 7 the findings and results are summarized and conclusions are drawn. Chapter 7 evaluates also the theoretical model of multidimensional quality and hypotheses about the quality culture in commercial radio. Finally, in the chapter 8, the licensing policy of commercial radio in Finland as well as the challenges of the digitalization of radio broadcasting are discussed in the light of the study results.
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2. ECONOMICS OF COMMERCIAL RADIO

2.1. Production and Distribution Economics of Radio

Broadcast distribution. Broadcasting means one-way communication with large and diverse audiences: it is also utilization of natural resources as well as a social application. Altogether, the notion of broadcasting is composed of several different meanings. (Hujanen & Lowe 2003, 11–17; Given 1998, 46) In this study radio broadcasting is examined primarily as a form of program production and distribution, but also as a social and cultural practice which is tied to certain technologies. Broadcasting is a simultaneous one-way communication with anyone who (has a receiver and) wants to tune in (point-to-multipoint), using the radio spectrum for over-the-air transmission of (at least) aural programming. (Huhtamo 1992, 6; Eerikäinen 1992, 19; Given 1998, 46, 51–52; Lax 1997, 32) This definition covers both terrestrial and satellite as well as analog and digital broadcasting.

In broadcast radio, the content product or a program is an intangible public good, which means that its consumption does not diminish its availability to others (Picard 1989, 17–18). This means that the overall cost of production does not depend on the number of users and the ratio of fixed to variable costs is relatively high (OECD 1993, 79; McKinsey & Co. 1985, 5; McQuail 2000, 197). Even a small station needs certain investments in labor, equipment and facilities to be able to produce program. These basic fixed costs do not change much whether the studios are used only for an hour or for twenty hours a day or whether the program is distributed locally or nationally (Sohn et al. 1999, 243). Variable costs vary depending on the amount of production. The actual number of listeners has absolutely no effect on production expenses, because broadcast programs are public goods (Picard 1989, 65–66; OECD 1993, 79–80).

As a portion of total costs, the share of distribution costs in broadcast radio is quite low when compared to the share of content costs. The fundamental reason for this is that the broadcast operator does not usually have to pay for its use of commonly owned bandwidth in the electromagnetic spectrum at all – or at least never according to its usage (Coase 1959, 22; Streeter 1996, 319; Barnouw 1970, 339). Once a program is made, its distribution is then
relatively cheap. Consequently, when wider distribution of programming makes it possible to reach more people, this simultaneously decreases the relative cost of producing the audience per listener (Picard 1989, 65–66; Parish 1968, 13; Ditingo 1995, 88; Picard 2002, 56–63).

This means that the larger the distribution area is, and the bigger the potential number of program consumers is, the more cost-efficient the broadcasting operation becomes (economies of scale) regardless of the economic model of its financing. At the same time, this means increasing income opportunities for radio operations which use any of the consumer dependent economic models (see chapter 2.3.) and in this way it will be rational to expand the market area as long as it brings in more revenues. Given (1998) argues that broadcasting is primarily about big audiences, because its “economic models demand large numbers of potential buyers for advertisers’ products or large numbers of taxpayers feeling they’ve got their money’s worth” (Given, 1998, 51–52). However, in traditional analog broadcast distribution with an unscrambled signal there is usually no way to charge the audience directly for over-the-air transmitted programming. This means that in broadcasting, simply reaching a larger audience does not directly produce bigger income, although it is an essential precondition for that (OECD 1993, 80–81).

Webcast distribution. (Internet radio or IP-radio) In this study, radio webcasting is defined as real-time delivery of at least aural programming over bandwidth through a computer network like the Internet (Black 2001, 397–398; Miles 1998, 32; Keyes 1997, 11–13). Webcasting is understood here primarily as a form of program distribution and as a counterpart of broadcasting. However, it should be taken into account that “Web” and “Internet” are not synonyms, and the term webcasting is a misnomer, because it does not actually mean casting throughout Web – which is only part of Internet (Black 2001, 402; Miles 1998, 58–59). From this perspective, the term Internet radio might be more precise, but as Black (2001) has pointed out, it also has its problems.

Although broadcasting and webcasting have certain common features, the distribution economics of webcast radio is different than traditional broadcast radio. As noted earlier, the actual cost of producing and delivering a media good (program) in broadcasting remains the same despite of the

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15 In digital broadcast radio this goes for all kinds of data. The cost of delivering 1 megabyte via a DAB network is about € 4,33 while via GPRS (General Packet Radio Service) the cost is € 1,35. However, the total delivery cost for 100,000 users via a DAB network is still € 4,33, but via GPRS the cost is € 135,000. (Arvedahl 2003)
number of listeners, and the relative cost per listener decreases every time radio is able to reach a new listener. In Internet radio, although the basic production cost of a program is the same despite the number of users, every new listener means more cumulative expenses for the program operator, and in this way the actual total cost of Internet streaming increases. The more the listeners, the more the bandwidth is needed and the more the station has to pay for the bandwidth to the Internet service provider\(^\text{16}\). Also, to be able to serve more people through the bandwidth, the webcast radio operator has to buy or rent more and bigger servers. This may get very expensive quite soon, and in larger operations the economic advantages of broadcast distribution are obvious (Miles 1998, 32–33, 113, 138, 168–169)\(^\text{17}\). In this way Internet radio programming is intangible, but actually not a public good, because its consumption diminishes its simultaneous availability to others.

The main economic difference between webcasting and over-the-air broadcasting is that Internet bandwidth is not a natural resource or public property.\(^\text{18}\) On the contrary, the bandwidth available through Internet service providers is a human creation and private property, which is only leased for users and charged according to its usage. As a result, the actual distribution costs in Internet radio are a function of the listeners and not the station (Picard 2002, 61). In this way the whole cost structure becomes unpredictable and disadvantageous, especially when compared to traditional broadcasting. On the other hand, in Internet radio there is also no need for frequency allocation by infrastructure regulation. We have only one fixed radio spectrum, but at least in theory it is always possible to add more Internet bandwidth. Although there may never be enough bandwidth, there are also no fixed technical limits to the amount of stations or services that may simultaneously operate in the Internet. (Black 2001, 404; Keyes 1997, 12; Miles 1998, 113, 291–315)

\(^\text{16}\) According to Miles (1998), every 50 users of a 28.8 K audio stream require 1.54 Mbps bandwidth. For example, for RealNetworks the cost of webcasting one event per month to 500 people simultaneously was $1499. (Miles 1998, 138, 169)

\(^\text{17}\) For example, a regional DAB multiplex system in Finland which has a potential to reach over million people in the capital region of Helsinki costs a little over $2.4 million, while a $1.2 million additional investment in Finnish Broadcasting Company’s Internet streaming capacity increased simultaneous access for only a few hundred people (Lowe & Alm 2001, 4).

\(^\text{18}\) As long as the Internet is not distributed using broadcast networks (Olon 2002, 42)
2.2. Media Goods Markets in Radio: From Local Radio to Transnational Radio

Economic markets are usually defined in geographic terms by the area in which a firm conducts its business, and in demographic terms by the users of a specific type of product or service (Sohn et al. 1999, 230; Picard 2002, 258). Commercial media firms that are not subject to government regulation can choose and define their markets on an economic basis, so that the relationship of market revenues and the costs of production determine the (geographic) limits of the operation (Sohn et al. 1999, 195–196, 230, 239; Albarran 1996, 28; Picard 2002, 143).

However, the limits of the media goods market of a radio firm are usually not just the results of profitability calculations and the technological potential of distribution system, but also government regulation. Different classes of radio broadcasting service using certain technologies, as well as licenses to use certain frequencies in certain areas, have been created according to governmental policies. This kind of regulatory intervention – preventing chaos in the radio spectrum – has actually created the economic markets for radio. (Picard 1989, 20–21; Picard 2002, 69–70, 145; Lax 1997, 34; Albarran 1996, 15, 28) Although a station’s market is usually regulated, in practice it is geographically defined by the ability of the audience to receive the signal (coverage area) (Sohn et al. 1999, 239).

If the market for media goods is considered in demographic terms as well, the station’s market is not necessarily the whole population in the coverage area, but consists mainly of the members of certain target group (potential consumers) in the given area (Albarran 1996, 44–45; Picard 2002, 258). Commercial operators are primarily trying to reach wealthy audiences, which also spend their money. Advertisers are most interested in these audiences as potential buyers and consumers (Murdock 1982, 145; Glasser 1984, 129; Sohn et al. 1999, 196; McQuail 1992, 153).

*A media goods market according to geographic limits and orientation.* Hendy (2000a, 14–24) has categorized radio in terms of the size and geographical spread of the target audience to local, national and international radio. Because these geographical categories are actually determined by the basic motives or intentions of the operation, they should be examined both according to how they are structured and how they are motivated. Instead of putting all the possible different forms of radio broadcasting that are directed (or can be received) outside of the national territory under the label “international”, it is possible to identify at least four different types of overseas or foreign radio operations.
In an *international model* a company primarily distributes its domestic product to foreign markets. This is possible in broadcast radio as well as on the Internet, because the signal does not necessarily stop at the borderlines (Black 2001, 403; Hendy 2000a, 215; Picard 1989, 30), but at the same time Hendy writes, “a fully completed radio programme can rarely be syndicated across national boundaries” (Hendy 2000a, 13), which means that the relative exportability of radio programming is usually very low (Picard 2002, 215–218). A *multinational approach* works better for radio, because it means that different products are developed for different markets, and this is what usually happens to language- and culture-based radio programming (Hendy 2000a, 61). A *global model* would mean universal product for every market. For reasons mentioned above, this is seldom a very rational model for radio programming. However, globally or at least internationally distributed music is very often an important part of radio programming. A *transnational* model tries to combine the best parts of all other models so that a company can offer somewhat localized product but still gain benefits in production and economies of scale. (Bartlett and Ghoshal 1998, 15–20; Sohn et al. 1999, 199–200; Picard 2002, 212–229) In this way a foreign-owned station, which has a similar kind of format and playlist to a company’s station in the mother country, with a native-tongue speaking DJ, could be understood to be a multinational or transnational operation, depending on your perspective.

Between the strictly *local* (one community) and *national* level there is also a *regional* level, which means that the operation covers more than one locality, but it is not national. In some cases this can also mean *semi-national* coverage, which is typical for commercial operations in Finland, for example. Usually, this means that operations serve only the most densely populated areas, while the more sparsely inhabited areas are excluded (Ala-Fossi 2001, 6–7; Sohn et al. 1999, 239). A group of locally operated stations under one owner may also operate as a “*quasi-national*” network with one brand and centralized decision-making (Hendy 2000a, 40–41, 109–110). On the other hand, a group of local stations, which in legal terms are separate entities but broadcast mostly the same (network) programming can be seen as *quasi-local* stations. Different kind of regional (and local) operations can also be categorized in similar way as the cross-border operations above. *An interregional* approach would mean that regional programming would be just distributed to another region as it is. *A multiregional* approach would mean differentiated programming for each region. *A national* (and semi-national)

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19 For Hendy (2000a, 45–46), transnational radio means primarily radio operations with transnational ownership.
approach means similar programming for each regional market while a *transregional* model would again be a combination of these all.\(^{20}\)

**Media goods markets and technical requirements.** One very basic limitation for the media goods market of radio is that all the potential listeners must also have a functioning radio receiver, or have access to one (Albarran 1996, 15). Without any receivers, every kind of radio transmission would not be much more than just another form of refined electric current. A second prerequisite used to be electricity, because otherwise it was impossible to use the receiver (or at least charge its batteries) (Douglas 1999, 69; Picard 2002, 116) until small battery operated, portable transistor receivers were developed in the 1950’s (Fornatale & Mills 1980, 18). Later a British inventor, Trevor Baylis, developed a wind-up analog radio receiver, which works also without batteries.

Because analog radio receivers have been manufactured for decades in large numbers, there is already a huge supply of devices. According to a UNESCO report, in 1991 there were over 2 billion analog broadcast radio receivers in the world – and for example in the US households the penetration of radio is practically 100 percent (Lax 1997, 23; Picard 2002, 114) with 550 million analog radio receivers (FCC 99–327, 9–10). Even in a country like Sweden there are about 25 million analog radio receivers (SOU 2004:16, 80). Moreover, every year about 330 million new radio receivers are sold worldwide (Stimson 2003). New analog receivers are actually so cheap to manufacture that for some operators it is possible to give away hundreds of receivers for free just in order to create a new market for programming (Sullivan 2002).

Considering these figures, the receiver limitations of the media goods market of radio may seem trivial in modern times, but the introduction of

\(^{20}\) There are also different levels and degrees of intensity in transregional radio operations. First, a radio organization can operate transregionally in the (macro) programming level with low intensity. For example, old network radio in the US did this by combining live, nationally produced programs with live programs which were produced locally or regionally in the distribution area, into a tailor-made, transregional programming entirety. In this kind of operation the apparent variation of program sources was part of the programming strategy. When these local stations operate under same owner, similar programs, playlists and other programming items can be transferred easily between stations and adapted to each market by just adding a small local touch (McChesney 1998, 16), producing a transregional product at the (micro) program level with high intensity. Here, all programming content elements are actually pre-produced outside of the distribution area using a certain basic national formula, but somewhat localized programs are produced by adding some references to the distribution area (Mathews 2002). In this kind of operation the product strategy is based on artificial local consistency.
digital radio with its requirement for a new kind of receiver has brought this problem up again. Without digital receivers, there are no markets for digital radio media goods. In Europe, this has lead to a classic chicken-and-egg situation, where radio operators have not been willing to create or expand new digital services because the lack of potential audience – and the consumers have not been buying rather expensive new digital receivers because of the lack of new and interesting services (BIPE 2002, 170–173; Oxera 2003, 159–161).

2.3. Basic Economic Models of Radio and Commercial Radio

The radio medium may occupy several different political or institutional roles. Some of these roles or motives match better with certain technological solutions, ownership structures, and economic models than with others. The following section outlines possible different operating models for radio, providing a basis for further analysis of commercial radio.

Operational models of radio. The motivation and goal of every organization is related to the pattern of its financing. Altschull (1984) identified four different patterns of how financing affects media content – official, commercial, interest, and informal. Hendy (2000a) categorizes the radio industry according to the way it is funded and how it is motivated, and he identifies five different institutional models of radio: state radio, underground radio, community radio, public service radio and commercial radio. (Altschull 1984, 254–255; Sohn et al. 1999, 232; Hendy 2000a, 14–24)

Although Hendy’s model follows Altschull’s basic idea – what McQuail (2000) calls “second law of journalism”: “the contents of media reflect the interests of those who finance it” (McQuail 2000, 198; Altschull 1984, 254) – they are not directly matching. Altschull’s more general model does not take into account as many existing social motives for radio operations as Hendy’s, which is more sophisticated. For example, state radio and public service radio may both have primarily official patterns of financing, but still their motives are usually different. However, Hendy’s model is not

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21 For example, more than 285 million listeners worldwide could receive some of more than 585 existing digital radio channels – if they only have new Eureka DAB receivers (Stimson 2003). In February 2003, it was estimated that there were only about 200,000 digital receivers in Europe (Oxera 2003, 156). However, in the United Kingdom the Eureka DAB receiver sales have increased: as of October 2003, about 200,000 receivers had been sold in the UK alone and 100,000 more were sold in December 2003 (SOU 2004:16, 34).
perfect either. For example, there are differently motivated unlicensed or underground radio stations: in some cases there is just a single, culturally frustrated individual (pirate radio), or in some cases a socially and politically active group is running the station (microradio). It is also possible that some coalition may run an unlicensed station for merely commercial reasons (a commercial pirate). Sometimes, even nation states may run unlicenced stations for political reasons or propaganda purposes. (Hendy 2000a, 15; Stavitsky, Avery & Vanhala 2001, 347, Garay 1992, 103; Wedell et al. 1991, 37–39; Barnouw 1970, 87–92, 103–108)

**Economic models of radio.** According to Picard (2002), a business model is more fundamental for each media firm than any strategy. It describes the underlying characteristics and foundations, exchange activities, the sources of revenues and financial flows upon which the business can be successful (Picard 2002, 21, 25–26). However, economics is not just only about business (Power 1988, 8) and this is why I prefer to use another term here. A basic economic model is a fundamental system of generating income or revenue that finances at least a part of the expense of the continuous operation of a media organization. Most organizations and businesses use several economic models simultaneously, as well as combining them together in to new hybrid models.

As Altschull argues, these financial flows for different media organizations are created according at least one of the four different patterns – official, commercial, interest and informal (Altschull 1984, 254; Sohn et al. 1999, 232). Although this general classification is somewhat exclusive, in reality most economic models can be a part of the business model in several different financing patterns at the same time. As Altschull (1984, 254) says: “rarely is the relationship a pure one, overlapping is quite common”.

There are at least eight different basic economic models for radio operations.22 Because these models can be varied in many ways and they can be combined with each other into all kinds of hybrid models, I do not try to provide a comprehensive list of all possibilities here, but a short description of the four consumer dependent or market-based and four non-consumer dependent or non-market based economic models for radio. However, this is not a division simply between commercial business and non-commercial activity, because most of these models are in practice used in both kind of operations.23

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22 For example in OECD (1993, 77–99) there were only two main methods of financing broadcasting: advertiser-support and consumer payments support, and sometimes it was also possible to combine these two.

23 Cf. Wedell et al. 1991, 42.
The oldest one is probably *subscription model*, which was developed first in newspaper publishing and then successfully used to finance Telefon Hirmondó, the telephone distributed audio programming service that operated for nearly 30 years in Hungary beginning in 1893. Similar telephone based program services operated later in US on a subscription basis, but the cheaper cost of broadcast radio reception was one of the main reasons why they vanished. (Picard 2002, 31; Huhtamo 1992, 13–14, 17; Eerikäinen 1992, 22; Lax 1997, 5, 31; Parish 1968, 11–12) In this model, the customer pays the radio operator directly for audio programming, and if delivery is available only in a closed system, this model is rather easy to put in practice. For example, both modern cable and digital satellite radio use practically this same basic economic model.

When over-the-air broadcasting started in the US in 1920’s, the problem of this new, open and omnidirectional distribution technology was that it did not give operators any direct means to control reception or deliver programming to paying customers only. For a while, no one actually knew how to make profit with broadcasting, or even how to make it self-sufficient. In the first stage, many radio operators used *exterior business financing* model: radio broadcasting was used to promote some other commercial business operation (for example radio manufacturing), and then part of the profits was used to finance the programming. The first non-consumer dependent variation for supporting radio was *exterior private financing*, where exterior non-profit private organizations provided the money for radio operations. (Jome [1925] 1971, 177–178; McChesney 1993, 14–15; Smulyan 1994, 65–66)

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24 Purchase of one single copy of a media good can be understood as a very short subscription, but generally a subscription is a purchase of many similar kind of media goods in advance.

25 According to Power (1988, 58), a production and selling goods can be profitable for a private business only if those who do not pay for the use of the goods can be excluded. The first experimental scrambling systems for broadcast signals were developed in the early 1930’s – when broadcast radio was already an established media – as a part of Zenith Radio Corporation’s pay-television project (Streeter 1996, 284).

26 For example, certain potential business models of new digital television like datacasting, program format export business, and software product sales are also exterior business financing models. (Digitaalisen television ansaintalogiikat 2002, 94–98)

27 Also broadcast time sales for private non-profit organizations (see chapters 4.7.1. and 4.7.2.) can be understood as exterior private financing as long as the price of the broadcast time is not set according to characteristics of the audience (cf. toll-programming) – in other words, when it is not related to the amount of program consumption and audience production.
Several variations of public funding for broadcasting were developed in the mid-1920’s. WNYC in New York, owned and operated by city government, was an example of municipal direct tax funding (Stavitsky 1992, Smulyan 1994, 66). Other, more current examples of radio operations, which are directly funded by the government or other official sources of public tax money, can be found in several third world countries. This is also the economic model of the Voice of America and BBC World Service (Hendy 2000a, 14, 21–22). The idea of financing public, non-commercial broadcasting through annual license fees imposed on each radio set and collected into a separate public fund (which is not directly connected to the state budget) was first introduced in Great Britain in 1922 (Coase 1947, 202). At first the Britons had difficulties carrying out this model: in 1924 there were 5 million radio sets, but only 1 million licenses were issued. (Crisell 1994, 19; Lax 1997, 24) However, in 1925, a similar kind of license-fee model won first prize in an idea contest, when the American trade publication Radio Broadcast was looking for models for supporting broadcasting (McCleesney 1993, 15; Smulyan 1994, 65). In Finland, this model was adopted in 1927 (Ylönen 2001, 7–8). Although both direct tax funding and the license-fee model do not generate income from market, these models have a fundamental difference, which can be illustrated with Altschull’s categorization. Direct tax funding is an official pattern of financing that makes directly the media firm financially dependent on the government and the state. The license-fee model is generally more insulated from the government, representing the interests of the wider society and rather than the state. 28

Newspapers were already using the directly advertising-supported economic model before the early 1920’s, in addition to subscriptions, 29 but AT&T’s WEAF in New York is considered to be the first radio station to adopt this model, which started as “toll-programming” in 1922. This over the air “phone-booth” system was not an overnight success: in 1923 WEAF covered less than half of its expenses with advertising revenues. (Jome [1925] 1971, 177; DeFleur & Ball-Rocke 1989, 105; McClesney 1993, 12–14; Smulyan 1994, 63; Delli Carpini 1995, 22). In Finland some of the first radio stations tried advertising, but without much success, and by 1927 advertising on radio was forbidden, just as it had been earlier in the Great Britain. (Ylönen 2001, 6–7; Coase 1947, 204) Direct spot advertising was not very common in the early radio in the US. Most advertising revenues were

28 However, for the listening audience this difference is not necessarily significant: a license fee is seen as tax-like payment anyway (Mäntymäki 2001, 252).
29 Advertising provided one half of newspaper revenues in the US by the 1880’s and two thirds by 1910 (Picard 2002,31).
initially gathered through *commercial sponsorships*, where the advertiser paid a part or the whole production of a program and got control over the content as well as public credit for financing the program (Smulyan 1994, 90–91). This model is currently used for example to finance public radio in the US, although so called “underwriters” generally have no direct control over the program content.

Finally, *voluntary listener sponsorship*, a financially not very viable economic model, has existed since the early 1920’s (Jome [1925] 1971, 177). In 1951, the creator of Pacifica Foundation, Lewis Hill, wrote an essay about the theory of this economic model of radio operation. In 1958 he published a book as well. In practice, this model could not at first fully support Pacifica Foundation’s KPFA in San Francisco Bay Area, and the station was dependent on grants from Ford Foundation – in other words, exterior private financing. (Walker 2001, 48–51) Voluntary listener sponsorship is a good example of an economic model that is not a business model at all, representing Altschull’s informal pattern of financing. Depending on perspective, one may argue that people give money directly for the programs, but most likely the individuals and private organizations are making payments primarily for ideological, social or cultural reasons.

Subscription, exterior business financing, commercial sponsorship and direct advertising models are all market based or consumer dependent models, because the amount of income generated with these models is directly dependent on the quantity and quality of program consumers. In the subscription model, the number of subscribers and the nature of their subscription determine the amount of revenue. In the exterior business model, the operator is selling something to people directly who have already spent or who are willing to spend their time on program consumption in the future. In the commercial sponsorship and direct advertising-support models, the amount and price of sponsorship and advertising sales is determined by the amount and nature of estimated audiences, i.e. program consumers.

Tax funding, license fees, exterior private financing and voluntary listener sponsorship are non-market or non-consumer dependent models, because the amount of income is not directly dependent on the quantity and quality of program consumers. However, in practice there is usually an indirect relationship between estimated audiences and the amount of income that these models may generate. If tax funded radio is not able to produce the desired kind of audience (in the form of certain social, cultural or political effects), the government may increase or decrease the funding of the operation. Moreover, tax-funded radio is also directly dependent on state budgetary control as well as all fiscal and political trends. In the license-fee
model, the quantity and quality of the audience the operator is able to reach and serve is usually seen as a measure of the legitimacy of the whole model. Success in producing audiences (the potential ability to operate on behalf of social, cultural or political motives or intentions) may be a prerequisite for maintaining the system and reaching political consensus for raising license fees, when necessary (Ala-Fossi 1999, 44–45; Hendy 2000a, 18).

The exterior private financing and voluntary listener sponsorship models are just more likely to generate more income when the programs have more consumers – and especially certain kind of consumers. Private organizations will most likely back or invest in programming, which serves their specific interest groups. On the other hand, wealthy people are able to spend more money on voluntary sponsorship. Although the personal importance of the service to the listener predicts monetary support better than income level, Long and Traudt (1999, 52, 64–65) have noticed that income and to lesser degree education are the most powerful predictors of donor level. This means that affluent and educated people will donate more money, which makes them a more interesting target for programming.

In practice, most radio operators are using more than one economic model at the same time. In a business, where income is generated using two or more economic models, to a certain degree the operator can choose how much revenues is generated via each economic model by making pricing decisions. This makes it possible for example to charge a lower subscription price, if the advertisers are simultaneously willing to pay higher price for advertising. However, exterior private financing and voluntary listener sponsorship are exceptions, because any of the pricing decisions that operators or owners are able to make does not directly determine the amount of income these models generate.

Owners of radio operations. Every kind of radio operation has an owner. The most basic type is private ownership. For example, early amateur radio stations were privately owned, and modern unlicensed radios stations are usually private property or owned by a informal coalition (Walker 2001, 4). More formal and licensed operations usually require formal coalition or association. If a one-person operation develops into a more organized and formal business, it may become sole proprietorship, and in the case where more people get involved, a partnership. More complex ownership structures become possible through incorporation, the creation of a legal entity, which is independent of its owners. These kinds of operations are called privately owned companies. If the shares of a company can be publicly traded on stock markets, it is a publicly owned corporation. (Picard 2002, 1–2) In some cases, the state or other governmental entity owns the share majority (at
least in theory this means that every citizen of a nation-state is an owner) which makes it a state-owned company, with shares that may or may not be traded in the stock market. Although the ownership structure does not always directly determine the nature of all company operations, all publicly owned companies are usually commercial, operating primarily in order to generate maximum return and value on the shareholder investments. Under all other forms of ownership also so-called non-commercial operations are possible. In this case the owners usually seek to serve some other purpose, which itself is considered to be socially, culturally or politically desirable. (Picard 2002, 1–3)

Definitions of commercial and non-commercial radio. According to McQuail (1998), at least in the European context, the traditional notion of non-commercial media had many dimensions, including public (government) ownership and control, regulated isolation from the market, promotion of educational and cultural content and a strictly regulated relationship and negative attitude towards advertising and sponsorship. (McQuail 1998, 109–111) Because this complex paradigm has now fragmented, in a more general context McQuail (2000) no longer differentiates between commercial and non-commercial media, arguing instead that “the difference between the two main sources of revenue – direct product sales and advertising – (there are other sources) is an important tool for comparative analysis and for explaining media features” (McQuail 2000, 194–195).

Despite all different expectations and goals, every operator has at least to cover its costs and generate income in order to continue operation. There is a certain semantic difference between words non-commercial and non-profit or not-for-profit. In common language, the word profit is usually understood from the accounting perspective, where profit is what is left of the income when the expenses are paid. But from a managerial perspective the word profit has broader meaning (Picard 2002, 4). This results in a semantic paradox where “even non-commercial and not-for-profit media need to produce profit that can then be used to develop their content and organization” (Picard 2002, 7).

From this perspective there actually are no “not-for-profit” media, because every operator is trying to generate at least so-called normal profits,
which means “the minimal return to inputs that must be available to keep
the company or individual producing” (Picard 1989, 57). Moreover, both
non-commercial and commercial media are also trying to generate pure
profit, which exceeds all financial as well as other expenses, because self-
generated capital is essential for investments in facilities, technologies
and the development of content or services (Picard 1989, 57; Picard 2002,
4–7, 176). The basic economic difference between commercial and non-
commercial operation is that a non-commercial operator does not distribute
any of its profits to its legal owners (for them it is non-profit), but this does
not necessarily determine how the income is generated. (Picard 2002, 3–7).
In this way it is possible to outline definitions for commercial and non-
commercial radio operations from economic perspective.

Commercial radio can be defined here as a radio operation, which is
striving to produce pure profit to be divided amongst its owners. This basic
motivation makes the difference between non-commercial and commercial
radio operations, not the amount of dividends or the economic models
used.31 In most cases, a commercial business is based heavily on market-
based economic models, and the revenues of commercial radio operations
are highly or directly dependent on what happens in the markets. However,
this does not exclude additional use of non-market based economic models
also in purely commercial operations. This does not make the operation less
commercial, if the main goal of the operation is still to produce a surplus for
the owners.

Non-commercial radio does not divide any of its profits to the owners:
all the profits generated are used to cover the operational expenses or re-
invested in the development of content and services. Strictly non-commercial
operations use business models that are based only on non-market based
economic models. This insulates non-commercial radio operations from
the direct influence of market forces, but it does not eliminate the indirect
influence of the market, which was described earlier. However, it is also
possible to use consumer dependent or market-based economic models in
otherwise non-commercial radio operation. In theory, this does not make
the operation commercial, as long the profits are not divided, but in practice
this makes the operation more or less directly dependent on the market
in the same way as commercial operations are. In market dependent non-
commercial radio the degree of market dependence is correlated with the
percentage of market-based income. The operation is not commercial, but
it is a subject to the same market logic as strictly profit-seeking commercial
operations are.

2.4. Commodities of Commercial Radio

Radio Programming as a Commodity. What transactions happen when a radio station produces and distributes radio programming that is received by listeners? Radio media goods or content products – programming – are intangibles, but never totally free of charge. Regardless of the economic model of the program operator, all listeners have to pay for radio programming, at least with their time while using the content (Picard 1989, 17–18). The minimum price that the audience pays in form of their time can be seen as an opportunity cost, because by using media the audience is giving up other possible alternatives for spending their time (Parish 1968, 13; Sohn et al. 1999, 21; Picard 2002, 111). In case of radio, this opportunity cost is very low, because it is possible to do so many different things at the same time while you are also listening to radio: it reserves only one of our five senses. This flexibility is one of radio’s great strengths (Crisell 1994, 11, 14) and it means that in most cases the opportunity cost does not decrease the use value of radio programming.

For the reasons mentioned earlier, traditionally subscriptions have not been used in over-the-air radio broadcasting. However, in the digital age it is possible to scramble or encrypt the broadcast signal so that you can receive it only with a special decoder receiver, like US satellite radio (SOU 2004:16, 72). The codes can be controlled (and regularly changed) by the operator, who may then charge a subscription fee for the code (Parish 1968, 11). The primary commodity here is not the code (which has no value

In principle, radio content product – a program – may become a tangible commodity if it is first recorded and then sold in form of a recording. This kind of radio commodity can be understood in a similar way as other commodities produced by recording industry. Further discussion of this special case is excluded from this study.

For example, Brunsdon (1997, 127) has noted: “the people who watch most television are those who can’t afford to do anything else”. Actually, they could listen to radio instead, because according to a Swedish study the actual cost per hour of radio listening was the most inexpensive of all mass media. Watching TV was 50 percent more expensive than listening to radio. (Rosengren et al. 1996, 32)

In order to define the economic value of radio spectrum, the British Radio-communications Agency (RA) commissioned a survey, where radio listeners were asked how much they would be willing to pay for listening to broadcast radio. The Britons were ready to pay £ 6.20 per month for improved digital service and £ 2.30 for their existing radio service. Because there is no monetary (subscription or license) fee for broadcast radio, the same amounts of money were considered in the study as the consumer’s surplus value of radio broadcasting. (MVA 2000, 1,40)
without programming) but the intangible program product, which can be consumed in exchange of monetary payment. According to Picard (2002), if an individual makes a monetary payment for acquiring content, he or she becomes a consumer, but the actual use of product (consumption) makes him or her a member of an audience. At the same time he admits that this distinction is a “fine point”, because the audience has to spend their valuable time for using media as well (Picard 2002, 102–104).

I would rather argue that people who make payments are customers buying commodities (with use value and exchange value), and people who actually use programming products (only use value) are program consumers i.e. members of audience. There can be a difference between these groups, but customers who give up something for the program may simultaneously fall also into category of consumers (audience) and vice versa (Given 1998, 62; Mosco 1996, 262). On the other hand, it could be argued that if the audience does not pay for the content or the media good with money, and program choices are not at all based on prices, the market for media goods is a market primarily in metaphorical sense (Streeter 1996, 204–205; Smythe 1982, 195–197).35

Anyway, in order to consume, or to gain the use value of the programming they are going to get, people have to spend their time and attention on consumption. The composition of this group of program consumers/time spenders (the actual audience) may or may not be exactly the same as the group who pays money for the program. In the subscription model, only those who pay and have the receiver get the program. In the tax-funding model everyone who has income will pay, but only those who have a receiver or access to one may listen. In the license fee model, only those who have receiver (nowadays usually a TV-set) will pay, and they are also the same people who would be able to receive the programming.36 In the voluntary listener sponsorship model only those who are willing and able to pay may give some money for programming, but all who have receivers will be able to listen.

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35 In the direct advertising supported and commercial sponsorship models, the listeners or program consumers do not make direct monetary payments for programming (but pay the opportunity cost in form of their time). However, they pay money for it indirectly, if they buy those goods or services that are advertised or promoted (Bagdikian 2000, 141–151; Webster, Phalen & Lichty 2000, 165). This is also the case in an exterior business financing model.

36 However, it seems that the license fee is not necessarily conceptualized as a payment for specific programming, but rather as a payment for television programming in general (Mäntymäki 2001, 251–252, 269). This way it can be seen as a payment for access, not for consumption.
In the exterior business financing, direct advertising supported and commercial sponsorship models, the listeners or program consumers do not pay directly for the programming, although they pay for it indirectly if they buy those goods or services which are advertised (first secondary market) (Bagdikian 2000, 141–151). Again, program consumption means spending time on it (second secondary market) and the composition of indirect payers may or may not be exactly the same as program consumers. Usually competition between several substitutable products in the same market is understood to benefit the consumers in form of decreasing prices, but this is not the case here (5 minutes of listening takes still 5 minutes), because the program consumer does not make any direct monetary payments (Sohn et al. 1999, 234–241; McChesney 2001).

From strictly economic perspective, the media goods market is not just a (conceptual) place where radio programming is sold and bought, but it is also a place where consumers are produced. These program consumers, i.e. audiences, are the raw material for the commodity of the audience market (Napoli 2001a, 66). Ratings are used in program planning, they are the measure of program consumption and the productivity of the media goods market, but they are also an essential tool in the production of the audience commodity (Webster, Phalen & Lichty 2000, 38; Meehan 1984, 222).

**Audience as a Commodity.** When the advertisers and commercial sponsors are dealing with radio companies, what is the commodity? At the first sight the answer might be again “programming product” or advertising messages (Ditingo 1995, 31, 45), but the problem is that the advertisers or sponsors do not pay just for programs. Most media economists and other communication scholars have preferred to think that the businesses pay for access to the audience or for the potential attention of consumers (Picard 1989, 18; DeFleur & Ball-Rokeach 1989, 135; OECD 1993, 80; Vogel 1994, 152; Albarran 1996, 62; Sohn et al. 1999, 190–191). This misunderstanding is particularly appropriate for commercial radio operators. It hides the true economic relationship, and allows the industry to prevent or thwart all kinds outside interventions into the market. Many radio professionals like the idea that the businesses are buying “airtime”. Although the trade of radio advertising is allocated by selling timeslots, radio airtime itself is not especially valuable without an audience. Like Smythe (1982) describes, a broadcast station operating in “unpopulated Antarctica” would have lots of time, but nothing to sell without an audience. This means that programs in advertising-supported radio are not end products. When stations are trying

37 According to Streeter (1996, 302), the key dimension of the term consumer is that they are not invited to make decisions directly concerning production.
to reach a certain kind of audience, they are actually trying to create a most
tempting serving dish for advertising. Fulfilling the desires and needs of
the audience is only a tool for satisfying advertisers needs. Programs are a
necessary lure or bait used to produce audiences, which are then sold to the
advertisers. (Smythe 1982, 195–197)

Smythe formally presented his ideas about the audience as the primary
commodity of all mass media for the first time in 1951 (Mosco 1996, 84),
but it was in his article (1977) about “the blindspot of Western Marxism”
where he claimed also that, under monopoly capitalism, media audiences are
actually working\(^{38}\) for the advertisers. It might even be possible that Smythe
created this theory about working audience – following the logic of his own
theory – primarily in order to raise discussion about a perspective which had
been really neglected until then. Either way, he succeeded in setting up a
long-lasting debate about the commodification of media and according to
Meehan (1984) Smythe’s basic theory about audience as a commodity quite
soon became widely accepted by scholars within the materialist paradigm.
(Mosco 1996, 148–150; Meehan 1984, 220–221) Moreover, nowadays some
media economists argue that the advertisers buy audiences (Napoli 2001a;
Picard 2002, 2).\(^{39}\)

\(^{38}\) For me, Smythe’s (1977) grim formulation of audiences who work all their
non-sleeping time represents same kind economic determinism and absolute
criticism for commercialization as the theories of the Frankfurt School, although
their perspective on the production and the role of the audience is different.
For example, while the Frankfurt School argued that the function of the culture
industry was to organize leisure time in the same way as industrialization had
organised work time, Smythe goes a step further when he claims that “leisure
time” actually is work time. Both of these explanations are quite exclusive and
leave very little space for multiple definitions, audience resistance or alternative
interpretations. (Storey 1998, 110; Mosco 1996, 148–149, 167) Some theorists
have tried to expand Smythe’s thesis by suggesting that watching advertisements
is the work and programs are the wage for the audience, while Streeter (1996,
275–298) argues that audience work might be similar to the unpaid work of
homemakers.

\(^{39}\) An Australian economist Parish (1968, 10) agreed with Smythe already in the
late 1960’s. On the other hand, another critical political economist, Garnham
(1990, 29) has rejected this theory and claimed that it is ”extreme reductionist”,
while Canadian Parnis (1994, 111) claims that operators cannot sell audiences
because they do not possess the audiences. In this way she has mixed up two
totally different dimensions of the notion of the audience – as well the commodity
form and actual commodities (Streeter 1996, 290). She argues also that Smythe’s
approach disregards the contradictory nature of audiences and for these reasons
it can produce only a distorted interpretation what an audience is (Parnis 1994,
110–111).
This is actually the case in both the direct advertising supported model and the commercial sponsorship model. In practice, these audiences are not people but an abstract creation, an intangible estimate of prospective audiences in form of ratings – how many different kinds of people will spend time on program consumption in the near future. (Smythe 1982, 195; Napoli 2001a, 67; Picard 2002, 104–108) At the same time, ratings are also used as a measure of the audience product quality and for setting the price of the commodity of the audience market: this is why the most important application of ratings in advertising supported radio is in sales and advertising (Meehan 1984, 222; Webster, Phalen & Lichty 2000, 10–13, 35).

**Ratings as a Commodity.** Meehan (1984) was able to extend the idea of audience as the commodity of media by arguing that, because only ratings are exchanged instead of messages or audiences, these regular reports on the size of the audience, its composition and media usage are actually the primary commodity of the advertising-supported media system (Mosco 1996, 150–151; Meehan 1984, 223). She described how the ratings are needed as an official description of an audience before any selling or buying can take place, and how ratings companies have been able to mediate broadcasters and advertisers contradictory interests and unified needs for measurement of broadcasting productivity and audience quality (Meehan 1984, 222).

Again, a broadcast station without a measured audience may have lots of listeners, but it does not have much to sell. However, for the clients the audience measurement does not have to be very accurate as long it is credible (Streeter 1996, 282, 285) and sometimes media organizations even prefer less accurate systems if these figures are favorable for their business (Napoli 2001a, 72). This interpretation that commercial stations sell audiences to advertisers in form of demographics and numbers, i.e. ratings became well

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40 This approach is supported by the way that commercial broadcasters manipulate the ratings. The dates of each ratings sweep are known in advance, so both the networks and the local stations will adapt their programming and promotion efforts to attract the largest possible audiences in order to produce high ratings. The use of illegal practices to artificially inflate ratings is known as hypoing (Streeter 1996, 280–281; Webster, Phalen & Lichty 2000, 135–137).

41 In 2001, Clear Channel threatened to start its own ratings service or finance a competitor for Arbitron if the ratings service would not change its policies. Finally, the companies found an agreement. Clear Channel is Arbitron’s biggest customer. In 2000, it provided nearly 22% of Arbitron’s revenues. (James 2001)

42 For example, in Minot, N.D., where Clear Channel owns all six commercial stations, the company does not offer ratings information any more. When there is no other provider of radio advertising, there is also no need to spend money on ratings service. (Lee 2003).
accepted and nowadays it seems to be certain kind of truism. A year later Wilson and Gutiérrez (1985) argued that the commodity the media sell to advertisers is “not the amount of space or time for the advertising message, but the size and composition of the audience that will be exposed to the advertising message” without any reference to Meehan.

Later Barnes and Thomson (1994) followed these same lines of thought, also understanding well the instrumental – or as Mosco (1996, 150) says – the “cybernetic” nature of ratings in this commodification process. They argued that it is the measurement of audience behavior, not the change or behavior per se, which actually changes the media. Consequently, unknown, unmeasured, or unreliably measured audiences have little or no (exchange) value for the broadcasters, because it has small (use) value for the advertisers. (Barnes & Thomson 1994, 77–78, 91–92; Napoli 2001a, 71) However, if a broadcaster has a monopoly in a market, audience measurement may become unimportant and ratings may lose their role and value.

Although ratings and revenues are not directly correlated, in most cases a drop in audience ratings provides evidence of decline in revenues and vice versa. In this way ratings provide an index for advertising revenues. (Webster, Phalen & Lichty 2000, 52, 77; Albarran 1996, 27) The sheer size of the audience tends to increase advertising revenues because ratings are used to determine the prices, but other characteristics of the audience matter, because the advertisers are primarily interested in reaching wealthy consumers with potential buying power. (Picard 1989, 62–63, 66–67; McQuail 1992, 153–154; Sohn et al. 1999, 196, 239; Picard 2002, 54–55, 73, 143)

**Ratings Commodity as a Futures Contract.** Even without questioning the scientific nature or general reliability of ratings (Meehan 1984, 218–223; Rothenbuhler 1996, 134–135; Streeter 1996, 279–282; Napoli 2001a, 69; Orlik 2001, 114), a rating for a radio station is basically only a historical record, a statistical estimate of past performance, describing something that has already happened (Webster, Phalen & Lichty 2000, 204). Despite all efforts, all ratings reports offer only a rear-mirror-view for people who are planning to buy radio advertising. It is impossible to buy those past audiences that are described in form of ratings. In this way a radio station with a measured audience is not selling an existing audience, because the numbers describe something that existed in the past. Instead of being real-

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43 See Witherspoon & Kovitz 2000, 53
44 For example, Arbitron, Inc. does at least four separate surveys of radio listening in the US annually, and publishes ratings reports for 3000 of over 12000 radio stations in the US. These stations account for the majority of the radio industry’s revenues, as well as more than two thirds of radio listening (Webster, Phalen & Lichty 2000, 23, 38)
time information or a guarantee of an audience, ratings seem to be more like a promise of something to come.\textsuperscript{45}

In this way buying and selling audiences always anticipates of future events (Picard 1989, 79; Webster, Phalen & Lichty 2000, 16–17,204). As Surmanek (1996) puts it, “buying commercials in programs that will air in the future requires predicting the future”(Surmanek 1996, 22). According to Napoli (2001a, 67) this buying and selling of “predicted audiences”, in which transactions are based on “educated guesses” is fairly unique arrangement. The real ratings for the moment of the broadcast (measured audience) cannot always be predicted, and sometimes broadcasters have to provide compensation if the ratings in the post-buy analysis turn out to be poorer than expected (Napoli 2001a, 67, 72; Webster, Phalen & Lichty 2000, 24; Picard 2002, 60, 108). Another issue is how accurately the measured audience can represent the actual audience (Napoli 2001a, 69).\textsuperscript{46}

Because of this time difference between buying and delivering the audiences the true audience commodity of advertising-supported radio (predicted audience) might actually be very similar by its nature to a futures contract in the stock market. It is an intangible commodity, which is bought and sold for a certain price upon agreement of delivery in a time to come. The desired kind of an audience which advertiser actually buys in advance does not even exist yet in the reality, but on the basis of the past ratings the radio station gives a promise to the advertiser to deliver that kind and size of an audience (measured audience) to be exposed to the advertisers message at a set time with at an agreed price. The price of this future audience delivery is counted using the past rating of the program slot as a multiplier of the basic time unit price, and the placement and length of the advertisement in this temporal medium is then set and allocated using the scale of air time.

This arrangement has certain consequences for program production. To be able to deliver similar kind of audiences in the future as described by the ratings, programming should have certain \textit{consistency} from day to day. If the audience response to a past program has been positive, there is no guarantee that a totally new kind of product would produce similar response. The greater the risk of bad ratings, the greater the chance that programming will be highly predictable and patterned: reflecting or even duplicating

\textsuperscript{45} Smythe (1982, 195) used the term “prospective audience-power” to describe this characteristic of the audience commodity.

\textsuperscript{46} In direct response advertising, instead of ratings, programmers are paid according to the number of consumers who actually purchase the product which was advertised (Napoli 2001a, 71).
already successful material minimizes the risk of failure (Turow 1984, 150–167). Other, more modern methods to decrease this risk are pre-testing of media products with small audiences, as well as the development of new, sophisticated quantitative models of audience behavior (Napoli 2001a, 67–68; Webster, Phalen & Lichty 2000, 167–184).

47 This is why commercial operators usually try to keep a long-standing show or program series alive, as long as it has enough audience to attract advertisers, regardless of the development of the product quality or content substance of the show (Gilbert 2002).
PART II
THE CULTURAL HISTORY OF
THE CONCEPT OF QUALITY IN
COMMERCIAL RADIO

3. FROM LOCALISM AS A VIRTUE TO VIRTUAL LOCALISM: QUALITY IN US COMMERCIAL RADIO

Every new medium of information has made names – and meanwhile, values. New media has meant new values. Since the dawn of history, each medium has tended to undermine an old monopoly, shift the definitions of goodness and greatness, and alter the climate of men’s lives. (Barnouw 1966, 3)

An understanding of contemporary commercial radio in the US, and the ways, in which programming quality is conceptualized inside the industry, would be rather impossible to reach without a proper historical context. This chapter examines how the concept of quality in commercial radio broadcasting has been publicly interpreted in the United States since the medium was introduced in the 1920’s – i.e. what aspects or what kind of commercial radio broadcasting has been said to represent good or bad quality in relation to the contemporary values at a given time. On the whole, the processes where the interpretations of quality have been developed are very large and complex, but this general description concentrates only on the most important developments in the sociopolitical, economic, cultural and professional or production-oriented dimensions of the notion of quality in US commercial radio. The intention of this chapter is to give a broad outline of how the concept of quality has developed in the interaction between public control, as demonstrated by US federal legislation and FCC operations, and private control, as demonstrated by the industry’s codes and standards, ever-changing business and programming strategies, and ever-lasting economic profit motives.

The development of the concept of quality in commercial broadcasting is understood here as an evolutionary process of value transformation (Lowe 1992c, 163–166; Lowe & Alm 1997) which results from the constant dialectic interplay between different social forces, and has elements of both continuity and change. Consequently, the quality conceptions related
to these transforming values are understood here as layers in a cumulative and stratified structure (Alm 1992b, 31–32) of values and respective quality cultures, where new layers may co-exist with earlier ones. For example, policy changes or new technologies as such do not directly produce changes in quality conceptions or in quality culture – that requires always some sort of transformation of values, too. Although new values and new quality ideas never totally replace older ones, a major change in the public interpretation of quality usually reflects some sort of change in the values related to that particular idea of quality, leading ultimately to changes in quality culture.

3.1. Commercial Broadcasting Before Profit: Free Local Talent Wanted

Commercial radio broadcasting in the US has been a branch of an industry from the very beginning. Its roots can be found in the radio and electrical manufacturing industry (Smythe 1960, 569). The Republicans had been the dominant party in the US since the 1890’s, but in the 1920’s they did not just continue the old laissez-faire tradition. Instead, the Republican administration introduced a new kind of close relationship between government and private business. (Divine et al. 1998, 458–460, 464). While the US Congress did not give the Navy or any other federal organization the right to control or own radio broadcasting after the World War I, the US government did the next best thing, using a private corporation as a tool to keep its airwaves in American hands. The creation of the Radio Corporation of America (RCA) combined government interests in national security and communications with the commercial interests of American electrical industry (Barnouw 1966, 59–60; Walker 2001, 28–29; Mosco 1996, 195–197; Streeter 1996, 67–68, 82–83). Cultural or social interests were not the primary reasons for this alliance. Smulyan (1994) argues that both the government and the radio manufacturers first saw broadcasting as an adjunct to the production of radio transmitters and receivers (Smulyan 1994, 35). RCA and several other radio manufacturers started to offer regular radio broadcasts in order to provide a market for the sales of the radio sets. (McChesney 1993, 12–14; Hilliard & Keith 2001, 16–30; Winston 1998, 261) In this way these early broadcasts already had a clear industrial, commercial motive, although broadcasting itself did not produce any kind of revenues directly.

48 Radio technology was first used for commercial purposes in the US in merchant vessel communication before the World War I. (Coase 1959, 1; Lax 1997, 24)

49 For comparison with Canada, see Parnis 1994, 53–54.
In the mid-1920’s, the initial enthusiasm of the first radio broadcasters in the US was beginning to fade away. Big radio manufacturers were able to finance their stations out of radio sales, but still nobody knew how broadcasting could actually be self-sufficient in the long run, and intense debate about different options\(^{50}\) was still going on. In addition to commercially-oriented “good-will” stations, which simply tried to promote some other commercial business with favorable publicity, a significant portion of the stations were operated by various non-profit organizations. At the time only few broadcasters thought that radio would ever become an advertising-driven medium, and commercial advertising in the contemporary sense of the term was almost nonexistent. (Barnouw 1966, 99, 154–156; McChesney 1993, 12–15; Streeter 1996, 86, 102; Walker 2001, 29–30; Smulyan 1994, 66) American Telephone & Telegraph Company’s (AT&T) WEAF in New York had started selling airtime in 1922, but at first it was able to cover less than half of its expenses by “toll-programming” (Barnouw 1966, 106; DeFleur & Ball-Rokeach 1989, 102–105; Jome [1925] 1971, 177–178).

The initial novelty of radio was also wearing off for the listening audience. It was not enough anymore to hear just distant voices over the radio, and the way that most local stations desperately tried to fill their airtime did not satisfy all the listeners, who were becoming more and more demanding. Because only few stations were able to make any payments for the artists and performers they used, most stations used all kinds of free and mostly local amateur talent\(^{51}\). This meant that artists of national or international renown were heard very seldom on the radio. Although the radio industry believed that it should offer only high-quality entertainment, even the big stations had difficulties paying for star performers. For example, in 1924 WEAF in New York attempted to collect money directly from the audience for hiring artists “hopelessly beyond the appeal of gratuitous performances”, but this effort failed to raise enough funds\(^{52}\). (Jome [1925] 1971, 176, 179–180;

\(^{50}\) For example: taxation of receivers, listener contributions and even municipal funding (Jome [1925] 1971,181; Barnouw 1966, 109; Stavitsky 1992, 86–87; McChesney 1993, 16; Smulyan 1994, 65).

\(^{51}\) Also during the very first years of the recording industry, almost anyone was qualified to sing on a record, but soon the producers noticed that they needed well-known performers. (However, Enrico Caruso’s fee for his first recording session in 1902 was considered to be much too high.) (Gronow & Saunio 1998, 13–15) See also Siefert 1994.

\(^{52}\) In the US, fees for the performing artists were generally higher than elsewhere, and famous artists were able to charge the highest fees in the world. (Gronow & Saunio 1998, 16, 40, 63)
Douglas 1999, 72, 78, 87; Walker 2001, 30; DeFleur & Ball-Rockeatch 1989, 104; Smulyan 1994, 38, 67, 94) However, later same year WEAF became so successful that it started to pay for the performers. In 1925 AT&T was already able to gain some profit from “toll-broadcasting” with its chain of 13 stations (Barnouw 1966, 159–160, 176, 185)

Although the financial rationale for US radio broadcasting was not yet profit making through commercial advertising, the level of cultural quality of radio programming was seen as directly connected to the financial capacity and economic performance of a single station. This was a new group of private operators in the already established labor market of entertainment. Individual stations without solid income were not able to hire well-known, well-paid artists, and the only way they were able to provide professionally produced music was to play gramophone records. At the same time, record sales in the US decreased rapidly in the early 1920’s because of the radio craze. As a result, in 1922 the American Society of Composers, Authors and Publishers (ASCAP) demanded stations pay music royalties for each record they played. The following year, the radio industry – caught first by surprise – established its own lobbying group, the National Association of Broadcasters (NAB), to negotiate on behalf of the member stations. (Barnouw 1966, 120–121; Le Duc 1987, 77; McChesney 1993, 108; Hilliard & Keith 2001, 39; Douglas 1999, 86, 227; Smulyan 1994, 40)

Although records were important, most local stations preferred live programming for various reasons. First, the sound quality of early recordings made without microphones was not too good – and the sound quality of gramophone records played with an acoustic gramophone via microphone was especially bad. For this reason, using live musicians only was a matter of prestige for these early stations. (Gronow & Saunio 1998, 37, 67; Smulyan 1994, 95; Douglas 1999, 86) Even when recording and record playing technology developed, regulations still favored live programming, and in this way also wealthier stations, which could afford to pay their performers (Smulyan 1994, 95; Douglas 1999, 78). At the same time, listeners with their own gramophones at home were primarily waiting to hear such performances, which they usually could not hear without purchasing a ticket.

53 Many smaller record labels disappeared, and by 1923 even the second biggest company, Columbia Phonograph Record Company was very close to bankruptcy (Gronow & Saunio 1998, 28–29, 36–38).

54 ASCAP was established in 1914 to protect music publishers and songwriters (who made their living selling records and sheet music) rights. (Segrave 1994, 19; Douglas 1999, 86) See also Vogel 1994, 129.

55 Electric recording systems using microphones came into use in 1924. (Gronow & Saunio 1998, 36–39)
to the theatre, over the air for free (Hilliard & Keith 2001, 29; Douglas 1999, 65, 227). In addition, by the 1930’s some record labels prohibited the broadcast use of their records (Fornatale & Mills 1980, 12), and some well-known US conductors were trying to forbid the broadcast use of all records. It was not until 1940 that the US Supreme Court ruled in favor of the radio stations. Before that, also FCC rules required that every record or an electrical transcription of a program had to be introduced as a recording so that the public would not be deceived into thinking that the performance was live. Clearly, records were not considered as good as live performance in radio. (Barnouw 1968, 217; Smulyan 1994, 123; Gronow & Saunio 1998, 67; Segrave 1994, 70–71; Fornatale & Mills 1980, 13)

Another unwanted characteristic of early radio music programming was repetition. Still in the 1930’s it was widely thought that constant playing on the radio would eventually ruin a song (Segrave 1994, 50–52). Nevertheless, certain songs were performed repeatedly on the radio for at least four different reasons. Small stations with limited resources counted on local talent with limited repertoire, and they had only a small selection of recorded music, which inevitably meant that some performances were heard over the radio more than once during a relatively short period of time. Douglas (1999) describes how live performances on many stations before 1925 deviated only rarely from the genre of “salon” or “potted palm music”, and the same songs were performed “night after night on all kinds of stations” (Douglas 1999, 86–87; Barnouw 1966, 126–127). Finally, on wealthier stations, music publishers paid radio bandleaders for playing certain songs over the air (Segrave 1994, 22–23; Barnouw 1966, 133). The result was that one song could be on air eleven times in one night: no wonder that Jome [1925] (1971) heavily criticized the duplication and repetition of programs, news items and especially music performances in radio broadcasting. He argued that this kind of service duplication was actually producing large amount of waste, which meant a loss for the “community of receivers” (Jome [1925] 1971, 173–174). In this way the conception of the best programming quality in early radio was to offer unique live performances by already well-known artists.

The birth of jazz happened in the US at the same time that radio became popular. Just as happened with rock’n’roll about 30 years later (and rap about 60 years later), radio brought this African American music to rebellious,

56 This requirement was mentioned in the first NAB code of ethics in 1929, too (Kahn 1984, 72). In 1940 the FCC relaxed the rules so that an announcement every half an hour became sufficient and its wording became optional. (Barnouw 1968, 217)
youthful white audiences. Although performers like Louis Armstrong and Bessie Smith were banned on some stations in early 1920’s, only a few years later jazz had become so popular that it eventually “dominated radio, nearly uprooting ‘potted palm music’ and eclipsing classical.” (Barnouw 1966, 128–131; Douglas 1999, 88–99; Jome [1925] 1971, 179; Gronow & Saunio 1998, 27–30)

Despite all the difficulties, the rush to the airwaves was so intense that by 1925 every spot on the available frequency band was occupied. The next year the whole system collapsed. Under a court order, Secretary of Commerce Herbert Hoover had to discontinue all attempts at regulation, and within six months more than 200 new broadcasters drove US radio into chaos.57 Because of this urgent crisis, new broadcasting legislation had to be created very fast. The *Radio Act of 1927* was most of all an emergency law that the Congress hastily put together by using an obsolete bill, drafted five years earlier, when US broadcasting had been dominated by amateurs and receiver manufacturers’ individual stations without advertising. The law, which was passed rather quickly and almost without discussion, was never supposed to be more than a temporary solution. Nobody could know that it would actually provide the basis for all US federal broadcast regulations that followed. (Barnouw 1966, 199; McChesney 1993, 16–18; DeFleur & Ball-Rokeach 1989, 103–104; Le Duc 1987, 9–10; Smythe 1982, 197; Douglas 1999, 63)

Primarily, the new law established the Federal Radio Commission (FRC) to bring order to the air, and instructed the new agency to base its policy for licensing broadcast stations on what would best serve the “public interest, convenience and necessity”. This phrase, which was originally borrowed from an 1887 Illinois railroad58 statute, did not give any specific guidelines on how to evaluate applicants in terms of programming balance or local orientation. However, this indefinite public interest standard for programming performance and quality was probably not the main reason why the FRC was prevented from creating meaningful policy. Rather, the

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57 According to Walker (2001), the whole crisis was intentionally created by Herbert Hoover to serve the needs of established broadcasters. The leaders of the radio industry were willing to give the government some control over program content and industry structure if the state would protect them from competition by restricting entry to the market. (Walker 2001, 32–33) See also Streeter 1996, 95–96.

58 Smulyan (1994, 33) argues that railroads also ”provided a model and a base on which to build the particular form of national radio system that was instituted in the United States”. For more details of the origin of concept “public interest, see Melody [1990] (1997).
Commission’s jurisdiction over broadcasting service was limited. The Radio Act of 1927 did not know such a thing as commercial network radio. The FRC was created to license and regulate only locally operating broadcast stations. Within two years after the law was passed, these stations were in many cases nothing more than outlets for the national networks, which the FRC had no legal right to regulate.59 (McChesney 1993, 17–18; Le Duc 1987, 9–11, 78–79)

Le Duc (1987) thinks that the FRC’s master plan for the reallocation of the airwaves could have created a truly competitive marketplace for diverse national, regional and local broadcasting if only it would have been able “to enforce this licensing assignment plan”, while McChesney (1993) claims that General Order 40 actually created the foundations for the network-dominated, advertising-supported US broadcasting system.60 Either way, they both agree that the final result of General Order 40 was a quick increase in commercial network broadcasting. As Walker (2001) argues, although it is understandable that radio advertising and program sponsoring were developed to pay the bills, the domination of commercial networks was not an inevitable development, but rather a result of certain policy choices. (Le Duc 1987, 43; McChesney 1993, 17–37; 254, Walker 2001, 35)

3.1.1. Summary

1 Although radio broadcasting in the US was driven by commercial motives from the very beginning, radio was not first considered as a medium for commercial advertising, and the stations had various arrangements for covering their expenses.

2 At the same time when most of the early stations were trying to fill their airtime by using free, local amateur talent, some wealthier stations were able to hire expensive star performers to give live concerts on the radio.

3 Live programming was preferred over gramophone records, partly because the sound quality of recordings in radio was poor, but also

59 For discussion about the reasons for this, see Streeter 1996, 101–104.
60 Economist Ronald Coase (1959, 1979) has argued that instead creating the FRC (later the FCC), radio frequencies should have been sold to the highest bidders. It is difficult to say if this kind of an arrangement would have made a significant difference, because the best frequencies were given to the commercial operators anyway, and not to the poorly funded non-commercial operators (McChesney 1993, 26–31). However, in this way the commercial operators did not have to pay for their privileges. More recently, terrestrial radio broadcast licenses have been auctioned, for example in Sweden (Kemppainen 2001, 109–111).
because live performances on radio in general were more appreciated by the record labels, the radio industry and the authorities as well.

4 As a result, the best programming quality in early radio was expressed in unique live performances by already well-known artists.

5 The Radio Act of 1927 represented a new definition of programming quality and station performance by requiring the licensees to serve the “public interest, convenience and necessity”. However, the law was already obsolete when it was passed, because it did not recognize network radio at all.

3.2. Network Radio: Setting National Standards

According to Smulyan (1994), one of the reasons for the rise of national radio service in the US was a certain consensus about the need for national service during the 1920’s.61 The idea of national radio preceded the idea of radio advertising. Intellectuals and futurists envisioned national radio as a means to present important events to the entire nation and build a sense of nationhood, while ordinary people hoped that radio technology would conquer space and national radio would connect them to the world, bringing news and entertainment from far away.62 Although in public the promise of “quality” programming quite early became an important component of establishing a national radio service, the big radio manufacturers most of all saw it as a way to rationalize broadcasting. Actually, commercial radio advertising only became profitable for the broadcasters after they started operate the network system. (Smulyan 1994, 11–36, 38–39, 41, 59, 63, 165; Streeter 1996, 100; Douglas 1999, 73–75)

The pursuit of national service was reflected in the name of the first network. The National Broadcasting Corporation (NBC) was established

61 McChesney (1993, 253) disapproves of the creation of network radio, but does not pay attention to its national character. Commercial network radio was actually the first nationwide media in the US because of the lack of national newspapers. Moreover, one very important reason for establishing the national public broadcasting companies in Europe at the same time was that comprehensive national radio services for national culture and education were considered to be important.

62 Douglas (1999) describes how “in 1925 there were no networks, no nationally broadcast news, no national programs, and only an occasional national sporting event. By 1945 the majority of Americans had imagined, at exactly the same time, the bombing of London, a trip to Jack Benny’s vault, Joe Louis pounding Max Schmeling to the mat, and D day… …Certainly it was this common activity, as well as living through the same times, that created a sense of a national culture.” (Douglas 1999, 218)
in 1926 and the second major network, the Columbia Broadcasting System (CBS) was born a year later. The promise that the brand new NBC gave to the public was “to provide the best program available for broadcasting in the United States”, but at the same time the bottom line of new arrangement was business and profits (Hilliard & Keith 2001, 47–52, 64). Network broadcasting was a cost-efficient system for the distribution of both entertainment with star performers and national advertising. Expensive productions would have been impossible without a large organization and its financial resources. Because the number of stations any organization could own was limited, the necessary large market was created by making private contracts with independent stations, who got the network programs via AT&T’s rented telephone lines. (Smythe 1960, 570; Barnouw 1966, 186–188; Le Duc 1987, 13, 78–79, 167–169; Hilliard 1985a, 13; Smulyan 1994, 63; Ditingo 1995, 91–92; Winston 1998, 262; Hazlett 2001, 50)

The telephone company, the networks and the advertisers all benefited from this arrangement (Douglas 1999, 82). But also for a local station, network affiliation provided a handy way to solve two problems at the same time. Formerly independent stations got attractive, national network programming for free, and they also got their share of the national advertising revenues that the shows generated. On the other hand, also regional and local advertisers were eager to buy airtime when fancy network shows attracted the biggest possible audience. Already in 1929 national networks became the dominant forces in programming, and in 1931 NBC and CBS actually accounted for nearly 70 percent of US broadcasting. (Le Duc 1987, 13, 78–79, 167–169; McChesney 1993, 14, 29; Hilliard 1985a, 13; Witherspoon & Kowitz 2000, 9) At the same time, the US economy collapsed and the Great Depression took over the entire nation. (Divine et al. 1998, 464–465)

CBS got its name originally from Columbia Phonograph Record Company, which entered a short partnership with the new network company in 1920s. The link between radio and records became tighter when RCA, the radio manufacturing company behind NBC, bought Victor, the leading record company in 1929 and formed RCA Victor. In 1938 CBS bought Columbia Records and for decades the two biggest record companies in the US were owned by the two biggest radio networks. RCA sold its record company in 1986 and CBS a year later (Smulyan 1994, 63; Gronow & Saunio 1998, 39, 55, 58, 89–90, 118)

The text of the original announcement is also available in the Internet at: http://earlyradiohistory.us/1926nbct.htm.

AT&T got the exclusive right to interconnect broadcast networks in a secret agreement made with RCA and the other members of the radio patent pool. In exchange, it had to leave the field of broadcasting. (Streeter 1996, 87) However, this arrangement gave AT&T lucrative and steady revenue without any editorial problems (Barnouw 1966, 188).
Douglas (1999, 79) argues that “despite the familiar narrative that radio fans came to favor the networks because their program quality was superior”, many listeners, who were used to listening to all kinds of programs from different local stations, were not happy when network affiliation and centrally produced entertainment from New York replaced “home talents” and variety of local, independent stations. However, after the FRC reallocated frequencies in 1928, it became very difficult for listeners to hear anything other than network affiliates. (Douglas 1999, 75, 79–80, 82; Barnouw 1966, 208) In this way, after years of a miscellaneous variety of low-cost and local programs, a new kind of centrally produced network programming became synonymous with quality programming in US commercial broadcasting.

Sponsored shows were developed before network broadcasting, but the rise of the national networks meant a takeover of this program type and advertiser domination. The first sponsors were mostly mid-sized companies with inexpensive mass products like candy or toothpaste. Larger companies did not start using radio advertising until the early 1930’s. Most of these programs carried the sponsor’s name. Moreover, it was the advertiser, and later the advertising agency, who in most cases actually produced these programs for network distribution. All kinds of commercial music programs, comedies, mysteries and serial dramas – later known as soap operas after the products of the biggest sponsor 66 – filled the airwaves. Only a small number of news and public affairs programs, commentaries and religious programs were broadcast without paid advertising. Two of most popular network comedy serials, “The Rise of The Goldbergs” and “Amos’n’ Andy” made their network debut in 1929.67 As more money came available, more and more star performers, comedians and writers from vaudeville theatres, concert halls and night clubs were willing to perform over radio. At the same time American radio began to create stars of its own. A few years later, radio also began to lure famous performers from abroad and especially from Europe. (Hilliard & Keith 2001, 57–58; Smulyan 1994, 98–124; Hilliard 1985a, 11–

66 According to Deal and Kennedy ([1991] 1997, 277), Procter & Gamble started radio advertising in 1923 and they also invented soap operas.

67 Both of these shows were about ethnic minorities. They later continued in television, and the way they met their end reflected larger developments in the American society. The saga of Jewish Goldbergs was dropped in the McCarthy era after one of the actors was blacklisted. Amos ’n’ Andy was taken off the air because of the rise of black civil rights groups and growing concern over the racist characteristics of the show. (Smulyan 1994, 114–116; Hilliard & Keith 2001, 56–57; Fornatale & Mills 1980, 16; Douglas 1999, 106–110; Barnouw 1968, 269–270, 297) Amos ’n’ Andy had started in 1925 as a local show in Chicago (Barnouw 1966, 208, 224–229).
During the 1930’s and 1940’s the quality standards for all commercial radio programming in the US were in practice set by and via the major radio networks. This happened in at least four different ways. First, the networks themselves created strict rules for the programs they distributed, and these rules were probably more restrictive than any federal office “would have dared to require” (Le Duc 1987, 14). For example, networks tried to restrict vulgarities and ethnic humor in radio shows made by former theatre and vaudeville writers and performers (Smulyan 1994, 120). Their guidelines were designed to reduce violence and promote virtues like clean living, fair play, moral courage and mutual respect. At the same time, programs generally reinforced racism and sexism by presenting only a few minority or female characters, and when they did so, mainly in stereotyped roles (Hilliard & Keith 2001, 76). Networks tried to control the repetition of songs, because the music publishers paid money and delivered different services to radio bandleaders to make them play just certain songs. The idea here was to keep up a certain program quality, because repetition was considered to be harmful to the music and to the program. In the early 1930’s, CBS allowed one song to be played only twice during one evening and NBC wanted all orchestra leaders broadcasting live from outside the studios to submit their set lists in advance so that repetition of music could be prevented (Segrave 1994, 32-33, 50–52). In practice, both NBC and CBS produced all their programs as live broadcasts, and these networks also had strict policies forbidding the use of any recorded elements other than sound effects. The third network, MBS permitted recorded speech, and its was considered to be second rate for this. Instead of recordings in programs like year-end reviews, the older networks used skilled impersonators to imitate the original speakers. (Barnouw 1968, 103; Smulyan 1994, 122–124) In addition, network radio and its advertisers also imposed a standard of radio pronunciation for announcers, though radio comedians were allowed to run wild with non-standard English (Douglas 1999, 101–103).

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68 The Mutual Broadcasting System (MBS) was established in 1934 and the American Broadcasting Company (ABC) started in 1945. (Hilliard 1985a, 15; Hilliard & Keith 2001, 105)

69 This “song plugging” later became known as payola. According to Segrave (1994, 37), in 1930 music publishers spent more money on getting their songs played on the radio than radio paid publishers for the right to use the songs.

70 According to Walker (2001, 45), a strong personality was not considered an asset for a radio announcer.
In the process of program production, the networks also set *production norms* that provided the model for others how a good radio show should be made. Although these production norms were in many cases directly created by advertisers or their agencies, networks had the power to censor any material they found inappropriate (Le Duc 1987, 67; Douglas 1999, 100; Barnouw 1968, 35). In public, the commercial radio networks presented themselves first and foremost as public service corporations – cultural and educational operators – which would sell advertising only to get enough funds for first rate programming71. (Smythe 1960, 570; McChesney 1993, 16, 115; Walker 2001, 35; Smulyan 1994, 140–142) In an interesting twist, commercialization was presented more or less as a precondition of quality programming. As late as 1946 the Manager of the NBC Music Division, Samuel Chotzinoff, admitted that the “sponsored network show is not always beautiful and flawless,” but also assured that “the commercialization of music over the air must never be allowed to affect the dignity of its presentation” (Chotzinoff 1946, 3–17).

In the real world, commercialization dominated radio more and more, and public concern over the nature of programming increased. In order to preempt an FRC intervention, the NAB took a self-regulative approach in 1929 and provided to its member stations the first NAB Code of Ethics and Standards of Commercial Practice. Again, this *written code* was mostly dictated by the big broadcast networks (Kahn 1984, 70–74; McChesney 1993, 115; Le Duc 1987, 66–67). However, these recommendations to avoid broadcasting “fraudulent, deceptive or indecent programs” and to obey the law, were more of a collective defense against government intrusion than a result of restrictive industry standards, because compliance with the code was voluntary72 (Hilliard & Keith 2001, 59). Following the repeal of Prohibition (1920–1933), and the subsequent possibility of liquor advertising, for the first time the networks had to scrutinize their commercial standards. Anyway, the NAB Radio Code was updated regularly until the 1980’s, when it was dropped as the gradual decrease of federal regulations made this shield

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71 For example, RCA’s NBC formed its own symphony orchestra led by Arturo Toscanini in 1936 and claimed that it was done primarily in the name of public interest. Although for the first five years the NBC Symphony Orchestra did not have General Motors as its commercial sponsor, the classical recordings Toscanini made with the NBC Orchestra for RCA Victor were already selling very well. (Chotzinoff 1946, 9; Gronow & Saunio 1998, 87–88)

72 During the World War II the US government in turn “sought a close, cooperative relationship based on voluntary codes of censorship” and the NAB also developed a special code “which included instructions not to broadcast anything ‘which might unduly affect the listener’s peace of mind’” (Douglas 1999, 188–189).
unnecessary (see chapter 3.9.). (Smulyan 1994, 125–126, 131, 141; Kahn 1984, 70–74; Hilliard & Keith 2001, 59)

Finally, network-dominated commercial broadcasting was also able to stabilize its legal status when the temporary Radio Act of 1927 was replaced with the permanent Communications Act of 1934. The Depression had led into a profound shift in American political loyalties after a near landslide victory for the Democrats in 1932, and the new president Franklin D. Roosevelt certainly understood the political power and importance of radio. However, Roosevelt and his New Deal politics were not really about altering the distribution of power and wealth in the nation. (Divine et al. 1998, 464–467, 478) In the debate before the new radio legislation, commercial broadcasters argued that the for-profit, advertising-supported commercial system was inherently democratic, truly American and the best way to provide the public what it wanted. Despite the opposition of the non-commercial broadcast reform movement, the radio industry actually succeeded in maintaining the status quo. (McChesney 1993, 113–115, 188, 239–243; Smulyan 1994, 125–153; Barnouw 1968, 26) The new law created the Federal Communications Commission (FCC) by consolidating the state regulation of radio, telegraph and telephone industries for a single, permanent federal office. Although the FCC can be seen as one of the major New Deal agencies, which reflects the growing importance of radio in the everyday lives of the Americans, otherwise the content of the Communications Act of 1934 was almost word for word the same as in the Radio Act of 1927 (Divine et al. 1998, 476; Le Duc 1987, 9).

It is not a coincidence, that the first commercial ratings service in the US was launched in 1930, at the same time when sponsored network programming gradually became dominant in American radio. The purpose of Archibald Crossley’s Cooperative Analysis of Broadcasting (CAB), and its first competitor after 1934, C.E. Hooper Company (CEH) was not primarily to find out what kind of programming the public might need or want. The main reason for this curiosity about program consumption and for the invention of the concept of audience was economic. Both the broadcasters and the advertisers needed ratings – acceptable listener estimates – in order

73 This argument about the patriotic nature of the corporate interests and “the American system of broadcasting” as the only possible solution for the US has been used ever since (for example Chotzinoff 1946, 3, 11; Duncan 1985, 145–150). See also Smulyan 1994, 81, 141, 165; Barnouw 1970, 335.

74 For a short history of first broadcasting audience measurement techniques, see Webster Phalen & Lichty 2000, 81–83. It is also worth mentioning that in the English language the word rating has several meanings: it can be understood as assessment, but it is also a synonym to word pricing.
to determine the value and the price of broadcast time. Meehan (1984, 211–222) argues that ratings were originally developed to measure the productivity of broadcasting and the quality of the audience (large or small). In fact, the service was originally paid for by the advertisers and soon also by advertising agents. The networks had access to the reports from the start, but it was not until 1937 that they were allowed to become direct subscribers. Quite soon, ratings were seen as a direct measure of program success and popularity, even in the popular press. In this way they offered a new basis for definitions of quality in commercial radio. (Meehan 1983, 3, 23, 209; Meehan 1984, 211–222; Douglas 1999, 124–125, 136–137; Webster, Phalen & Lichty 2000, 83–86)

In the 1930’s “American market research was based mainly on rather simple nose-counting”, as Paul Lazarsfeld later recalled (Douglas 1999, 130). Before 1935 it was not possible for the advertisers and broadcasters to even evaluate the detailed composition of audiences (Herbst & Beniger 1994, 105), and even after that the ratings did not provide any information about why people tuned their radio to a particular program. Lazarsfeld became a one of the key figures in founding both modern market research and academic communication research in America, as well as connecting these two together. In 1940, Lazarsfeld and his staff at the Office of Radio Research (ORR) published *Radio and the Printed Page*, which was the first attempt to develop more sophisticated methods for radio audience research, and find out why people choose one radio show and not another. Lazarsfeld’s colleague and wife Herta Herzog found out that people from lower cultural levels did listen to shows they considered educational, but they claimed that they learned the most from sponsored shows and not from programs which were put on air by the educators. Interviewees said that they used even soap operas for guidance in their own lives. (Delia 1987, 50–71; Douglas 1999, 130–147; Barnouw 1968, 19–22; Pietilä 1997, 195–196)

News broadcasts in network radio began in the early 1930’s, and despite some early difficulties with the newspapers, at the end of the decade news broadcasts were the listeners’ third favorite type of program. In 1939, altogether 61,5 percent of Americans listened regularly to radio news. During the war the amount of radio news increased so much that by 1944

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75 ORR was actually funded by the Rockefeller Foundation, which was of the opinion that there was certainly room for improvement in radio programming (Pietilä 1997, 167). One of the researchers of the ORR was Theodor Adorno, another political refugee from Europe like Lazarsfeld himself. Perhaps of his most famous – or notorious – essay, *On Popular Music*, rejecting jazz music, was published by the ORR in 1941 (Douglas 1999, 130–131, 153–154; Pietilä 1997, 168–169).
news specials and newscasts constituted almost 20 percent of network programming. In 1943, news programs were second only to dramatic shows in drawing advertising. Actually, it was just before and during the World War II, when modern radio broadcast news journalism was invented. The notion and ideal of journalistic objectivity in broadcast news was created in network radio under severe economic and political pressures in a process that began before the US entered the war. At that time, taking sides in favor of Britain or in opposition to Nazi-Germany would have been interpreted as an expression of support for joining the war. According to Douglas (1999, 198) "objectivity, as it evolved on radio news, was embodied in stories that did not routinely displease the White House and those that did not routinely displease corporate sponsors… For the networks, the ideal of objectivity sounded worthy enough, but it was a very effective tool for disciplining uppity newscasters, keeping further regulation at bay, and keeping the sponsors happy". (Douglas 1999, 167–175, 182–189, 196–198)

When the US joined World War II, amateur radio stations were silenced and a number of government radio activities were simultaneously put in action. One of these activities was radio censorship, which was voluntary. It was possible to submit radio scripts for review, but it was not required. On the other hand, the officials also suggested that the stations should not deliver any weather news. As Barnouw (1968) put it, the official policy was to let domestic broadcasting continue “with minimum disruption”. (Barnouw 1968, 155–156; Douglas 1999, 188–189)

In this way, the definitions of quality in US commercial radio from late 1920’s to early 1950’s were essentially shaped by at least three different factors together. First, there were the rules and the program norms of the networks. However, these were both fundamentally set to satisfy sponsors and advertisers, who measured the performance of networks with the still developing ratings system. Second, there was the industry code dictated by the networks and finally, an out-of-date federal legislation, which was open to interpretation.

3.2.1. Summary

1  The creation of commercial network radio combined the social need for national radio service with the needs of the radio industry to rationalize program production, delivery and advertising in a profitable way.

2  To the public, network radio was marketed with promises of better quality programming.
Although all listeners were not happy with the new centrally produced programming and expensive star talents from New York, they became standards of quality in US commercial radio.

The networks had their own strict rules (for example) for controlling vulgarities, pronunciation, repetition of songs and use of recorded elements. In practice, they also set norms for radio production and had the power to censor material when necessary.

In addition, the big networks also dictated a written code of acceptable practices for the radio industry. Their dominant position was further consolidated when the Communication Act of 1934 was passed.

A new and increasingly important measure of quality in radio was based on program consumption – i.e. ratings were also employed in the 1930’s.

Although the US government launched a number of radio projects during World War II, network-dominated domestic broadcasting was able to continue with only minor changes. Even censorship was voluntary.

3.3. Commercial Radio and the Public Interest: The Blue Book

From its inception, the FRC tried to give a concrete meaning to the vague phrase “public interest” by formulating standards for granting and renewing broadcast licenses. In 1929 it issued the first real definition of federal broadcasting policy, where its standard of a balanced program service was formulated. It listed ten different general programming types that broadcasters were expected to provide in order to meet FRC expectations for public interest, convenience and necessity. Although these programming types were not listed in order of preference, it should be noted that entertainment was first on the list. It was seen as an essential part of public service in the US federal policy, a requirement that probably was not too hard for the stations to fulfill. (Le Duc 1987, 57; Kahn 1984, 151; FCC [1946] 1974, 10)

During its first decade, the successor of the FRC, the new FCC attempted to reduce network domination and promote local programming by limiting the number of hours per day that each station could offer to its network, but “chain regulation” produced only minor results76. In theory, the FCC

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76 Maybe the greatest victory for the FCC was the court order in 1943 which forced NBC to sell one of its two national networks, Red and Blue. This former Blue network later became the American Broadcast Company (ABC), one of the big three. (McChesney 1993, 249; Hilliard & Keith 2001, 100; Hilliard 1985a,
could have ended the practice of networking by not renewing the licenses of affiliate stations, but in practice this would have been economically disastrous for the industry, and it would have endangered the national radio services. According to Le Duc (1987), it is quite possible that the very concentration of control by the three major networks that the FCC tried to prevent, actually gave the FCC more indirect influence on the general quality of program content than the office would have had directly under the constraints of the First Amendment. (Kahn 1984, 148; Le Duc 1987, 13–14, 58, 79)

This view seems to be accurate. In 1946, following investigations, the Commission tried to do something directly about programming issuing a report called Public Service Responsibility of Broadcast Licensees. The NAB straight away claimed that the regulations of this so-called “Blue Book” (according to the color of the covers of the book) were unconstitutional and violated the broadcasters’ First Amendment rights. The Blue Book was created to respond to the immediate circumstances its own time, but it was also the most comprehensive official definition of public service in commercial broadcasting in the US to date. Kahn (1984) argues that the Blue Book was seen as such a serious threat to the profitability of the broadcasting industry, that the FCC never dared to really enforce it, but it did not officially cancel it either. Some of its propositions were put into use, like the composite week report for evaluation of public interest programming. While the Blue Book was ineffective from the short-term perspective, but it still provided a theoretical basis for FCC policies for the next 35 years. (Hilliard & Keith 2001, 106–107; Berkman 2001; Fornatale & Mills 1980, 152; Kahn 1984, 148–149, 161–162; Le Duc 1987, 48, 58; FCC [1946] 1974; Barnouw 1968, 227–236)

13). In 1940, newspapers owned or controlled more than one third of all radio stations and in nearly a hundred towns the only station was owned by the town’s only newspaper. Douglas (1999) argues that the FCC’s chain broadcasting investigations were not only an attempt to bust monopolies, but also part of president Franklin D. Roosevelt’s attempt to fortify his political position against newspapers. (Douglas 1999, 181, 187, 223–224; Barnouw 1968, 168–174)

77 In 1943, the Supreme Court had affirmed the FCC’s obligation to examine program quality as well (Aufderheide 1999, 19).

78 According to Kahn (1984) the three people who were mainly responsible for the Blue Book were FCC Commissioner Clifford J. Durr, FCC staff member Edward Brecher and consultant Charles Siepmann, a naturalized American citizen and a former executive of the British Broadcasting Corporation (BBC) (Kahn 1984, 149; Berkman 2001). Kahn (1984) does not mention at all that Dallas W. Smythe was responsible for the economic analysis provided in the Blue Book. A Canadian, Smythe was the first chief economist at the FCC from 1943 to 1948. (Mosco 1996, 77, 83–84)
The Blue Book is both a description of the state of US radio industry and a manifesto of the FCC policy. In the conclusion of the report, the Commission asserts that it can only evaluate program service within its public interest determinations. Other improvements must be made by other forces. Beyond the FCC, the industry as a whole, individual licensees, professional radio critics and radio listener councils, as well as colleges and universities were seen as the primary actors for “improved broadcasting quality”. For its part, the Commission intended to give special attention to the four sectors of program service that its investigations had found relevant for public service: non-commercial, sustained programs; local live programming; public issue programming and the elimination of advertising excess. (Kahn 1984, 149–154; FCC [1946] 1974, 54–55) What is especially interesting is that these standards were partly derived from the statements of the industry leaders like NBC president Niles Trammell and CBS president William Paley (Barnouw 1968, 231) – and on the other hand that all of these deficiencies described in the report are more or less direct results of rather ruthless profit maximization.

3.3.1. Sustained Programming

The Blue Book presented five different reasons why unsponsored programming was important. It was a way to balance the programming, provide programs that could not get commercial sponsorship and serve the minorities and non-profit organizations. In addition, it provided a field for experimentation with new kinds of programs. As an example of programming imbalance caused by advertising, the report describes how in January 1940, almost 93 percent of daytime sponsored programs on the four networks were soap operas.\(^{79}\) According to the report, the first reason for this was that five 15-minute episodes of a sponsored soap opera were cheaper to produce than a one-minute transcribed (recorded) spot announcement. The report also suggested that advertisers and advertising agencies were not merely interested in the size of the audience they may reach, but also in reaching the people who would identify and use their products. According to the head of a large advertising agency, “the best radio program is the one that sells the most goods, not necessarily the one that holds the highest Hooper or Crossley rating” (FCC [1946] 1974, 14). The FCC suggested a ratio of 80 percent commercial and 20 percent sustained time (Hilliard 1985a, 15), but it did not define any particular programs that should remain free of sponsorship.

\(^{79}\) In 1944, drama comprised more than a fourth of NBC and CBS weekly hours. One third of network programming was music and 75 percent of that was pop music. (Hilliard & Keith 2001, 102)
and left the decision to the industry itself. Similarly, it spoke for serving the minority tastes and interests, but it did not list by name any particular American minority that should be served. (FCC [1946] 1974, 12–17)

In order to justify the need for unsponsored programming, the report also described how sponsors set programming standards for the shows they sponsored. Radio advertising in the US was almost as concentrated as radio broadcasting, and this concentration of power had both direct and indirect effects. In 1944, the four biggest advertisers generated about one quarter of the business for each of three networks – CBS, ABC and MBS – and about one third of this business was handled by four advertising agencies. In the same year, one of the largest sponsors in American radio at that time, Procter & Gamble spent $22 million on radio advertising and sponsored programming. For the purpose of selling soap, P&G produced its own shows for network distribution through its own advertising agencies, and controlled these shows following a policy “never to offend a single listener”. (FCC [1946] 1974, 12–18)

This example reveals how network program standards were either created directly by major advertisers, or the standards were established to serve the needs of advertisers, rather than manifest the network’s own cultural or educational programming objectives. On the other hand, it also reflected the almost identical social and economic objectives of both the advertisers and the broadcasters, which aimed primarily to maintain the status quo and keep business going.

3.3.2. Local Live Programs and Discussion of Public Issues

Although the FCC found merit to the network programming, it was worried about the network domination over broadcasting time. In January 1945, almost half of the time on standard broadcast stations was network programming, and only about one fifth was devoted to local programs. 

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80 This analysis is most likely written by Dallas W. Smythe. His later academic work was strongly influenced by the lessons he learned at the FCC. (Smythe 1960, 570; Mosco 1996, 84)

81 Comparable data for NBC were not available. (FCC [1946] 1974, 18)

82 The development of corporate values at Procter & Gamble is described in more detail in Deal and Kennedy [1991] (1997). P & G maintained this policy 20 years later as the largest advertiser on US television (Bagdikian 2000, 156–157). In 1998, this company was the largest advertiser in the world with an expenditure of $ 4.8 billion. (Picard 2002, 66).

83 Charles Stepman described this situation in more detail in his book Radio’s Second Chance (1946). For example, the only station in the small town of Hibbing, Minnesota broadcast no local music or programs about local issues at
This dependence on network programming was reflected in the size and composition of station’s staff, and the Commission suggested that only few local stations were adequately staffed to meet their responsibilities for serving the community. The FCC also tried to show that, instead of being only a prerequisite for licensing, local programs could be a good business policy. The report explained how one station offered primarily “good entertainment” trying to compete with stations outside the community, without any effort to establish their station as a local institution. According to the report, this station was unprofitable until the new management reversed the policy and got the station involved in the life of its community. (FCC [1946] 1974, 36–39)

The FCC described American broadcasting in the *Blue Book* as “an instrument of democracy”, and it also noted that (commercial) broadcasters may be tempted to avoid all discussion of controversial issues, concentrating instead on harmless entertainment, thwarting the role of communication in a democracy.84 For example in 1941, when each of the three networks produced debates on the Lend-Lease Act, only a fraction of the affiliate stations actually carried those programs.85 Still, the Commission was very careful not to give any specific instructions how this instrument should be used to promote democracy. Rather, it listed nineteen questions related to problems that broadcasters should consider when they were going to broadcast discussions of public issues. Finding way to implement this democratic process was left totally to the broadcasters, and the Commission declared that it would never give any categorical answers to the questions it had raised. (FCC [1946] 1974, 39–40)

3.3.3. Advertising Excess and Economic Aspects

While advertising was seen as an indispensable part of radio broadcasting, the Commission was concerned about the sheer amount of advertising on radio, as well as the length and placement of commercials in the programming. The *Blue Book* asserted that limitations on the amount and character were one element of the public interest, because broadcasting should not “be run solely in the interest of advertisers rather than that of listeners”. According to the all. The total share of local live programs was only 2.3 percent of the weekly schedule. (Siepmann 1946, 19–34; Walker 2001, 43–44)

84 Cf. Siepmann 1946, 186–187; also cited in Barnouw 1968, 219
85 Siepmann used also this example in his own book (Siepmann 1946, 123–124; Walker 2001, 44). One should remember that the Lend-Lease Act with Britain was not only politically important, but a very controversial issue at that time as well. I assume that those stations, which really wanted to play it safe did not carry these programs. (Douglas 1999, 175–176, 182–187)
report, stations should pay attention to how frequent program interruptions and long commercials may result in listeners tuning out, and moreover, how excessive spot advertising may also destroy advertiser confidence in broadcasting. The report stated that some advertisers had cancelled their use of radio because they believed that programs were too crowded with commercials. Similarly, some advertisers felt that too many radio spots were bought by firms who sold cheap, inferior or dubious goods or services, and they did not want to be associated on the air with such firms. The Commission wanted to prove that the industry needed to set better standards for advertising practices, or their way of doing business might prove to be harmful for themselves. (FCC [1946] 1974, 40–47)

Although the *Blue Book* contains numerous examples of how it was difficult and even contradictory to combine the public interest – as it was defined in the report – with the profit maximization of advertisers and broadcasters, the Commission seemed to be quite confident that a steady flow of advertising income would finally result in better overall program quality:

The problem of program service is intimately related to economic factors. A prosperous broadcasting industry is obviously in a position to render a better program service to the public than an industry, which must pinch and scrape to make the ends meet. Since the revenues of American broadcasting come primarily from advertisers, the terms and conditions of program service must not be such as to block the flow of advertising revenues into broadcasting. (FCC [1946] 1974, 47)

This suggested relationship between economics and program service was not actually so simple that more income would automatically mean better programming. The profits of the US broadcast industry increased from $23 million in 1937 to $90 million in 1944. Yet the FCC was now in 1946 more concerned about the quality of program service than ever before. The Commission tried to explain this paradox by pointing out that although the radio industry had more than doubled its broadcast expenses between 1937 ($92 million) and 1944 ($185 million), the percentage share of investment for program production in relation to income was actually lower than before. 86 (FCC [1946] 1974, 47–49)

Basically the Commission and the *Blue Book* supported an old idea from economics: overall quality of program service improves when more money is spent on production. 87 When this basic argument started to lose ground

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86 Also this analysis was most likely made by Dallas W. Smythe, the chief economist of the FCC, although it is not mentioned in the *Blue Book*.

87 In other words this would mean that bigger exchange values in production would directly transform into bigger and better use values in radio programming. (Mosco 1996, 185)
in the light of statistical evidence, it was backed up with another argument about relative spending. This meant that the quality of programming service had not improved, although more money was being spent, because the increase in spending was not big enough. At the same time, the Blue Book did not at all question how these increasing expenditures for production were actually spent, although it showed how relative spending for technical, sales and program expenses had developed. (FCC [1946] 1974, 47–50)

3.3.4. Summary

1 The Blue Book was a serious FCC effort to describe the state of the US radio industry and define public service in commercial radio broadcasting. Although it was never really enforced, it provided a basis for the FCC policy until to the early 1980’s.

2 Non-commercial, sustained programs were seen as important by the FCC for balancing programming and providing programs that simply could not get any sponsors. They were also a way to serve minorities, non-profit organizations and to do program experiments.

3 Local and live programming was seen as necessary by the FCC for serving the community, where the local station was licensed to broadcast, but it was also presented as a reasonable business strategy.

4 Although public issue programming was considered important for the democratic process, the FCC carefully avoided giving any instructions about how the broadcasters should support this process.

5 On the one hand, the FCC claimed that an excessive amount of advertising in radio might finally hurt the industry, but on the other hand it also believed that a more profitable industry would be able to produce better programs, provided that enough money would be spent on production.

3.4. Life After Death: The Rise of Format Radio

As the Blue Book proved, US commercial radio was a highly profitable business during its “Golden Age”, and the industry could have invested more on program development. But that never happened, because the money was desperately needed elsewhere. In addition to keeping the stockholders happy, the networks prepared to use radio’s profits to finance the new television industry.\textsuperscript{88} The rapid rise of the new visual medium did not change network

\textsuperscript{88} Only three months after the Blue Book, NBC’s research department estimated that its television operations would result in an $8 million loss during next four years,
programming overnight. But when, one after another, the most popular network radio shows moved to television, and the audiences and revenues declined, the networks had to fill the holes with less expensive programming, like recorded music and quiz shows. Soon they also began to lose their talent and personnel to television. The downfall of network radio was gradual but inevitable. After the biggest shows were transferred to television, network programming was reduced to news, special event programming and a few variety shows. (Barnouw 1968, 287–288; Fornatale & Mills 1980, 3–6; Winston 1998, 264; Douglas 1999, 220; Hilliard & Keith 2001, 122; Walker 2001, 52; Ditingo 1995, 92)

While big network companies concentrated on nurturing their growing television industry, their local affiliate stations were in trouble not only from television, but also from numerous new, small independent AM stations. Just after the World War II, the FCC increased the number of AM license holders from less than one thousand to almost three thousand (3000) in order to increase competition and improve local radio service, hoping that the new broadcasters would serve their local communities better. This resulted in a decline in advertising revenues per station, and finally in the breakdown of network domination. Those independent stations developed a new model for programming, although their model was not exactly like what the FCC had hoped. Responding to these new ideas and declining network service, many broadcasters dropped their network affiliations and followed their example. (Fornatale & Mills 1980, 7–8, 32–33; Le Duc 1987, 44; Garay 1992, 64–65; Hilliard 1985a, 13; Douglas 1999, 220, 223.)

The independent local stations could not afford to compete by following the former logic of improving program quality by spending more money on production. To try to survive, they had to do just the opposite (Douglas 1999, 225). In many ways, this new strategy contained ideas, which had previously been consciously rejected or neglected. On the other hand, it took advantage of several new technological, social and cultural inventions. First of all, the new strategy relied on specialization – made possible by developments in

and suggested that radio profits should be used to cover these development costs. (Fornatale & Mills 1980, 3)

89 The last soap operas left radio in 1960 and three years later CBS ended its Philharmonic live radio concerts after 33 years. (Hilliard & Keith 2001, 168; Hilliard 1985, 26)

90 The number of AM stations tripled from 948 in 1946 to 2824 in 1954 – and more than doubled from 1621 in 1948 to 3458 in 1960. The number of both AM and FM stations increased from just over thousand in 1946 to over three thousand in 1952. (Douglas 1999, 220, 223; Garay 1992, 65)
audience research\(^91\) – and localization\(^92\). Because television, like network radio before it, did not offer anything specifically for the black population, African-Americans were the first new, specifically identified audience. After the success of urban “Negro radio” stations, local stations started looking for other special interest groups which had been neglected in programming. (Barnouw 1968, 289; Fornatale & Mills 1980, 12–17, 61; Smulyan 1994, 159; Walker 2001, 53–55; Hilliard & Keith 2001, 141–142)

In addition, the local stations noticed that radio was able to do other things that television did not or could not do (MacFarland 1997, 63–64). Thanks to new, small, cheap, portable and mobile transistor receivers, radio could offer music, local news and sports in places or situations where it was impossible to watch television (Hilliard 1985, 181–182; Smulyan 1994, 160; Douglas 1999, 225). Local stations were also able to adapt to local preferences and satisfy the need for local information better than network affiliates or television (Garay 1992, 67). Local advertisers noticed this too, because between 1946 and 1958 advertising in (local) radio by local businesses increased 300 percent (Douglas 1999, 225).

This was the basis for the development of format radio. In addition, it resulted from at least five other processes. First, new inventions in record technology had improved the capacity, sound quality and usability of records. At the same time, the consumer price for records went down (Le Duc 1987, 119; Hilliard & Keith 2001, 118–119; Gronow & Saunio 1998, 97–99). New low-cost technology also made it possible for hundreds of small new independent record companies to spring up and publish even very specialized genres of music (Le Duc 1987, 113; Vogel 1994, 129–130; Gronow & Saunio 1998, 99–101). The DJ was not a new invention\(^93\), but unlike earlier times, a local disc jockey playing records on the radio now sounded good. It was also an inexpensive form of programming. Third, the

\(^91\) Local radio ratings were now made available, for example by Paul Roslow’s company Pulse, using the so-called roster-recall method. In mid-1950’s also A.C. Nielsen launched new services to provide local radio ratings (Webster, Phalen & Lichty 2000, 87–90).

\(^92\) The FCC report “An Economic Study of Standard Broadcasting” had already suggested in 1947 that “a small segment of the listening audience carefully selected as a minority group, may, if it is loyally attached to the station, give it a unique fascination for advertisers.” (Fornatale & Mills 1980, 15).

\(^93\) One of the most famous of the early disc jockeys, Martin Block, started his recorded music show “Make Believe Ballroom” at independent WNEW in New York already in 1935. In 1947, 90 percent of US radio stations had disc jockey shows for an average of 2 hours and 12 minutes per day. (Segrave 1994, 71–74; Carroll & Davis 1993, 193; Hilliard 1985, 186–187) See also Barnouw 1970, 66–67.
stations that were looking for another neglected audience found teenagers, and understood how popular hit parade shows could be utilized to reach young people. The fourth component came in the form of a new kind of music, rock and roll, a counter-cultural invention with black roots, which in every way represented an alternative interpretation of quality, and became enormously popular among teenagers. These factors together meant that by the late 1950’s teenagers bought more records than adults, creating a rapidly growing market for the record industry. Record sales in the US nearly tripled from $213 million in 1954 to $613 million in 1959 (Segrave 1994, 71; Douglas 1999, 227; Fornatale & Mills 1980, 44). The fifth component was the invention of so called format radio method\(^\text{94}\), which aimed to create consistency of content and station recognition, creating certain new rules and breaking some of the old ones, such as intentionally repeating pre-selected program items. In the first stage, these items were the top 40 hit records. (Fornatale & Mills 1980, 14–15, 26–27, 41–45; Smulyan 1994, 159; Hilliard & Keith 2001, 152; Walker 2001, 57; Douglas 1999, 227–228; Segrave 1994, 36)

In this way format radio can be understood as a socially constituted new technology, created as a tool for solving certain problems, and as a means to achieve practical objectives (Sohn et al. 1999, 115; Moran 1998, 173–174). However, it should be noted that early Top 40 radio was not only about rock and roll and teenage audiences. First of all, the record charts were not totally filled with rock and roll artists, and teenagers were not an available listening audience for most of the day, unlike housewives (McCourt & Rothenbuhler 2003, 7–8). Many broadcasters thought that Top 40 pioneers Todd Storz and Gordon McLendon\(^\text{95}\), who took a risk by trying new methods, were rebels in the industry, or that their ideas were illogical (Garay 1992,

\(^{94}\) According to a trade legend, this happened in an Omaha bar in the early 1950’s when KOWH owner Todd Storz and programmer Bill Stewart noticed how the patrons and a waitresses played the same songs on the jukebox over and over again, but Storz had most likely noticed the jukebox phenomenon already during the 1940’s. In any case, in 1953 KOWH rose from last place to first among six rated Omaha stations (Walker 2001, 56–67; Fornatale & Mills 1980, 27; Garay 1992, 67; Segrave 1994, 92–93; MacFarland 1997, 66–65, 91–92; Douglas 1999, 247) The legend of the revelation in the bar has been challenged earlier (MacFarland 1996, 37–38) but McCourt & Rothenbuhler (2003, 5–7) have been able to gather some evidence that this invention was a gradual process, based on both audience and programming research.

\(^{95}\) Although Storz was the original inventor of the Top 40 format, McLendon was perhaps the most innovative developer of the new concept. (Fornatale & Mills 1980, 27–28; Garay 1992, 69) McLendon also influenced the development of Finnish radio via his involvement in Radio Nord. (Kemppainen 2001, 81–85; Garay 1992, 103–104; Walker 2001, 175) See also chapter 3.4.
In fact, the new production methods, programming content and most ideas in format radio were in conflict with former definitions of quality in radio.

First of all, instead of centrally produced national network programming sponsored by national advertisers, this new kind of programming was locally produced and locally sponsored. Nationally famous radio stars and unique live performances were replaced with local disc jockeys, who repeatedly played a limited selection of recorded music. Unlike the earlier speech standards of network radio announcers, the style of the DJ talk was personal and “high-voltage” (Douglas 1999, 230–234) and the rock music they played was not accepted by everyone. Previous attempts to please all segments of the public – or at least not to offend the majority – were replaced with attempts to please only one segment. Because the method of selecting songs for the Top 40 (especially in its mature form) was based primarily on record sales, it tended to neglect all other ideas for defining quality or popularity, other than the already proven market success of the song. If the song was selling, it was certainly worth playing.96

When it was no longer possible to reach all audience segments with same programming, stations started to try to reach the same audience segment with all their programming. Radio had lost both its big national audiences and its big national advertisers to television, and the nature of commercial radio changed from a national mass advertising media to a locally segmented advertising media. Eventually the big national advertisers came back. Radio was a cheaper medium than television, and thanks to specialization, radio advertising made it possible to target to certain audiences both geographically and demographically (Fornatale & Mills 1980, 22–23). Advertisers’ needs and expectations were no longer universal and uniform, but more specific in each genre and target group.

While format radio offered new, alternative definitions of quality for almost all components of commercial radio, the idea of program and production quality in format radio itself was not particularly broad, free and artistic: rather it was narrow, formulaic and industrial. On the one hand, having these co-existing and competing norms represented more diversity, but on the other hand some of the new standards were even more limited and restricted than the national network programming standards they replaced (Walker 2001, 57).

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96 In the 1950’s about 5000 singles were issued in the US each year, but only a few became hits. According to one estimate, 60 percent of all record sides released were never played by anyone (Gronow & Saunio 1998, 105; Segrave 1994, 89). According to Turow (1984, 165–166) format radio is actually looking for formularized singles.
Stations no longer left things to chance, nor to the disc jockey’s whims. They developed rules that would give each station a definable personality to its listeners. These rules might include: playing X number of songs an hour, identifying X number of times by its call letters, and specifying where to do the commercials. (Fornatale & Mills 1980, 13)

The key to the format, noted Philip K. Eberly was a basic management understanding of the importance of nuances – nuances of timing, of sound reproduction, of listener empathy. Nothing was left to chance. Top 40 Radio was quality-controlled all the way. (Garay 1992, 68)

This is not to say that block formatted network radio programming would have been a more free or less industrial form of production. Every block formatted broadcast day lacked internal consistency, as different kinds of shows and programs for different audience segments were broadcast one after another. But for obvious economic reasons, radio programmers counted on continuity in programming and offered the same popular shows year after year. Format radio did not change this longevity rule, because it also counted on continuity from day to day, but specialization on certain audience segments demanded a new interpretation with an emphasis on internal consistency or compatibility of programming in a broadcast day. (Lowe 1992a, 128–131; Lowe 1992b, 200; Ala-Fossi 1995, 12–13; Turow 1984, 150–154)

Format radio was certainly a paradigm shift, but not a real revolution. The economic motive of operations for profit remained totally unchanged, and it should be noted how economic factors guided the development of new programming. Just as happened at the end of 1920’s, when the stations tried to find the most cost-effective way to produce and deliver attractive programming and ended up as affiliates of national networks, local format radio stations tried to find the most cost-effective way to operate. The market, technology and other factors of production were different so the result was different, but the basic intention was the same. Although the new music-based format radio stations operated locally, they were not created simply to promote local culture, provide diversity for its own sake, or satisfy the needs of listeners. Their primary purpose was to deliver defined and measured audiences to the advertisers. (Fornatale & Mills 1980, 15, 45, 61; Le Duc 1987, 44; McChesney 1993, 259)

Advertisers were at first suspicious of stations that played rock and roll, and many did not want their products to be associated with this race

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97 By the end of 1940’s at least twelve network shows had been on air more than 20 years, and 108 shows had been on for more than 10 years. (Fornatale & Mills 1980, 4)
music. But finally they could not ignore the large audiences these stations delivered (Douglas 1999, 228; Fornatale & Mills 1980, 44, 56–57). In this way, advertisers who targeted certain segments gave up the former mass-marketing practice of making sure that programming which carried their message also represented their own values and ideas of quality (or at least did not offend the majority of consumers). In fact, they no longer tried to define or predict very much, but let the market do the evaluation and shape the definitions. Because the stations primarily picked and played records that were already economically successful, in practice the definition of good music was constantly redefined by the marketplace.

All the music was now recorded, and even the disc jockey was not always live anymore. The practice of non-live, tape-recorded shows started in the US just after the World War II, when Bing Crosby refused to make a live repeat of his popular show for the West Coast. NBC did not allow Crosby to record the show on disk for quality reasons, but ABC was willing to take the risk. The disk recordings were far from perfect and the show’s ratings were falling. However, in the autumn of 1947, Crosby was able to start recording and editing his show on tape, using an invention originally made in Nazi-Germany. Because of better sound quality and all the possibilities that the new device offered, radio stations soon adopted the tape recorder.98 For example, famous DJ Alan Freed regularly made recorded shows already in 1953. (Winston 1998, 266–267; Gronow & Saunio 1998, 96–97; Douglas 1999, 230–231; Barnouw 1968, 245)

There is a certain difference between a straight, open rerun of an earlier show, or recording a show in advance for later use, and intentionally creating a recorded program in such a manner that it will be interpreted by the audience as a live program. However, in the early 1950’s some US stations offered radio programming which was certainly live but not “real” at all. Instead, reality was imitated. For example, one of the format radio pioneers, Gordon McLendon became famous for his sports broadcasts, where he re-created sports events with sound effects in real time, without actually seeing the game (Garay 1992, 19–21, 56–58; Zarecki 2002, 28; Barnouw 1968, 289).

The 1950’s brought a metamorphosis to US commercial radio. This was possible because radio station ownership was not concentrated, and the entire industry did not go down with the networks. Just like a caterpillar ceases to exist but still continues its life as a butterfly, radio as it had been in the “Golden Age” vanished and died, but continued to live in a new form. All

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98 According to Carroll and Davis (1993, 193), in 1948 the radio networks allowed more recorded material to be played on the air.
the earlier ideas of quality in commercial radio broadcasting did not vanish, but they were severely challenged by the new ideas, and they were no longer the only and dominant definitions. Perhaps it is not misleading to argue that, in the US, this was not the beginning of modern radio, but rather a transition from modern radio to postmodern radio (Storey 1998, 193–200).

3.4.1. Summary

1. The big network companies and stars moved in to television and an increasing number of local radio stations were left to fight over declining advertising revenues. This created a need for a new strategy for survival and previously neglected ideas were revisited and employed.

2. While radio stations specialized and localized at the same television operated with a strategy that was very similar to earlier network radio. In addition, new small and portable receivers expanded the use of radio and made new audiences available.

3. The other necessary ingredients for development of format radio were improved record technology, acceptance of DJ programming and a new sort of music, which was popular among a new lucrative target group of teenagers, as well the invention of the format radio method.

4. For the most part, the format radio method was in conflict with the earlier ideas and definitions of quality in commercial radio. For example, instead of providing centrally produced, unique live performances, now local DJ’s repeatedly played a limited selection of recorded music.

5. Despite the differences, format radio was not a real revolution. In practice, it had narrower and more industrial standards than network radio. Both methods of programming also relied continuity and cost-efficiency.

3.5. Good Music vs. Bad Music: Anti-payola Rules as Content Regulation

Unlike many other countries, performers in the US have never received payment for the broadcast use of their recordings, because radio airplay and broadcast exposure as such have been viewed as a way to increase record

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99 The success of Garrison Keillor and his show, A Prairie Home Companion, still gives some evidence about this. The show, which imitates early American commercial radio, became very popular on US public radio during the 1980’s. (Witherspoon & Kovitz 2000, 34–35; Fedo 1988)

sales, increasing the earnings of the performer. More sales meant more income, because usually the artist got a certain percentage of the retail price of the record. However, during 1920’s the music copyright agency ASCAP was able to require radio stations to pay royalties to composers and music publishers. Stations were charged according their advertising revenues, and the allocation of the payments to ASCAP members was then set according to the amount of airtime each recorded composition had received. (Le Duc 1987, 112–113; Vogel 1994, 132, 135–137, 146–147)

However, ASCAP was unhappy with the amount of royalties that resulted from this agreement. In 1941, ASCAP forbade stations from playing any music represented by the agency, in order to force the stations to negotiate a new contract. The radio stations had prepared for this situation by founding their own copyright agency in 1939. Broadcast Music Inc. (BMI) represented all the musicians that ASCAP had not accepted as members. The leading record companies of the time, RCA and Columbia, were both owned by the leading radio networks, and soon they were recording BMI compositions for broadcast use. Although record companies had rights to broadcast ASCAP music, during the ten-month dispute they avoided recording music which could not be played on the radio. BMI and ASCAP have been rivals ever since. Because ASCAP was not very concerned with the new, emerging genres of music outside mainstream popular music, the majority of blues, country and later rock and roll artists joined BMI. (Gronow & Saunio 1998, 90–91; Segrave 1994, 55–56; Fornatale & Mills 1980, 48–49) This development provided the basis for later payola scandals.

Local record sales statistics, audience requests and the preferences of DJs provided the earliest methods of selecting music for format radio (Segrave 1994, 89, 92, 98). Lists of best-selling records are a safe guide for commercially oriented music selection, but they do not give any advice on which new songs a station should add to the playlist to remain fresh and attractive. Because the whole genre of rock and roll music was new in the early 1950’s, and station owners, like Gordon McLendon, did not have any expertise or even the slightest interest in this music, disc jockeys initially exercised substantial power over music selection and everything else what happened during their show. Although their methods were hardly scientific, the DJs had the best knowledge of the music they were playing, and they were rather free to play and push those new records they believed would become hits. (Cowen 1998, 167; Garay 1992, 73–74; Douglas 1999, 245)

According to Garay (1992), although Gordon McLendon did not care at all about the music, and never spoke in favor of rock and roll, he was among the first station owners who understood its commercial potential. (Garay 1992, 73–74)
However, management control and supervision gradually increased, and the DJs were no longer able to play only the records they preferred. In 1953, 94.5 percent of DJs claimed that they were able to pick their own records. Three years later, 91 percent of DJs still selected the records they played. By 1956, when the limited playlist was first introduced, an average DJ was on air for 22 hours per week, and during that time played 228 sides, of which 39 were new releases. Two years later in 1958, only 50 percent of DJs were able to decide what records to play. No wonder that at their annual conference in 1958, the DJs demanded “greater programming freedom”. The so-called payola scandals of the following two years more or less put an end to this dispute, and as a result DJ autonomy was restricted even more. (Fornatale & Mills 1980, 53; Segrave 1994, 89, 93; Douglas 1999, 245, 248, 251; Walker 2001, 59–61)

Because record sales depend on the exposure of songs through radio airplay, and competing stations tend to imitate their most successful rivals (or other successful stations with same target audience elsewhere), the system becomes partly self-determining, so that radio airplay produces more radio airplay (Segrave 1994, 37; Hendy 2000, 228). In this situation, investing money in getting radio airplay in the first place is an economically rational thing for a record company to do. In the music industry, this kind of “payment practice” or “song plugging” to get songs performed was first started by music publishers in the 1860’s. In the broadcasting industry, payola was first noticed in the 1930’s, although radio became involved with payola almost from the very start (see 3.1.). Payola was so important that it was said that for a song plugger “one radio band, say what you like, is worth a dozen without a mike” (Segrave 1994, 33). In process of creating a hit record, radio was soon so important that it was said that for a song plugger “one radio band, say what you like, is worth a dozen without a mike” (Segrave 1994, 33).

Before the World War II, music publishers usually paid for performers to sing or play their songs, but following the war record companies started to pay DJs to get their new records to the playlist — and not just any DJ, but

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102 The origin of term payola is not quite clear (combination of “pay” and “Pianola”/ “pianos or “pay” and “Victorola”/ gramophones), but it was first coined by the music trade publication Variety in 1938 (Segrave 1994, 1; Maloney 2001, 3). In addition to direct cash payments, payola can come in the form of royalties of record sales, a share in a record company, expensive gifts, and mortgage loans on homes of DJs. (Coase 1979, 294; Barnouw 1970, 69, 125) There is also layola (arranging female company for the DJ), flyola (arranging free flights or holidays for the DJ) and freebies (where the DJ gets a large number of records, which he or she can sell). Liquor and drugs (boozola and drugola) were used as well. (Wallis and Malm 1984, 243; Segrave 1994, 98–99)

103 Song “plugging” was not seen only as a harmful thing. Repetition was believed to have also educational value as a way to make “good music” familiar to the public (Chotzinoff 1946, 14–15).
only those whose shows was considered to be able to give enough return on the investment. According to Segrave (1994, 111), in 1959 one former DJ described how a record company was not interested in him at first, but "when I was finally asked out to dinner, I knew I was Number One. Payola comes to the top disc jockeys, so isn’t this the greatest compliment….” (Coase 1979, 270–271, 286; Segrave 1994, 22–29, 30–54; Cowen 1998, 166; Douglas 1999, 248, Walker 2001, 60; Gronow & Saunio 1998, 105–106)

The payola scandals in 1959–1960 were primarily a crusade against the new rock’n’roll culture, which was seen as a threat to established race relations. The payola campaign was an attack against a form of music that did not meet universal approval, and resulted in racial mixing.104 Actually, when the payola hearings started, DJ payola was not technically illegal in the US105 The white establishment, newspaper publishers and ASCAP intended to wipe out those dangerously influential disc jockeys (mostly white males) who were trying hard to sound like African Americans, and were playing that race music – rock and roll – to American teenagers. At the same time, ASCAP was also trying to challenge BMI, which was the primary licensing company of “payola-stained” records, and rebuild an adult audience with “high-quality” music by its own licensees. (Fornatale & Mills 1980, 48–49; Douglas 1999, 228–239, 249; Walker 2001, 60–61; Cowen 1998, 168; Segrave 1994, 120–158)

During the congressional hearings about DJ payola, the congressmen were convinced that bribing the DJs was the reason why otherwise worthless and bad rock and roll music ever got on the air, because “good music did not require the payment of payola”106 (Coase 1979, 295). In addition, the attorney general argued in his report to the President that the programming of broadcast licensees should not be determined by “naked commercial selfishness”. (Coase 1979, 292–297) In this context, the new legislation about DJ payola in 1960 not only updated the obsolete Communications Act of 1934 to the level of present development in radio media, but also

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104 This campaign becomes more understandable when its socio-political context (both McCarthyism and US Civil Rights Movement) is taken into account (Divine et al. 1998, 513, 525–527).

105 The Communications Act of 1934 originally demanded that all payments for any program items made to the station should be announced at the time of broadcast, but it did not mention anything about payments made directly to DJs. In this way, DJ payola was certainly against the spirit of the law, but did not actually violate it. (Coase 1979, 296; Segrave 1994, 40)

106 This comment by Congressman Moss reflects the intention to “let the marketplace decide” – and that payola was a distorting intervention in the market. (Coase 1979, 295; see also Segrave 1994, 95 and Gronow & Saunio 1998, 105)
attempted to regulate the musical content of radio and segregate bad music (rock) from good music. It also attempted to define the public interest in selecting music for the commercial broadcast programming. In this way, the payola scandal was a collision of different quality definitions, and the resulting new legislation had an effect on how quality in US commercial radio programming has been understood and defined ever since.

According to Coase (1979), payola was criminalized mainly for two reasons. First of all, it was considered to be a form of commercial bribery, which means that employees are bribed to act against their employer’s interests. Second, it was argued that payola fosters deception, because records were played as a result of secret payments, rather than serving the public interest on the basis of the true merits of the record. However, neither of these reasons stands up to scrutiny or closer examination. Coase (1979) and Cowen (1998) both argue that playing payola records does not violate the interests of station operators. Record companies will spend payola only on good songs that they think are most likely to be hits, and therefore commercially profitable. And on the other hand, DJs would play only those records that would ensure as good ratings as possible in order to keep their show on the air and their station profitable. (Coase 1979, 306–312; Cowen 1998, 167) However, as Maloney (2001) has pointed out, if a record is most certainly going to be a hit anyway, its promotion might be something else than payola money. Playing only those records with the highest payola would not necessarily always be a good strategy for maximizing the audience. (Maloney 2001, 1–2) In this case, the maximization of station profits depends on who actually gets the payola payments.

Second, if records should be selected for airplay according their “merits or public popularity” (Coase 1979, 310), what other commercially safe, acceptable and universally approved ways are there to measure these indicators, other than the commercial sales success of the recording? To a certain extent, record sales statistics reflect the public popularity of a record, and popularity is very often seen as proof that a record has some merits. It is hard to see how playing these already best selling records with “merits”

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107 On the other hand, antipayola rules can be seen also as behavioral regulation. (Picard 1989, 98)
108 Coase (1979, 307) points out that the operators of radio stations remained passive in the payola scandal and argues that this shows that most of them did not consider payola to be harmful to their interests. Fornatale and Mills (1980, 51) describe how some station owners were outraged by allegations of commercial bribery on their property, but on the other hand there were many, like Todd Storz, who were mainly disappointed that they could not “tap into this cash flow”. See also Rothbard [1956] (2001).
would serve “commercial selfishness” less and the public interest more, when the goal of commercial operation is anyway to maximize profit via reaching a certain target audience. In addition, whatever the reasons for playing a commercial recording on air might be, the song itself will always work as an advertisement for the material commodity (the record) containing the music. Just like Coase (1979) argues, the new rules about payola did not lead to the intended kind of change in the programming of US commercial radio.

Echoing what the music publishers had said about the choice of songs in the period before World War II, the congressmen argued that the records should be chosen because of their ‘merit’ or because they served ‘the public interest’. However...the alternative in the United States to a system involving payola is not one in which the choice of program depends on merit but one in which program content is determined by its success in assembling the right kind of audience for the commercials. The main effect on the programs of the abolition of the payola would be to displace record programs which were attractive to record buyers by record programs which appealed to buyers of other goods. It seems difficult to argue that such programs would have more ‘merit’ (considered as record programs). (Coase 1979, 311–312)

Cowen (1998) goes a step further, arguing that DJ payola in the 1950’s actually promoted cultural diversity and decreased racial discrimination, because it encouraged disc jockeys to discover new, African American talents like Chuck Berry. He also claims that direct payola promotion of good songs caused DJs to select records in spite of “their own personal and racial biases”, and so better served the needs of consumers (which Cowen most probably equates with the public interest). Finally, Cowen does not see a significant difference between payola – paying for airplay and thus advertising the song – and “the ordinary purchase of advertising time”. (Cowen 1998, 166–168)

And yes, this kind of public and open purchase of record airplay would be perfectly legal in the US. The law does not forbid playing records for money at all – as long as the sponsor’s name is mentioned before the song. (Coase 1979, 296–297; Segrave 1994, 157)

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109 After the new antipayola law in 1960, WNTA and several other stations tried selling radio airplay for openly sponsored records, but these experiments were unsuccessful (Segrave 1994, 125–126). In 1998, KUFO in Portland, Oregon made $ 5,000 deal to play Limp Bizkit’s “Counterfeit” 50 times. Although the operation was completely legal and followed FCC regulations, it was largely disapproved of in the press and among rivaling stations. (Martin 1998) For the reasons why, see Picard 2002, 126.
3.5.1. Summary

1. US performers have never been paid for the broadcast use of their recordings, because the artists have been paid according to the record sales, and radio airplay has been understood as a promotion for the records.

2. According to this same logic, music publishers have been paying the necessary gatekeepers to get their songs performed in public since the 1860’s. This old practice of payola was introduced in radio quite early.

3. Although DJ payola was not even technically illegal in the US, this dubious practice became an official target in a crusade of the white establishment against the perceived dangers of rock and roll culture. Consequently, the resulting new payola legislation also tried to segregate “bad” music from “good” music.

4. Economic analysis of payola reveals that record companies probably used most payola money to promote songs that they believed would become commercially profitable, popular hits, instead of unpopular and bad songs. Selecting records on the basis of sales hardly serves the public interest better.

5. The US law still allows broadcaster to receive payment for playing records on the radio if the sponsor is mentioned, but so far this practice has faced an uncharitable attitude of the radio industry. At the same time, secret payola has not vanished.


After the payola scandal, the importance of DJ preferences in music selection decreased rapidly, and the importance of more “scientific” and professional selection processes increased. DJ autonomy was replaced with programming by a management committee. Stations started to use more sophisticated record sales statistics than before, monitoring other stations and using new kinds of market and audience research. Some stations also started to monitor their own DJs, comparing the show on tape with a weekly list of approved records, to detect possible deviations. (Fornatale & Mills 1980, 53–54; Douglas 1999, 251; Walker 2001, 60–61; Garay 1992, 68–69; Segrave 1994, 125) In this way management control and supervision gradually increased following the basic principles of Frederick Taylor’s scientific management and Fordism: the processes of a) selecting records for airplay and b) choosing the order and frequency in which they would be played was separated.
Saleable Compromises

Marko Ala-Fossi

from the processes of c) playing the records and d) hosting the show on air (Smythe 1977, 18; Sohn et al. 1999, 84–86; Ritzer 2000, 28–30; Clement 1988, 223–224; Robins and Webster 1988, 65–66). This creation of the new, professional and “objective” DJ was in many ways similar to the creation of the professional, objective news journalist more than decade earlier. (McChesney 1998a, 5–6; Douglas 1999, 198) By emphasizing the role of objective research in selecting music, commercial radio got some distance from the record industry, and it was able to create and sustain the illusion of independent choice. But on the other hand, despite of new regulations payola did not disappear anywhere. Instead, it was institutionalized when record companies started bribing program directors for airplay instead of the DJs who had lost their power to make the choices (Walker 2001, 61; Segrave 1994, 162, 221).110

Some stations tried to use prerecorded announcements between records instead of DJ’s and by 1961, some stations had cut the number of songs they played to only thirty in their search for the “perfect playlist” (Walker 2001, 59–60). In 1962, Rick Sklar, the new program director of WABC in New York was able to raise his station’s ratings from fourth place to first place in the New York market. According to Sklar, this success was achieved by studying record sales and tightening the playlist, switching DJs and promoting the station with inventive contests. Sklar also tried to tighten playlist control by using industrial timers that activated “PLAY THIS SONG NEXT” lights in the studio, indicating the rotation of the top three songs (Hilliard & Keith 2001, 182). According to DJ “Cousin Brucie”, alias Bruce Morrow, WABC disc jockeys intentionally turned the clocks back so that the lights never went on. Sklar noticed the protest, but he wanted to avoid direct conflict and clocks were soon taken away. (Fornatale & Mills 1980, 56–57; Hilliard & Keith 2001, 182; Walker 2001, 62) It is impossible to say if the market success of WABC occurred despite all this rebellious behavior, or partly just because of it. Another important developer of Top 40 format was Bill Drake, who in 1965 created a new format for KHJ in Los Angeles. In this widely imitated Drake format, the DJ got even less time to talk, the size of playlist shrank to thirty records and the top six or eight records were played in tight rotation. (Douglas 1999, 252; Segrave 1994, 94)

During the 1950s and 1960s, the differentiation of format radio stations produced about a dozen kind of radio stations. These stations seemed to have totally different formats with different format names – like Country

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110 According to Segrave (1994, 221), payola is an integral and crucial part of the music industry: it exists because it works. There have been several smaller payola scandals and FCC investigations in the US since 1960 (Hilliard 1985, 187; Vogel 1994, 143). See also 3.11.3.
and Western, Rock, Soul – but they were actually operating using the same methods and principles as the original Top 40 stations (Hilliard 1985, 188). To be exact, they did not develop new format methods, but they brought in new and different genres of music, presentational styles and program contents that were then used to target programming to certain selected audiences. The development of these new genre-formats was closely tied to developments in market research. When it was possible to identify a new segment of the audience, it was also possible to create a genre-format to reach it. (Ala-Fossi 1995, 13–14; MacFarland 1997, 66, 73–74; Fornatale & Mills 1980, 13, 61)

So the development of variety did not broaden the basic ideas of quality. Rather, it produced new, parallel interpretations using the same fundamental principles.

The FCC also tried to adapt to these new ways of thinking about and defining quality in the marketplace via consumer choice on the basis of market research. In 1960, the FCC issued a report with the peculiar name Report and Statement of Policy re: Commission en banc Programming Inquiry where it listed 14 types of programming which had traditionally been considered necessary to fulfill the needs and wishes of the communities that licensees were supposed to serve. But the report did not suggest that licensees should offer just these types of programming or some other type of “fixed formula for station operations”. Instead, the FCC created a new licensing condition which directed each broadcaster to examine “the tastes, needs and desires” of the public that it was supposed to serve, and then explain to the Commission how it was going to fulfill the needs through its programming. According to Le Duc (1987), although this policy required broadcasters to survey community leaders about their concerns about the most important problems in the station’s service area, and present a plan to the FCC for programming that would respond to these concerns, in practice this policy did not have much effect on actual programming. (Le Duc 1987, 58–59)

On the one hand, the First Amendment limited the ability of the FCC to guide the licensees’ programming decisions, but on the other hand the FCC was also quite incapable of monitoring and evaluating the programming promises the licensees had made during the renewal process. Normally, the FCC monitored programming only if there was a specific complaint about particular program, and in license renewals it relied mainly on the composite week report. This seven-day sample was supposed to describe programming and public service performance during the previous and entire three-year licensing period, although the report contained very little information about program content. And even if the FCC had collected more information.
about the applicant’s programming to be able to better evaluate its quality, it would not have had enough personnel to do the task. The FCC annually got about 3000 license renewal applications, and it had only about 24 full-time employees to do this job. No wonder that, while the FCC made a total of 142 negative licensing decisions between 1934 and 1978, less than 20 of them were based on programming that was somehow inadequate. (Le Duc 1987, 47–48, 59)

In 1966, the US Court of appeals made a decision, which actually meant that the FCC was no longer “the sole protector of the public interest”. The United Church of Christ contended that WLBT-TV in Jackson, Mississippi was racist in its programming and employment, and asked not to renew the station’s license. The FCC renewed the license, but a federal court later found that accusations of racism were true, and overturned the license. Although the United Church of Christ decision was about a television license, it was important to radio as well, because it opened the gates for the citizens to evaluate the service they received, and gave them the right to protest against the quality of the service provided by a licensee. As Aufderheide (1999) argues, on the one hand this court decision opened the door to a definition in which people participate in society mainly by exercising consumer choice, but on the other hand this idea was also well in line with the policy the FCC had adopted a few years earlier. Before the UCC decision, only another broadcaster could make the commission have a hearing before granting or renewing a broadcast license. Between 1970 and 1977 the commission received almost 450 citizen protests about almost 10 percent of all commercial stations licensed during that time. (Fornatale & Mills 1980, 153; Le Duc 1987, 48–49; Mosco 1996, 236–237; Hilliard & Keith 2001, 179; Aufderheide 1999, 5–6)

The birth and rise of National Public Radio after the Public Broadcasting Act in 1967 provided more evidence of imperfections in the market system. Commercial stations did not want to provide service to all segments, and on the other hand, the separate and local non-profit broadcasters were in desperate need of resources. In the sprit of the late 1960’s, the US Congress – with a Democratic majority for the first time in 25 years – recognized the need for public broadcasting, and public radio was authorized under the same law that was originally supposed to include only public television. In a way, the Public Broadcasting Act confirmed the idea that 40 years of federal regulation of commercial broadcasting had not produced the kind of results that regulators had originally intended. The new public broadcasting was now obligated to produce “programs of high quality” which was later characterized as “diversity, creativity, excellence and innovation”. Moreover,
this law should be seen also as a part of Democratic president Lyndon B. Johnson’s “Great Society” reform program. (Witherspoon & Kowitz 2000, 14–21; Divine et al. 1998, 535–537)

As Baxter (1986, 152–154) has pointed out in his study of the political economy of US public radio, non-profit public radio eased the pressure on commercial stations to provide unprofitable programming, and at the same time preserved certain program types which for-profit broadcasters did not produce anymore. In this way, the birth and the rise of a national system of public radio in the US gave commercial radio stations more freedom to shape their definitions of quality purely on market success and profitability. In other words, at least regulators no longer expected commercial stations to be especially diverse, creative, excellent or innovative.

3.6.1. Summary

1. The payola scandals decreased the role of the DJ and increased the role of market research and direct management control over programming decisions. The new role of a DJ was to be objective and count on research and instructions from management instead of relying on personal preferences.

2. The development of format radio produced increasingly tight formats as well as new types of genre-formats. These new formats used the same methods and principles as the original format radio but offered new kinds of music, program content and presentation styles.

3. The FCC tried to adapt new ideas about market research by directing broadcasters to examine “the tastes, needs and desires” of the public in their communities. A little later a court decision gave citizens a right to protest against granting or renewing a broadcast license.

4. The Public Broadcasting Act of 1967 confirmed that commercial broadcasting had not produced the results that the regulators had been hoping for. The new public radio was obligated to produce high quality programming.

3.7. Freeform radio: Content Reform on the FM Dial

The first radio broadcasting technology, amplitude modulation (AM) cannot provide very high fidelity of sound because of static. American inventor Edwin Howard Armstrong became obsessed with the idea of eliminating static in the early 1920’s, and in 1933 he was awarded the basic patents for frequency modulation radio broadcasting technology (FM). Despite the
fact that the FM radio’s static-free, high fidelity broadcasting system was technically superior to the AM system the technology did not break through in the US until the late 1960’s. Armstrong’s old friend, David Sarnoff, the head of RCA and NBC, had originally complained about static on AM, but after the development of the new FM system, Sarnoff saw it as a threat to the already existing AM markets for commercial network radio. (Barnouw 1966, 78; Barnouw 1968, 40–42; Douglas 1999, 257–263; Walker 2001, 45–46)

First of all, a corporate shift to FM broadcasting would have required listeners to buy new and probably more expensive receivers. This did not sound like a very good idea during the Depression, especially since Sarnoff feared that people would not be willing to pay extra just for superior sound quality. Second, if people bought these expensive FM receivers, they might not be willing to buy RCA’s new television receivers as well. Third, if only RCA’s NBC switched to FM, but rivals CBS and Mutual did not, NBC’s competitors could get all those listeners, who would not buy new FM radios. Fourth, Armstrong himself controlled the patents for FM technology, while the AM technology was still largely the intellectual property of the old RCA patent monopoly. Moreover, rival CBS had absolutely no reason to increase competition by backing FM. Concurrently, AT&T wanted to protect its program distribution business, because FM was also suited for wireless program relay service. (Winston 1998, 78–79, 262; Douglas 1999, 257–263; Walker 2001, 45–48; Hazlett 2001, 49–53)

For these reasons, Sarnoff believed the corporate development and ownership of television technology was a better choice for RCA. In 1936, Armstrong was asked to leave the RCA facilities at the Empire State Building, and the site was devoted to the television development project. Instead of developing better radio technology, RCA and other established corporations in the radio business used their power and influence in many ways to thwart and suppress this competing invention. 111 As Douglas (1999, 263) puts it, despite its superior sound quality for listeners, FM became “an antiestablishment technology marginalized by vested corporate interests”. Although the attempts to stop FM completely were not successful, FM radio stations did not have any commercial significance in the US before the late 1960’s. 112 At that time, underground and progressive rock music programs, 111 Thanks to RCA, the United States also enjoyed the lowest resolution analog TV pictures in the world. (Winston 1998, 116–122; Berkman 2000, 49–56; Hilliard & Keith 2001, 94, 134) For comparison with the development of record technology, see Gronow & Saunio 1998, 97–99. 112 Before 1965 most FM programming in the US was classical music and other non-mainstream programming. The primary reason why people tuned to FM was the lack of (DJ) talk and commercials. (Hilliard & Keith 2001, 159, 165)
which were totally absent from AM frequencies, began to attract large and marketable audiences on the FM dial. (Winston 1998, 78–79; Hazlett 2001, 49–50; Douglas 1999, 260–263; Hilliard & Keith 2001, 63, 74; Walker 2001, 45–48; Ditingo 1995, 18–19; Barnouw 1968, 242, 284)

The match between FM and underground radio was perfect for two important reasons: first, the superior sound quality of FM was perfect for a new format that put emphasis on musical performances. Second, there was room on the FM dial for this kind of experimentation. Progressive rock radio, underground radio or freeform radio was born in 1967 as a reaction to the already ten-year-old, mature and highly predictable Top 40 format. It was not a coincidence that the person who is considered to be the inventor of freeform, Tom “Big Daddy” Donahue was himself a successful Top 40 DJ and a former disciple of Bill Drake. In many ways, freeform radio could be defined as a negation of Top 40. When “the underground stations threw all the conventional industry rules and responses out of the window” (Douglas 1999, 270), trying to do things differently, they actually ended up doing most things just the opposite way from Top 40 stations. Instead of playing singles or only the “best” album cuts from tight playlist with commercials and jingles between every song, freeform DJs played whatever they wanted, placing several songs in a row and favoring especially those longer cuts which were played nowhere else. Once so rebellious and fashionable, the high-energy Top 40 DJ was now considered artificial, while freeform DJs tried to perform as individuals, speaking slowly and with a mellow voice. Freeform DJs never talked over the beginnings or endings of the songs, because that would have ruined the listening process. In addition, there were fewer advertisements, and the ads in freeform radio were quite different from those on mainstream stations. Many progressive stations also refused to carry advertisements for products they found questionable. (Fornatale & Mills 1980, 140; Douglas 1999, 269–276; Walker 2001, 93–94; Hilliard & Keith 2001, 189–190; Ditingo 1995, 18–19)

113 Just like the invention of Top 40, the invention of freeform has become a trade legend. According to the story, Tom Donahue, his wife-to-be and their friends listened the first Doors’ album and used drugs at their home, when Donahue got his idea. He realized that all radio stations played only one or two cuts from any hit album and ignored the rest – no DJ played music like people listened to it from record albums, song after song. These ideas were the basis of freeform radio in April 1967 when Donahue started his new show at KMPX, San Francisco. (Douglas 1999, 269; Walker 2001, 93; Hilliard & Keith 2001, 189)

114 Walker (2001) argues that this happened because the main developers of freeform all had background in commercial radio: it was their rebellion against Top 40. For example, Bob Fass who had a background in theater, made very different experiments with “freeform” radio in New York in 1966 (Walker 2001, 93).
This commercially funded anti-commercialism also had a political side. Progressive rock stations promoted both anti-war and anti-Nixon activities, and the DJs did not hide their dislike of Richard Nixon and his Republican administration after Nixon was first elected president in 1968 (Douglas 1999, 273–274; Walker 2001, 99–100). It is quite possible that this new sort of political criticism prepared the basis for the later rise of populist talk radio in the US – although the first political radio demagogues had appeared in the US already in the 1930’s. (Douglas 1999, 128, 314)

Tom Donahue first got on air with his freeform show on a FM station, whose telephone line was disconnected because of unpaid bills, but his success was so convincing that quite soon several other stations launched similar programming both on the west and east coast of the US, and later all across the country. Even networks like ABC-FM and CBS-FM tried freeform in the 1970’s in order to reach young people. Finally, commercial freeform radio on FM became so popular that it more or less became a victim of its own success. Freeform radio was a child of commercial counterculture, just like Donahue himself said: “Radical community stations are supported by advertisers with money. If you get in bed with the devil, you better be prepared to [bleep]” (Fornatale & Mills 1980, 140). Freeform was a revolution mainly in terms of selecting, formulating and presenting the program content. It did not challenge any of the basic settings of commercial radio broadcasting, because its true essence was not much more than an inverse version of old Top 40. Although it was born on the fringe resulting from some kind of desperation, established commercial operators were able to exploit freeform radio as soon as its commercial potential was proven. In the mid-1970s, many progressive stations started to adopt all the techniques against which the first freeform DJs had been rebelling: market research, rotation clocks and tight playlists. A new breed of radio professionals, the radio consultants, standardized the work of programming and DJs again lost their autonomy. At the same time, format definitions like freeform and underground were replaced with more neutral Album-Oriented-Rock. As Douglas (1999, 282) has put it, “one of capitalism’s greatest strengths, however, is its ability to incorporate the voices and styles of the opposition into a larger framework and adapt such opposition to its own ends”. (Fornatale & Mills 1980, 140–

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115 For other reasons for the death of commercial freeform, see Walker 2001, 125–126.

116 See Hilliard 1985, 188–190. “Top 40 and AOR listeners are highly motivated by their peers to listen to the same stations and to become experts in the same kind of music.” (Hilliard 1985, 190)

117 For example, computer culture is another perfect example: according to Streeter (1999, 50) it can be understood as “a deeply contradictory but politically powerful
The 1970’s also brought new, innovative variations of the old network model and new technologies to put them in practice. While the old network radio used first live and later recorded programs as well as telephone lines to carry the station’s programs, barter syndication used prerecorded programs and delivered the tapes to the station by mail. Just like the old networks 40 years earlier, barter syndication offered free, “national quality” programming and national ads (on tape) for local stations, which were able to sell some local advertising for the show as well. At the same time, station automation utilized the same basic idea of offering “larger market quality” for smaller markets in a cost-efficient way. “Do you want local programming that sounds terrible or national-type programming that sounds professional?!” as the sales pitch for the automated service asked (Fornatale & Mills 1980, 143–145).

When the tape machines were properly programmed, an automated station was able to stay on the air for hours without any human participation – or human errors. If a local DJ was allowed to talk, he was now able to record a four-hour shift in advance, such as a night-time or weekend show, in about 15 minutes, and easily correct all the mistakes. By the mid 1970’s, about 14 per cent of FM stations were automated. Gradually, computers came into use for all kinds of jobs in radio. One of the most popular computerized record selection systems of the present time, RCS Selector, was invented in 1979. At the same time that Fornatale and Mills (1980, 144) described station automation as “one of the most depressing” developments of the 1970’s, they predicted correctly that it “may indeed be the wave of the future”. (Fornatale & Mills 1980, 142–144; Douglas 1999, 280, Walker 2001, 280)

From the start, the bottleneck factor in the creation of the commercial networks was the program delivery technology. Although recording the programs gave some more space for programming decisions, sending tapes by mail was not much better than sending them through telephone lines. This is why the application of satellite technology to radio programming distribution in the late 1970’s and early 1980’s was an important step. Now it

fusion of 1960s counter-cultural attitudes with a revived form of political libertarianism.”

AT&T had no reason to improve this technology – and before the breakthrough of FM the sound quality did not matter that much. (Streeter 1996, 87; Winston 1998, 262; Hazlett 2001, 49–50) According to Douglas (1999, 295) the switchover to satellites happened at the same time that AT&T’s monopoly privileges were eliminated: AT&T’s broadcast loops then became too expensive for many stations, when compared to satellite feeds.
became easy to deliver live national programming with good sound quality. Stations could receive several programs via different satellite feeds at the same time, broadcast them, or record and use them whenever they wanted. But despite the technological advancement, the basic business model and the idea of program quality behind “radio’s return to nationally produced programming for local consumption” (Ditingo 1995, 9) were exactly the same as they had been in the 1930’s. (Ditingo 1995, 6–17, 27–28; Douglas 1999, 289, 295)

3.7.1. Summary

1 Static-free, high fidelity FM radio technology was developed in the 1930’s, but the US broadcasting industry successfully thwarted it for business reasons. FM radio was marginalized in the US until the late 1960’s.

2 However, the FM dial was just the right place for experiments like freeform radio. Despite its underground and alternative nature, freeform radio was in fact primarily an inverse version of the commercial Top 40 format.

3 Barter syndication and computerized station automation were marketed in the 1970’s as new ways to improve programming by offering “large market quality” for smaller local markets.

4 The application of satellite technology to radio programming delivery was an important technological advancement, but at the same time the radio industry returned to the basic business models and quality ideas of the old network radio.

3.8. The Reagan’s FCC: Let the Marketplace Decide

The first signs of change in FCC regulatory policy came in 1972 when the commission dropped several technical requirements for broadcasters, but the so-called “deregulation” of broadcasting began at the latest in 1977, when Democratic president Carter appointed Charles D. Ferris chairman of the FCC. The commission repealed several radio and broadcast regulations, and began to withdraw as far as possible from its traditional role as regulator, giving the responsibility for many issues directly to the broadcasters. Two

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119 As Mosco (1996) argues, deregulation is not about removing regulation: “eliminating government regulation is not deregulation, but most likely expanding market regulation” (Mosco 1996, 201–202)
years later, the FCC began to consider even broader elimination of federal radio regulations. When Republican Ronald Reagan was elected president in 1980, it signaled political realignment and the end of 50 years of Democratic dominance, and the shift from government regulation to market regulation really began. For Reagan, the government was not the solution – on the contrary, it was the problem. The new chair of the FCC, Mark Fowler, who started in his new job in 1981, had no problems with defining the public interest: for him it was defined by the public’s interest.\(^{120}\) (Fornatale & Mills 1980, 159–163; Le Duc 1987, 8; Ditingo 1995, 2–3; Aufderheide 1999, 26–28; Divine et al. 1998, 583–584)

During the next six years, Fowler was able to accomplish every one of his deregulatory goals – despite the fact that the Congress was not eager to cooperate with him. Hilliard and Keith (2001) list altogether 20 separate and clearly deregulatory policy decisions that were made during Fowler’s term. From the quality definition viewpoint, among the most important changes were probably the elimination of three-year antitrafficking rule and broader limits for multiple station ownership. Fowler also removed almost all previous rules on broadcast programming content. Among other things he wanted to get rid of the so-called Fairness Doctrine, arguing that the FCC should get “out of the content regulation business” (Douglas 1999, 299). This goal was achieved after Fowler’s term ended in September 1987, when the last efforts of the Congress to reinstate the doctrine were eliminated. In an interesting twist, while the omnipotent marketplace was allowed to regulate almost everything else, Reagan’s FCC concentrated on different kinds of content regulation by tightening the rules and regulations on broadcasting indecency. (Douglas 1999, 295–299; Hilliard & Keith 2001, 205, 217, 224, 246–248)

The FCC had adopted the three-year antitrafficking rule in 1962 in order to foster local community service. Station owners had to keep their broadcast properties for at least three years before they were allowed to sell them to someone other. The idea of the rule was to encourage long-term investment in a station and its community, and prevent venture capital from making quick profits by just selling the stations back and forth. When the rule was eliminated in 1982, the venture capitalists on Wall Street started to become interested in radio. Three years later in 1985, the FCC for first time relaxed the national ownership limitations on radio, from seven AM stations and seven FM stations to twelve of each. The same rule was applied to television

\(^{120}\) In one of his most notorious statements Fowler said that “the television is just another appliance – it’s a toaster with pictures” which did not need a special federal regulation (Reason 1981). Cf. also Rutanen (2002)
stations. After these deregulatory changes radio stations “had greater liquidity and became a more tradeable commodity” (Ditingo 1995, 3), which means that radio stations gradually became chips in a bigger game. During the first year after the new ownership rules were put in place, over 100 separate broadcast stations and other media purchases took place, at cost of $30 billion. Several big broadcasting companies, like NBC and Metromedia, sold their radio operations and concentrated on their other businesses. At the same time, new, so-called entrepreneurial radio corporations were created by trading stations, and through mergers and acquisitions. (Ditingo 1995, 2–5; Douglas 1999, 296–297, Le Duc 1987, 109; Aufderheide 1999, 33)

According to Fairchild (1999), the deregulation of rules on programming content after 1981 happened in four different areas. First, the so-called non-entertainment programming guideline, which had required all stations to broadcast at least some amount of news and information programming, was simply removed. Because there had never been FCC requirements for any other program category, this revision also reduced the amount of local programming. Fowler’s FCC also relaxed the requirements on the license renewal system. Now it was no longer necessary for an applicant to study the concerns of the community to plan how respond to them. Instead, stations were able to define their programming rather freely (cf. 3.6.). Third, voluntary advertising guidelines were eliminated and the marketplace was allowed to control the amount of advertising (cf. 3.2.). Finally, using the reduction of paperwork required of the stations as an excuse, the FCC also removed the requirement for maintenance of program logs (cf. 3.6.). (Fairchild 1999, 555–556; Aufderheide 1999, 28)

The principle of the Fairness Doctrine was originally based on the Communications Act of 1934, which required that broadcasters should give all candidates for public office “equal opportunities” to speak on the air. This idea was expanded in 1949, when the FCC reversed its former Mayflower decision and permitted editorializing. At the same time, the FCC required stations to take into account and present also the opposing views. The FCC used the principles presented in the Blue Book as guidelines in the further development of the Fairness Doctrine, which was also shaped by several court decisions and other FCC actions. In 1964, the FCC issued a Fairness Doctrine Primer, where it explained how to follow the rules, but it was the so-called Red Lion decision, made by the Supreme Court in 1969, that finally defined what became known as the Fairness Doctrine. This regulative doctrine, which most commercial broadcasters did not like at all, required them to report and present stories about important, controversial public issues, and at the same time provide different viewpoints on these issues.
As Le Duc (1987) noted, despite the systematic demolishing and reversing of most of the decisions that had shaped US radio regulation for years, there were no major modifications in the law itself and in the legal obligations that bind licensees. Practically all obligations for broadcasters mentioned in the Communications Act of 1934 remained in force, and the Congress did not want to release the FCC from its obligation to regulate broadcasting. But through certain policy decisions, the FCC was able to refuse to enforce the law anymore, although the FCC argued that it was still implementing the purpose of the law in a different way. Le Duc (1987) argues that in this way public law and public policy ended up in a direct conflict, which emphasized the need for rewriting the law. (Le Duc 1987, 8, 27–38; Aufderheide 1999, 27–28)

As a result, the role of the FCC in defining and protecting the public interest and its role in setting the regulatory guidelines for socially desirable program quality diminished rapidly in the 1980’s. Put in a simplified manner, the marketplace philosophy of the public interest in commercial broadcasting means in practice that any kind of programming that proves to be profitable to produce and distribute is also more or less acceptable – unless it violates indecency rules. The regulatory legacy of the Blue Book was gradually wiped out, though its influence did not just vanish overnight. At same time when the FCC voluntarily ceased to take any active responsibility for protecting the public interest, it returned to its original regulatory role as the protector of private interests and established broadcasters.121

3.8.1. Summary

1 So called deregulation – i.e. replacing government regulation with market regulation – gained momentum after Reagan was elected president. Public interest was then defined by the public’s interest.

2 At least 20 different deregulatory policy decisions about radio broadcasting were made during 1981–1987. Also, most rules about broadcast content were removed and ownership caps were lifted.

3 Elimination of the anti-trafficking rule made the radio business more interesting for the venture capitalists. Radio stations became more lucrative investments and the buying and selling of stations increased rapidly.

121 See for example Coase and Johnson 1979, 47–53; Picard 1989, 82
4  The amount of news, information and local programming was reduced after the broadcast content rules were abolished.

5  Because of the dramatic change in the FCC policy, the role of the commission as the guardian of the socially desirable program quality was diminished. However, the Communications Act of 1934 remained untouched.

3.9. Market Regulation in Practice: 

*Radio in Search of Excellence*

Before the Reagan era, the NAB had been a crucial intermediate party between the FCC and the broadcasting industry in broadcast regulation. While the FCC formulated governmental regulatory policies, it was the NAB who translated them into the industry’s own standards. Obeying the rules was seen as part of the professional mode of operation. The power of the NAB was not limited to only the biggest operators or major market stations. It had influence on the smaller stations as well. As Le Duc argues, this cooperation created more uniformity in broadcast practices than the FCC could have produced by itself (Le Duc 1987, 70–71). Therefore, it is no wonder that when the FCC gradually withdrew from its old regulatory position, letting the broadcast market regulate itself, the NAB was the first to try to fill the vacuum. In this effort, in 1985 the NAB published a book called *Radio in Search of Excellence* (McGuire [1985] (1987). This book was a concrete example of how the industry started to create new guidelines for its members and regulate itself, as federal regulation was gradually replaced with market regulation (Mosco 1996, 201–202).

The other context for this NAB publication was the “quality crisis” that occurred in US manufacturing industries during the 1980’s. After the World War II, American industries had concentrated primarily on quality control (cf. 3.4 and 3.6) instead of quality improvement, while at the same time Japanese industries had developed the originally American theory of quality control intensively to help them overcome their reputation for poor quality. In the late 1970’s and early 1980’s American industries, especially car and consumer electronics manufacturers, found themselves in trouble, as Japanese companies using “total quality management” conquered the US and global markets with superior products. After Americans found out what had happened, a “quality improvement revolution” swept through thousands of US manufacturing and service companies. (Bowles & Hammond 1991, 21–43) As part of this phenomenon, in 1982 Thomas J. Peters and Robert H. Waterman wrote *In Search of Excellence: Lessons from America’s Best Run*
Companies, an analysis and description of management practices in some of the most profitable companies in the US. This best-selling management book was in turn a direct inspiration for the NAB publication about excellence in radio. (McGuire 1987a; MacFarland 1997, 99)

The NAB book *Radio in Search of Excellence* is in many ways comparable to the FCC *Blue Book*, although the nature of these two publications is totally different, and even contradictory. In short, while the *Blue Book* outlined a policy to make a profitable business produce more socially desirable programming, *Radio in Search of Excellence* outlines a policy on how to make a business more efficient and profitable through better management, customer service and community involvement. Like the *Blue Book*, *Radio in Search of Excellence* is description of the US radio industry, but it is a self-portrait. It collects, defines and describes the ideas of excellence and quality in US commercial radio in the industry’s own terms. In this way the book reflects the dominant, or at least the typical or “official” ideas and values for the whole US radio industry in the mid-1980’s. And, just as happened with the *Blue Book*, all of the ideas and values were never fully accepted by all the players of the radio industry. It offered a theoretical framework, but in practice it remained more or less ineffectual, at least in short term perspective.

The NAB hired McKinsey and Company, an international management consulting firm behind the writers of the original best-seller, to complete a six-month-long research project with the NAB Research and Planning Department. McKinsey and Company’s 6-person team interviewed managers and employees at a total of 11 different stations, while the NAB undertook a nationwide survey of the top performing stations. The results were first presented in April 1985 at the NAB Convention in Las Vegas, and later in the form of a book, which consisted of several independent chapters written by “some of the radio’s top consultants” as well as some academics. The original purpose of these additional essays was to give advice on how to apply the principles of excellence. (McGuire 1987a, McKinsey & Co. 1987, 1–3; McGuire 1987b, 51–53) However, the leading essay by McKinsey and Company dwarfed most other contributions in the book, especially those written by professional consultants (Tankel 1987, 111–112). For example,

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122 The NAB mailed a total of 878 questionnaires to top performing stations and 500 questionnaires to “ordinary” stations in the control group. These top stations were selected on the basis of ratings performance, but also through peer review (a nationwide poll to broadcasters). There was no direct input from the listeners. The response rate of the top stations was 30 percent, and 20 percent for the control group. (McGuire 1987b, 52–53)
the former program manager of WABC, Rick Sklar\textsuperscript{123} wrote a short, 12-page chapter about programming. Although programs were claimed to be the primary product of the radio industry, less than 10 percent of a book about excellence in radio was devoted to programming. Anyway, the book became a bestseller in its genre, offered in at least three separate printings between 1985 and 1987.

Tankel (1987, 111–112) argues that the professional consultants of this book often defined “excellence as maximum profit, rather than profit being the product of excellence”, while McKinsey and Company provided a wider and more useful approach. However, it was not surprising that the understanding of excellence and quality in commercial radio broadcasting also in the McKinsey and Company essay was fundamentally based on estimated consumer consumption and resulting economic performance. The first two criteria in selecting the industry’s 11 top-performing stations were audience success and financial success, measured respectively by the share of audience in the station’s particular market and the amount of the station’s net operating profit (McKinsey & Co. 1987, 2–3).\textsuperscript{124}

All the selected stations had the largest audience share in their own genre, and the majority also had the highest ratings in their market. At the same time, their average net operating profit was 11 percentage points over industry averages. In addition to these two quantitative and economic criteria, McKinsey and Company used one qualitative criteria as a basis of the selection. The stations were required to be “known among their peers and industry experts as constantly innovative in terms of technology and products as well as management practices” (McKinsey & Co. 1987, 3). In order to get a collectively representative sample of the whole US radio industry, the stations were selected from a) different formats and b) market sizes. They were also c) from all over the country and d) represented different stages of format development and maturity. (McKinsey & Co. 1987, 2–3, 9–10)

In this way, excellence was defined primarily as success or good performance in creating an audience share and transforming it into financial results. The audience was considered in a two-fold role, as a commodity and as the consumers of the intermediary programming product, but the nature of the consumer experience was not questioned at all. Listeners’ decisions to listen to a certain radio station in a certain market – or at least to keep the

\textsuperscript{123} Sklar wrote his article as a head of his consultant company, Sklar Communications, but at the time he was also Adjunct Professor of Communications at St. John’s University (Sklar 1987, 61).

\textsuperscript{124} Ratings alone may provide an index to revenues, although they do not directly correlate. High ratings are more or less a prerequisite, but not a guarantee of high revenues. See Webster, Phalen and Lichty 2000, 51–68 and 77.
receiver tuned to its frequency (exposure to media), over and over again, were incorrectly assumed to be an obvious sign that they experienced some quality (Webster, Phalen & Lichty 2000, 114, 159). Moreover, listeners’ own ideas or experiences of excellent or good quality radio broadcasting were not taken into consideration at all. However, while satisfaction of the audience’s original, true needs and expectations was not seen as the primary yardstick for excellence or quality in commercial radio, the understanding of consumer behavior was still seen as crucial for financial success.

The structure of McKinsey and Company’s essay follows a theoretical framework called the McKinsey 7-S model. The first part of the essay explains the strategy and the second part presents examples and transcripts of how it is implemented in structure, staff, skills, systems, style and shared values (McKinsey & Co. 1987, 24; Tankel 1987, 111). The next three chapters discuss the most interesting aspects of this essay, as well as the additional contributions of the book that were directly connected with programming.

3.9.1. Ratings, Research and Programming

The role of ratings as the ultimate, objective measure of station performance was not really challenged in this book, although the NAB admitted that ratings were not a totally comprehensive measure of radio performance. This was seen as a problem primarily because ratings services did not cover all areas – and only after that it was noted that ratings might miss some aspects of excellence. (McGuire 1987b, 52) When compared to other management principles in the NAB survey, using additional market research or ratings to assess listener preferences were not among the highest-ranking principles (McGuire 1987b, 54). However according to McKinsey and Company, a common feature for the 11 excellent stations was that they did extensive and intensive market research, in addition to ratings. Even the salespeople said that they cannot just “sell Arbitrons”, because if “you live by the numbers, you die by the numbers”. (McKinsey & Co. 1987, 13–14, 18) In addition, Rick Sklar wrote about the importance of research for finding out the needs of the customer and increasing ratings, as if research and ratings were two totally separate entities\(^\text{125}\) (Sklar 1987, 65–67).

McKinsey and Company found that the sample stations developed their segmentation and programming strategies in a three-step process over a five-year period. The first stage was finding a hole in the market and specializing. The next step was broadening the format appeal, and the final step was “becoming synonymous with the community” (McKinsey & Co. 1987, 9–10). In this light, it is not surprising that targeting programming at well

\(^{125}\) See Webster, Phalen and Lichty 2000, 10, 37.
defined segments of listeners was selected most often by station managers in the NAB survey as the most important of the top five principles in successful radio management (McGuire 1987b, 53–55). At the same time McKinsey and Company described how their sample of successful stations actually had trouble when they were asked to classify their formats. The explanation for this was that after gaining success, those stations had broadened their formats by taking down the walls of their original niche. These stations usually also had more talk content than other stations in their formats. (McKinsey & Co. 1987, 12–14, 17) Sklar echoes these same ideas when he describes how continuous success is very rarely built on one narrow target demographic, or by placing all the eggs in the same basket (Sklar 1987, 64).

However, a broad format appeal is most useful when the number of stations in the same market with the same owner is low. As soon as there is more than one station per owner, simply broadening formats may result in duplication. Another factor is that this kind of approach was not necessarily typical for every excellent station, but it was surely typical for established stations. The method McKinsey and Company used in selecting the excellent stations actually resulted in a sample of well-established stations with solid market shares (McKinsey & Co. 1987, 3).

3.9.2. Loose-Tight Management, Shared Values and Re-Investment on Production

McKinsey and Company described how the stations in their sample were using a “loose-tight” management system. First, employees have clear, well-defined roles and responsibilities. Everyone knows precisely what they and their colleagues are expected to do. The management also establishes clear performance guidelines for each job. Once these tight parameters have been set, management gets out of the way and gives the employees the freedom to put them into practice. As long as the guidelines are not violated, the management stays away. (McKinsey & Co. 1987, 34–36) Similar management principles were also ranked high by station managers in the NAB survey (McGuire 1987b, 54). It is rather interesting to note how Sklar admitted that a wide degree of freedom for the creative team seems to be a common practice among excellent stations. At the same time, he emphasized the use of all kinds of back-up systems to make sure that the original plans were not forgotten, misinterpreted or modified (see 3.6) (Sklar 1987, 62–63).

The success of loose-tight management was more or less based on a set of shared values: “they are the guiding principles, or concepts, that infuse, inspire, stabilize and lead the organization.” (McKinsey & Co. 1987, 46)
According to McKinsey and Company the most common and most important values were quality and service. Although quality was seen as the driving force behind excellence at the sample stations, defining it was not easy. For example, quality was understood as high standards in buying equipment (the best that money can buy) to ensure a good signal with reliable backup systems, as well as professionalism, ability to reach the largest audience in the market, or provide a “major market sound” on a small town station (McKinsey & Co. 1987, 47–48). Quality as a value was defined mainly in relation to direct competitors, or to the other actors in the industry, but not in relation to the audience. In this way, the purpose of measurement determined the scale (Cavallin 2000, 130).

The second most important of these shared values had more to do with the audience needs and expectations. While service was understood to be catering the listeners as well the advertisers, there was a larger value behind the notion of service, which one of the interviewees described this way: “We are licensed in the public interest, and I believe in that license... The radio station is more important than any one person in it, including the owners.” (McKinsey & Co. 1987, 48) It is not surprising that news/talk stations especially had special obligation to “prepare their listeners to make decisions in a rapidly changing world” (McKinsey & Co. 1987, 49)

If the sample stations fostered shared values of quality and service, it is rather predictable that they were also eager to make re-investments. McKinsey and Company asserted that the profit from station operation was not in itself a sustainable competitive advantage – it was only a potential competitive advantage. Real competitive advantage was continuous re-investment in self-renewal, because “it takes money to make money.” (McKinsey & Co. 1987, 21–23)

Although the discussion about the notion of service and public interest in this essay was very brief, there was a certain sign of influence from the Blue Book ideals. In addition, there was an interesting connection or similarity of ideas in the chapter about re-investment strategies: investing in production was seen as a reasonable thing to do in the long run (cf. 3.3.3.).

3.9.3. Localism and Community Involvement

Localism was seen as a fundamental part of the basic strategies for excellence. As mentioned earlier, McKinsey and Company defined “becoming synonymous with the community” as the ultimate stage of station’s development (McKinsey & Co. 1987, 10, 15–16). As a part of this strategic approach to localism, they noticed that among their sample stations it was common to hire local talent for staff and use other local expertise (McKinsey
Marko Ala-Fossi & Co. 1987, 29, 32). However, at the same time the idea of using local talent (cf. 3.1.) was the lowest ranking of all of the 27 management principles for radio station managers tested in the NAB survey. Community service, which goes beyond Public Service Announcements (PSA) and programming, was ranked just barely among the top ten (McGuire 1987b, 54).

McKinsey and Company provided some separate examples of how a station could achieve the highest level of community involvement, but Susan Eastman’s essay later in the book had a more universal perspective. According to Eastman, there were four different attributes or components to community involvement: participation, visibility, accessibility and activity. On the one hand, there were passive stations that rarely generated any new community activities except in direct relation to sales, while on the other hand, there were active stations that might help to create new social movements, or even new laws. (Eastman 1987, 113, 120–123) She actually argued that “the excellent station intervenes in selected community problems by using itself as a vehicle for solving the problem” (Eastman 1987, 123), following the former regulatory guidelines (see 3.6.) that were just recently removed (see 3.8.).

The importance of local orientation and community involvement for a radio station provided another interesting connection between the Blue Book and Radio in Search of Excellence (cf. 3.3.2). But while the Blue Book tried to argue that localism could also be a good business strategy, 40 years later it was seen as an essential part of excellent commercial radio operation. A local orientation was no longer just fulfilling the FCC license conditions (because they had been removed). Now it had become an NAB business recommendation.

However, as some critics later pointed out, a strong local orientation is not necessarily a universal key to popularity and economic success for all stations in every market. It can be very effective strategy, but usually for only one station in each market. At the same time, the rest of the stations may actually achieve greater commercial success by serving other kind of communities of interest in that market. (Kassof 1999)

3.9.4. Regulatory Efforts – a Failure or Not?

In light of the evidence mentioned above, it is probably necessary to reconsider the effects and influence of the Blue Book. Even if it was rather ineffectual in its own time, it certainly shaped the policy and the market during the decades that followed. As a result, in 1985, the NAB was clearly promoting some of the core ideas and ideals that it had fiercely opposed 40 years earlier, when they were first proposed in the Blue Book, such as
the significant re-investment of profits in programming and strong local orientation (cf. 3.3.). From this perspective, the Blue Book and the federal regulation of radio in the US before the 1980’s had been at least a partial success until these regulations were removed.

It is quite interesting that in the closing chapter of *Radio in Search of Excellence*, James H. Duncan makes a reference to a totally unregulated, pirate radio station off the coast of Great Britain. He argues that although this station called “Laser” had became very popular in England, nobody would have noticed this same station in US markets without a million dollar marketing campaign. According to Duncan, this is because “no nation on earth can match the variety, the quantity and, yes, the quality of programming offered by the American radio industry” (Duncan 1987, 147). Since, according to Duncan, the industry was already so close to perfection, he actually seemed to have a problem aligning his essay with the title of the book. However, he was able to list five challenges that an excellent radio station had to meet and exceed: first he mentions excellence in service to the community, and last, excellence in performance for stockholders (Duncan 1987, 148–149).

From the present perspective, that list has probably been reversed order since 1987. It is quite evident that after the late 1980’s, the US radio industry did not change to become more like the 11 excellent stations that McKinsey and Company and the NAB described in the *Radio in Search of Excellence*. In this way, the efforts at NAB-operated market regulation were not successful, and the “lessons from America’s best-run radio stations” did not really shape the future development of the industry. First of all, the NAB had traditionally been the representative of the market, but in practice the association was not the same as the real marketplace. Market forces were able to act independently outside the NAB. Moreover, an effort to guide a whole industry to market success is probably impossible. If somebody is going to win in the marketplace, there have to be some losers.

3.9.5. Summary

1 *Radio in Search of Excellence* was on the one hand an effort to fill the regulatory vacuum after the FCC withdrawal and on the other hand a result of the quality management revolution in the US. Excellence was defined in the report as good performance in creating an audience and transforming it into profits.

2 Although ratings were seen as the ultimate measure of the station performance, even the NAB admitted that ratings may not cover all
aspects of excellence. Market research was needed as well for determining customer needs.

3 According to the report, successful stations were using loose-tight management based on shared values like quality and service. Re-investment in programming was seen as their competitive edge.

4 The report also saw localism as a very essential part of the strategies for excellence, although the FCC had just removed most regulations about local program content and local orientation.

5 *Radio in Search of Excellence* actually promoted some ideals of the *Blue Book*, which suggests that federal regulation of radio before the 1980’s had been at least a partial success.

### 3.10. Rise of Populist Talk Radio: The End of Fairness

Talk radio has its roots in the 1930’s, but the modern talk format was not created until the late 1970’s. When more and more music formats moved from AM to the FM dial, AM stations started to fill the old static airwaves with news and talk programming.\(^{126}\) However, talk radio was more labor-intensive and much more expensive to produce than any music format. Talk radio required an urban market to generate enough income initially, but the new satellite technology (cf. 3.7.) made it possible to multiply the number of markets without significantly increasing the costs. (Ditingo 1995, 63–67; Douglas 1999, 286–289)

One of most successful new entrepreneurial radio corporations of the 1980’s, Infinity Broadcasting, started a trend in 1986 when it decided to broadcast Howard Stern’s New York morning talk show on its Philadelphia station. Although industry experts thought that a New York show would not work in another market (cf. 3.9.3.), Stern was able to attract listeners and get very high ratings during the first two years in Philadelphia. Infinity also brought Stern successfully to Washington and Los Angeles, and finally into national syndication, showing the industry that, with right kind of talent, it was possible to get high ratings without any local orientation. (Ditingo 1995, 93; Kurtz 1996, 274–275) In this way, the new radio corporations in a self-regulating market were already challenging the dominant programming ideals of the industry, at the same time that these ideals were being presented by the NAB.

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\(^{126}\) For example, the earlier most-listened-to Top 40 station in the US, WABC-AM in New York, switched to a talk format in 1982. (Ditingo 1995, 65–66)
Besides satellite technology, another important prerequisite for the rise of syndicated, populist talk radio was the abolition of the Fairness Doctrine in 1987 (cf. 3.8.). Now, any station was able to air whatever political content it chose, without any requirement to provide other views about issues. (Douglas 1999, 294, 298–299; Aufderheide 1999, 34) This provided space for more straight-forward interpretations of quality than ever before: when it was not necessary to be politically fair, it was also possible to become very offensive – as long as you could gather and hold an audience.

The pioneers of the populist version of talk radio were shock jocks Don Imus and Howard Stern. Imus offered insulting humor between records already in the 1970’s, but it was Stern who, according to Kurtz (1996, 272) “brought talk radio to the rock generation”. There seemed to be absolutely no taboos for these hosts. Although they were offering their rough comments about many controversial political and social issues, they were less directly political. They represented more a certain kind of anarchist, vulgar and adolescent white male values, pushing the limit of sexual content on radio and constantly tempting the indecency rules\(^{127}\) of the FCC. (Kurtz 1996, 256–288; Douglas 1999, 304–314)

These syndicated talk shows helped to create a market for highly political, right-wing host Rush Limbaugh, who launched his nationally syndicated show in 1989. Three years later the Rush Limbaugh show was on 480 AM stations, and his success paved the way for many other controversial, ultra-conservative talk show hosts like Gordon G. Liddy. (Kurtz 1996, 229; Hilliard & Keith 2001, 271–272; Ditingo 1995, 67) After Bill Clinton was elected president of the United States in 1992, Limbaugh gradually became the leading mouthpiece of the Republican opposition. President Clinton and his wife were attacked by Limbaugh and other conservative talk show hosts without mercy. In 1994, a frustrated Clinton finally complained about Limbaugh’s show in an interview, elevating the talk show host to the same level of national political debate as the president himself. (Kurtz 1996, 229–232; Hilliard & Keith 2001, 278–279)

\(^{127}\) The FCC began warning Infinity about indecency in Howard Stern’s programs already in 1986, and because of the continued violation of the FCC rules, the fines gradually mounted up. Infinity Broadcasting initially took the Stern case to federal court, but in 1995 the company decided to drop the lawsuit and pay $1.7 million to the FCC in order to be able to buy more stations. This sum was 68 times larger than any previous FCC fine. (Hilliard & Keith 2001, 273, 277, 286; Douglas 1999, 305–306, Kurtz 1996, 277) In February 2004, Clear Channel adopted a new corporate zero-tolerance indecency policy, and removed Stern’s syndicated show from its stations until Stern can assure that his show will follow “acceptable standards of responsible broadcasting” (Radio World 25.02.2004, Clear Channel 2004a).
According to Douglas (1999), while in the past US radio tried to avoid all controversy (cf. 3.3.1. and 3.3.2.) in order not to alienate listeners, the idea of populist talk radio was to create and pursue controversy. This idea was used to create large, loyal and engaged audiences for the advertisers. Douglas (1999, 289) describes this combination of controversy and marketability as “financial dependence on sensation”. Basically, in populist talk radio, it was now possible to strip off most of the former ideas of quality in radio: it did not matter how and with what means the audience was generated, as long as it could be sold.

But why have only right-wing conservative hosts come to dominate commercial talk radio? First of all, the industry has claimed that liberal hosts would not sell, because people who are not provocative and not willing to offend anyone are not entertaining enough (Douglas 1999, 289; Hendy 2000, 211). Second, the advertisers would probably not be comfortable with any kind of anti-market radio show (Steves 2002). Edward Monks (2002) goes one step further, when he argues that commercial broadcasters choice to present conservative views is not only about attracting the audiences and advertisers. Both broadcasters and advertisers are wealthy corporations, owned by wealthy individuals who will benefit from tax reductions advocated by conservative talk show hosts. According to Monks, this is the reason why broadcasters would never be looking for liberal or progressive talk show hosts, no matter how large the potential audience would be. (Monks 2002)

It is also obvious that conservative programming attracts more wealthy listeners, and their attention is valuable for both the commercial broadcasters and certain advertisers, even when the amount of listeners would be relatively small.

After the relaxation of federal regulation with following mergers and acquisitions, the US radio industry did not become more prosperous overnight. When the economic downturn came in 1990, many new radio broadcast companies were in trouble with their debts. At the same time banks

128 It would be oversimplification to argue that liberal radio hosts would not be able to offend anyone. For example, a liberal Jewish radio host in Denver, Alan Berg was shot in 1984 by a neo-Nazi (Kurtz 1996, 263).

129 A commercial satellite radio company, Sirius is also willing to serve leftist subscribers: it offers both left- and right-wing talk channels (Pogue 2003). In addition, a whole new liberal talk radio network, Air America, was launched in April 2004. However, this effort is more a part of a political campaign for the presidential elections of 2004 than a commercial business, because the network is leasing and buying stations in the major markets instead of selling its programming to the stations (Kurtz 2004).

130 Cf. Long & Traudt 1999. See also chapter 6.5.1.
were reluctant to give more loans for radio companies. As Ditingo (1995, 54) puts it, the radio industry “had grown too fast too soon”. In 1991, nearly 60 percent of all commercial radio stations in the US were unprofitable, and the next year radio advertising revenues were down from the previous year for the first time in 30 years. No wonder that the prices of broadcast stations and number of sales went down in the early 1990’s. For some reason, the broadcasters were sure that the solution to all these problems would be further relaxation of ownership regulations. In its own study the NAB argued that the radio industry now suffered from structural weakness, and that relaxation of the local and national station ownership rules would benefit the industry. In 1992, when the US economy was beginning to recover, the FCC expanded the national ownership limits to 20 FM and 20 AM stations, and the local limits in the larger markets to 2 AM and 2 FM. In the smaller markets with less than 15 stations the ownership limit for one company was 3 stations. (Ditingo 1995, 53–57, 78, 80–81; Drushel 1998, 4–5)

The logic here is that a new investor friendly climate for radio would be created through a concentration of successful ownership. The profitability of stations would again rise, leading to more quality programming for all radio audiences. (Ditingo 1995, 79)

Here we find basically the same old economic argument which had been stated in the *Blue Book* (cf. 3.3.3.) that better profitability for the industry would automatically result in better quality of programming. The relaxation of the duopoly rules also resulted in a redefinition of programming strategies. For example, when it was possible for broadcasters to penetrate the local market with two FM stations instead of just one, they created more narrow formats and more tailored programming products for specific demographics (Ditingo 1995, 89–90). However, this ran against another conventional industry wisdom (cf. 3.9.1.), which had suggested that broadening and removing format walls contributed to with excellence in radio.

3.10.1. Summary

1 Modern syndicated talk radio challenged the official ideal of the American radio industry that only local programming could produce high ratings.

2 The most important preconditions for modern talk radio in US were satellite technology for radio programming delivery and the abolition of the Fairness Doctrine.

3 The pioneers of talk radio were shockjocks Don Imus and Howard Stern, but they were soon followed by more political, right-wing- talk show hosts like Rush Limbaugh.
While US radio had long tried to avoid all controversy, populist talk radio to the contrary sought to intentionally create controversy.

Right wing hosts dominate commercial talk radio partly because conservative programming attracts more wealthy people, who are also a more desirable and valuable audience for the advertisers.

3.11. The Telecommunications Act of 1996 and Beyond: Comeback of Nationwide Radio

The US Telecommunications Act of 1996 has been described as the “last century’s most important legislation” (Huntemann 2002, 71) or at least “one of the three or four most important federal laws of this generation”, which has to some extent also a global effect (McChesney 1998b). Before its approval, the public debate in the US about this important law was minimal. McChesney (1998b) argues that most of the politicians who might have opposed deregulation did not want to risk their careers, and on the other hand, the news media did not cover the act as a public policy issue, because it would have affected their own economic interests. (McChesney 1998b; Aufderheide 1999, 2; Huntemann 2002, 71)

The basic idea behind this reform was to rewrite the entire body of communications legislation, which had become outdated because of the digital revolution and the increasing convergence of all media. In practice, this was done by relaxing federal regulations for all communication industries, and letting the market determine the course of development of the communications system. It was argued that artificial regulatory barriers prevented the industry from providing consumers innovative and competitively priced communications services. In this way, the public interest was now equated with the competitive marketplace (Hilliard & Keith 2001, 289–291; Drushel 1998, 3; McChesney 1998b; Aufderheide 1999, 40–43, 61). However, the Telecommunications Act of 1996 was not a product of Republican politics only – and it was proudly signed by Democratic president Bill Clinton (Aufderheide 1999, 37–60). Radio deregulation was not a central issue of this reform, but rather an “afterthought”, which never got similar attention as, for example, the deregulation of phone services or the Internet. It is also possible that radio deregulation was the price that was paid for preventing reductions in ownership caps on television and newspaper ownership. Boehlert (2001b) argues that the politicians let the broadcasters have radio deregulation, because they thought that commercial
radio no longer had political importance compared to television.\(^{131}\) (Boehlert 2001b; Brown 2000, 10)

The broadcasters originally sought the abolition of all ownership and cross-ownership restrictions for both radio and TV. According to them, radio advertising was underpriced because of the ownership restrictions, and this was a threat to the viability of the radio medium. As a result of low advertising rates, broadcasters argued that the “owners were too poor to program creatively” (Aufderheide 1999, 48, 69). Although the recession was now over and most of the radio industry had already been able to return to profitability by the mid-1990’s, the industry was still using the same basic arguments as in 1992 for further relaxation of ownership caps (Drushel 1998, 4–5). Again, better profitability and larger operations were presented as preconditions for better programming. \textit{Basically, this means that one of the promises of the Telecommunication Act of 1996 was more creative and higher quality radio programming.}

The text of the Telecommunications Act of 1996 is organized in the same way as the Act of 1934 and the key principle of the public interest remained in the law. Broadcasters are still obliged to serve “the public interest, convenience, and necessity”\(^{132}\) (Aufderheide 1999, 61–62, 166–167; Huntemann 1999, 394). In this way the reform did not totally relieve the tension between the law and the policy (cf. 3.9.). Although the basic public interest obligation remained unchanged, all national radio ownership restrictions were simply removed from the new law. Local radio ownership restrictions were relaxed according to the size of the market, so that one owner cannot own more than half of the stations in the market, which means a maximum of eight stations in the largest markets (Aufderheide 1999, 69; Drushel 1998, 4–5; Brown 2000, 8–10). The licensing term in radio was also extended from seven to eight years and license renewal rules were relaxed. Now it was not possible to challenge an incumbent broadcaster’s license

\(^{131}\) Boehlert (2001b) referred here only to the devalued status of radio as a serious news and information provider, while the important role of highly political talk radio (see 3.10.) was not taken into account at all. The same idea can be found in a study by McCombs and Shaw (1972) where radio’s role for agenda setting in presidential elections was totally neglected. There is also an analogy with an almost simultaneous process in Finland in 1996: the licensing decision of Radio Nova was probably subordinate to the decisions about new TV licenses, and instead of political interests, the largest Finnish parties were motivated primarily by financial interests in licensing a new nationwide commercial radio channel (Ala-Fossi 1999, 27). See also chapter 4.10.

\(^{132}\) As a matter of fact, the Telecommunications Act of 1996 utilizes this phrase 23 separate times. In addition, the amended and updated text of Communications Act of 1934 also refers to the public interest, convenience and necessity 35 times.
unless the FCC has already found that licensee unfit (cf. 3.6.) and, moreover, failure of public trusteeship was no longer a valid reason for such a finding. (Aufderheide 1999, 69)

Quite soon it became clear how the new law was going to change the structure of the industry. Radio station trading virtually exploded when compared to previous years, and the industry rapidly became highly concentrated. After the first 18 months more than 25 percent of US radio stations had been sold at least once (Aufderheide 1999, 90). Between 1996 and 2001, altogether 10,588 radio station transactions took place with the total volume of $ 98,5 billion (BIA 2002, 7–8). As a result, now there are about 1100 fewer station owners, which means almost 30 percent decrease since 1996, while the total number of commercial stations has actually increased by almost 4 percent (Boehlert 2001d; Huntemann 2002, 72). Because of the growing demand, the market value of the US radio stations has simultaneously increased significantly during the concentration process. The average price for all radio stations went up by 37,5 percent (compounded annual rate) between 1991 and 2000 (BIA 2002, 11–13). All this has meant a huge advantage for the remaining owners and shareholders (McChesney 2001). Big, new, publicly traded radio corporations with hundreds of stations are now more valuable and profitable than ever before.

The scale of change becomes more understandable when you think that in 1992, any company could not own more than 40 radio stations. Now the ten largest radio companies in the US together own 2245 stations, and every second commercial station is a part of a larger radio group. The largest of these giants by any criteria is Clear Channel Communications. Clear Channel alone owns about 10 percent of all commercial stations – 1231 radio stations in 190 markets all over the US, consisting of what was once 70 separate broadcasting companies. Its share of total US radio revenues was over 20 percent. (Boehlert 2001d; Huntemann 2002, 73; BIA 2002, 14; Chen 2003) In this context, it is no wonder that Clear Channel has become the main target of criticism about concentration in the radio industry. It is so big that it simply cannot be ignored. This is partly why it has become the known as “Evil Empire” of corporate radio in public discussion, although its practices are rather similar to other radio corporations. For this reason, the next chapters examine the present ideas of quality in the US radio industry by using Clear Channel as the primary example.

3.11.1. Voice-tracking: Rationalization in the Name of Quality

Fairchild (1999, 549) has described the development after the Telecom Act of 1996 as “deterritorializing” radio, which has removed necessary connections
between a radio station and its local community. Several other critics, academics as well as journalists, have also reported how radio, which used to be a very local medium, has been transformed into a national business by new technology and corporate ownership. Nellessen and Brady (2000, 6) have even argued that now “for the first time in radio’s history it is moving away from its defining principles”, which reveals the lack of historical perspective in their study.

One of the basic economic motives for this massive concentration of radio station ownership by a few national corporations was exactly the same as motive that led to the creation of network radio over 70 years before: increasing cost efficiency by rationalizing all operations including program production and distribution. In the 1920’s this was done by going around the federal regulations with private contracts and using telephone lines. Now the same thing was done by removing the station ownership caps and using modern computer and satellite technology.

Concentration of ownership results in huge cost savings just by simply eliminating all overlapping positions. Because a group of local stations can use the same regionally or nationally centralized corporate services instead of many individual, locally based services, the personnel costs can be cut a minimum (Huntemann 1999, 401–402; Albarran 1996, 54). In program production it is also possible to save by increasing automation, satellite-delivered syndicated programming and remote voice-tracking, where a station’s live local DJs are replaced with “cyber-jocks”, who pre-record their computerized shows somewhere else in a short time. According to industry estimates about 10,000 radio-related jobs have been lost in the US between 1996 and 2002 (Boehlert 2001b; Spencer 2002).

As noted earlier, program syndication was based on the same idea as network programming: it is cost-effective to distribute the same expensive star-talent output to as many geographical markets as possible. Remote voice-tracking – or “talent exportation” as Clear Channel calls the practice – makes it possible for a star DJ in a large market to produce and pre-record a show for a local station in a smaller market with a pseudo-local touch. The cost for this kind of show for a small market station can be as little as $ 6 an hour (Mathews 2002; Chen 2003; Boehlert 2001b; Boehlert 2001a).


134 Voice-tracking refers to digital pre-recording of voice audio that is integrated into a radio show. It becomes cyber-jocking when it is done over a computer network from a distant location (RadioFocus 2002).
Although Clear Channel claims that voice-tracking accounts for less than 15 percent of its total programming (Chen 2003), the American Federation of Television and Radio Artists (AFTRA) has launched an advocacy campaign, “Keep Radio Live”, against the company’s voice-tracking plans and practices (AFTRA 2003).

The practice of pre-recording some parts of daily programming was already widespread in American commercial radio over 30 years ago (Zarecki 2002, 28; Shepherd 2001) Reality has also been imitated before in commercial radio (Garay 1992, 19–21, 56–58; Zarecki 2002, 28). This is why it is possible to argue like Zarecki (2002) that the practice of modern voice-tracking actually brings nothing new to American radio, it simply combines two old traditions. But in the end, this argument does not make pseudo-local voice-tracking ethically or morally any more acceptable for the people, who believe they are being deceived by this practice, after they have been taught to expect that the DJ is live and local (Mathews 2002). Another thing is that both syndication and voice-tracking means is that fewer voices in general, especially fewer new voices, will ever get a chance to get on air. This also means that there will be significantly smaller pool of new talent to draw from.

Despite this, the largest players in the American radio industry have argued that the quality of programming is the particular reason and justification for the use of voice-tracking. Voice-tracking is said to be as much about quality as it is about cost savings, a system which allows the radio companies to provide professional or “higher-quality programming product” even to the smaller markets, where they could not afford it otherwise (cf. chapters 3.2. and 3.7.) (Stimson 2002; Mathews 2002; Albarran 1996, 54). Consequently, every voice-tracked show will replace “marginal talent”, improving on air quality at many stations (Zarecki 2002, 29–30; Nellesen and Brady 2000, 9; RCS 2001), just like network programming promised to do in the late 1920’s. According to industry managers, all this should be “a huge benefit to the audience” (Mathews 2002). However, as Picard (1989, 10–13) argues, the decision whether to “use live disc jockeys or automatic playback equipment” is primarily a decision of production resource allocation, and not directly a decision about product quality. Voice-tracking is a much more cost-effective way of programming stations in smaller markets, but it is not as much about providing the listeners with better programming.

135 This same kind of quality justification has also been coupled with other new technologies. For example, NAB President Edward Fritts has argued that IBOC (In- Band On-Channel), a digital radio technology embraced by the NAB, provides a way to “offer better quality radio” (Fritts 2002).
Remote voice-tracking and syndication are ways of providing star performers and major market sound on a smaller market station (cf. 3.8.2), and in this way they are basically congruent and compatible with the earlier ideas of quality programming. However, it also means replacing local talent with other, big market talent. This kind of distant program production and local distribution does not offer much local orientation or community involvement: it is “radio from nowhere produced by nobodies” (Kirn 2003). In the case of voice-tracking, a pseudo-local touch does not help much. From the community perspective it might actually be an even worse option than straight syndication of a program. Whether it is a remote or locally voice-tracked show, the digital production technology of these recorded programs also makes it possible to control every single detail more tightly than ever before, when most of the work is done “off-line”. This potential for surveillance and control has almost eliminated the DJ’s autonomy. (Nellessen and Brady 2000,4–5; Hendy 2000, 227; Robins and Webster 1988, 57) Finally, this effort to drastically cut down the expenses of program production by reducing local production, while at the same time the profitability of the company has increased, is obviously in conflict with the earlier idea of re-investing profits in program production.

3.11.2. Cluster Competition: Concentration for More Diversity

Rapid ownership concentration in the radio industry after the passage of Telecommunications Act of 1996 soon raised some concerns about the variety in radio programming. The FCC studied this matter in 1997 and 1998, but the results suggested that the variety of formats was not shrinking, because the new owners pursued diversification of commercial formats (Wirth 2002, 5–6; Außerheide 1999, 92–93; Huntemann 2002, 75). After analyzing the changes in the market structure in the top 50 US radio markets, Drushel (1998, 17–18) concluded that there had actually been a significant increase in format diversity, but it seemed to be related to an increase in advertising revenue, not to the simultaneous growth in ownership concentration.

Later Berry and Waldfogel (2001, 1024) found evidence that radio station ownership concentration in US markets increased the amount of programming variety in relation to the number of stations, and found some evidence that it also increased programming variety absolutely. In this way it has been possible for the NAB to argue that ownership concentration or “consolidation” of the industry after 1996 has increased the diversity and available options for consumers, and consequently this has improved the overall quality of radio programming available.\(^{136}\) On the other hand, as

\(^{136}\) Basically just as Steiner (1952) had proposed (206–207) in his classic article
Wirth (2002, 21–22) has pointed out, in fact many listeners may now have fewer options within particular markets, because direct format competition in their favorite genres has decreased.

More oligopolistic or monopolistic competition may actually produce more program or format variety through product differentiation. When the same owner has several stations (a cluster) in the same market, it becomes more rational to operate the stations so that they do not compete with each other, and to cover the most interesting audience segments as well as possible with the whole cluster of channels. This strategy is called spatial preemption (Wirth 2002, 6). This effort to avoid “cannibalism” between one’s own stations produces more narrow and specific formats for single stations within a cluster – provided that it is still profitable to run all those stations. (Glasser 1984, 129; Albarran 1996, 37–38) This new strategy was taken up already after the expansion of the duopoly rules (cf. 3.9.). When it was possible for a company to own a total of eight stations in a single market, former ideas of “broadening the format appeal” after finding a hole in the market (cf. 3.8.1.) did not make much sense anymore. What was a good strategy for excellence at a single station in the mid-1980’s was no longer the best option for a corporate owned cluster of stations. In this way, the change of ownership structure has brought about a redefinition of programming strategy.

On the other hand, as Glasser (1984, 129) has pointed out, assumptions about format duplication should not be based on audience maximization, but profit maximization. It is not just about high ratings, but also high profits. This means that after all, it might be more profitable for a station owner to duplicate certain formats than produce two totally separate formats. “Cannibalism” is an option for a single owner if the profits generated by two stations with duplicate formats are higher than from two stations with separate formats. A recent report by the Future of Music Coalition provides some evidence for this. In at least 561 cases nationwide, US radio companies operated two or more stations with the same format in the same market (DiCola & Thomson 2002, 51–52). The same report argues that the variety of commercial radio formats is an illusion. Formats with different names like CHR/Rhythmic and Urban may actually have up to a 76 percent overlap of songs on their playlists (DiCola & Thomson 2002, 49).

Although there might be variety within each station cluster, the format selection in each cluster is probably going to be rather similar (external homogenization) (Huntemann 1999, 398–399; Hendy 2000b, 229). However, the main problem with this discussion is that variety has been mistaken (see McQuail 1992, 178). For more details, see reports ordered by the NAB, for example Mellman Group 2002, Zogby 2003 and Arbitron 2003.
for diversity. According to Glasser (1984, 140), this is inevitable when consumer welfare is defined economically instead of culturally, and it also seems to happen when socio-political definitions are replaced with economic definitions. When monopolistic competition leads to a wide variety of stations with different format names on every channel that share the same corporate values, this is not true program diversity, nor does it provide real consumer sovereignty.137 (Compaigne 2000, 547; Gomery 2000b, 515; Murdoch 1982, 144; Picard 1989, 32, 73, 78–79; Albarran 1996, 37–38; Sohn et al. 1999, 241; Huntemann 1999, 397; McQuail 1992, 175–181).

3.11.3. Corporate Playlists: the Art of Safe Play

Instead of a single corporate logic, Ahlqvist (2001, 345–346) has identified four different approaches or philosophies of music programming in contemporary American radio: esthetic-oriented (reliance on own expertise); audience-oriented (reliance on listener input); research-oriented (reliance on research) and industry-oriented (reliance on the record industry). He argues that, while commercial music stations increasingly use the two last “rational” philosophies, also “non-rational” philosophies are still in use (Ahlqvist 2001, 353). However, the number of gatekeepers selecting content for airplay has been steadily decreasing since the late 1970’s (Fornatale & Mills 1980, 142), and this historical process was intensified by ownership concentration. As Huntemann (2002, 75) has noted, now more and more station playlists are developed by regional program directors and prerecorded at the corporate headquarters. Hundreds of stations are operated from a few regional centers, and at the same time, a single brand manager can design playlists for several stations all over the country, some of them completely identical (Huntemann 2002, 75; Mathews 2002). Although this kind of concentration of control is certainly a threat to localism and cultural diversity, it is possible that record companies represent even more important corporate power to shape radio playlists.

As noted earlier (see chapters 3.5. and 3.6.), song plugging and payola practices did not disappear with the anti-payola rules in the 1960’s. Instead, they were refined, first by paying program directors for the airplay rather than DJ’s (Walker 2001, 61; Segrave 1994, 162, 221) Because of the increasing amount of new records, making a hit song became more and more difficult, and a system of independent promoters was developed during the 1970’s (Dannen 1990, 6–8; Boehlert 2001c). In this system, record companies hire so-called independent promoters and pay them for promoting certain songs.

137 For example, Clear Channel owns all six commercial stations in Minot, N.D., and runs them all under the same roof (Lee 2003).
The “indies” then use this money from record companies to pay a radio station or program director for “promotion”, but the payments are made only after radio airplay (Vogel 1994, 143; Huntemann 1999, 400; Boehlert 2001c). In this way, record companies can get radio airplay for their songs without direct payments. Because of a loophole in the anti-payola rules, the whole operation remains secret and is technically legal. This is how playlists can be determined by whatever the world’s five largest record companies decide to produce and promote. The Recording Artists Coalition has estimated that US record labels pay more than $100 million per year to influence airplay on stations owned by the biggest broadcasters (RAC 2002), while others have estimated the sum to be at least three times larger (Kot 2003). Small and independent record companies usually cannot bear the expense of making a hit, because after getting onto playlists a song will not stay there for long without a steady flow of money. (Huntemann 1999, 401; Boehlert 2001c, Gomery 2000a, 319, 327; Walker 2001, 61)

Although this pay-for-play system of independent promoters had been around for decades, the age of consolidation made it much more visible and more irritating for the public than before. Instead of contacting individual local stations or regional program directors, independent promoters now started to make pay-for-play contracts directly with station group owners (Boehlert 2001c). For example, in 1998 Chancellor Media (owned by Clear Channel since 1999) made pay-for-play contracts worth $25 million for their 465 stations (Huntemann 2002, 76). For the radio companies this was an improvement at first because now they were able to bring money from record industry into the company, instead of letting the program managers to have it. But at the same time, more open and lucrative pay-for-play contracts raised a growing public concern about the corrupt practice of selecting music for radio airplay, and about the quality of the music played. Perhaps radio was not playing the best music, or what the listeners would want, but whatever it was paid for (Huntemann 1999, 401; Boehlert 2001c). As a result, two major US newspapers and ABC network television released stories about this topic during the spring of 2002 (Boehlert 2002).

Pay-for-play contracts became a really serious issue for radio corporations after Senator Russel Feingold (Democratic Party) introduced a legislation calling for broad reforms in the radio industry (Kot 2003).

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Because of this proposal, the Senate Commerce Committee held a hearing on the issue in January 2003. Clear Channel testified that its playlists are “driven solely by listener tastes and desires, largely determined through extensive local audience research” (Clear Channel 2003b). However, after three members of the Congress expressed their concern over the pay-for-play system, public pressure was too much for the company. Clear Channel made a self-regulative effort to save the company image, and in April 2003 the company announced that it would “cut ties with independent promoters” (Clear Channel 2003b). In practice, the company was forced to openly admit that pay-for-play contracts with independent promoters did not serve the public interest or help it to produce the best possible programming. This new definition means that high quality music programming can now only be made without the influence of independent promoters.

Although Clear Channel realized approximately $30 million to $40 million from “the indies” annually, the sum was less than 1 percent of company revenues, and insignificant when compared to the trouble that pay-for-play was causing for the company (Kot 2003). At the same time, Clear Channel Radio proposed a more direct relationship with the recording industry, which probably means that the company is just going to take the same promotion money in another form (Clear Channel 2003b, Kot 2003). Although Clear Channel could perhaps survive without money from the labels, the relationship with this horizontally integrated giant is vital to the music industry. One can not be sure of making a hit song without Clear Channel, because it is not only the largest owner of radio stations, but it also owns most of the key music stations in the biggest markets.

Clear Channel is crucial to the music industry also because it is the biggest promoter and presenter of live entertainment in the world. It is also one of the biggest outdoor advertising companies on the planet. Thanks to the synergy created by vertical integration, Clear Channel can offer the artist a whole national concert tour package with performing spaces, radio promotions and outdoor advertising140. In this way, Clear Channel can get paid not only for

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139 In the aftermath of the ”Nipplegate”- incident in Super Bowl 2004, Clear Channel adopted also a new zero-tolerance broadcast indecency policy in February 2004. In July 2004, the company announced that it is going to reduce the lenght and the amount of the commercials on every Clear Channel Radio station in order to “improve value of radio to listeners and advertisers”. (Clear Channel 2004a; Clear Channel 2004b)

140 Clear Channel also operates a concert promotion firm and outdoor advertising company in Finland, Sweden, Norway and Denmark (Clear Channel 2003a). In July 2003, Clear Channel traded its radio stations in Norway and Denmark for common shares of SBS Broadcasting and stated that Clear Channel chose not
advertising, but for also broadcasting recorded music and artist interviews, while at the same time it is actually promoting its own business of live concert acts. Program production, which used to be merely an expense, can now be turned into a direct source of income. It also provides an ingenious way to bring in payola money in clean form on the corporate balance sheet. The record companies and artists can ensure airplay by paying for it as part of the price of the concert tour package. Finally, those companies or artists who are not able or willing to pay the price can be effectively excluded.141 (Massel 1962, 218; Leeds 2002; Dezell 2002; Turow [1992] 1997, 697–700; Karr 2002)

3.11.4. Summary

1 Radio deregulation was not the most central issue of the Communications Act of 1996, but further relaxation of national ownership caps had a massive impact on the radio industry. Radio station ownership became highly concentrated in a short time.

2 New, more concentrated ownership structure and computer based technologies made it possible to rationalize operations with voice-tracking and cyber-jocking. However, quality of programming has been used as a justification for the new practices.

3 The industry has claimed that ownership concentration has actually increased format variety and consumer choice. However, variety is not the same as diversity.

4 Public concern over pay for play-agreements in US commercial radio has recently forced the major players of the industry to stop exploiting a loophole in the anti-payola rules.

3.12. Quality as Status Quo and Current Challenges

Although US commercial radio is now probably more profitable than ever, the state of the “consolidated” radio industry, and especially the role and to be the consolidator in the Nordic region. Only few months later, in October 2003, SBS became the largest commercial radio operator in Scandinavia with 52 stations, after a merger with Bonnier Radio AB. (SBS 2003a, SBS 2003b)

141 For example, some have claimed that the airplay of Britney Spears songs on Clear Channel radio was restricted, because she did not hire Clear Channel as her tour promoter (Leeds 2002). Moreover, in January 2003 performer Don Henley testified at a Senate Commerce Committee hearing about this Clear Channel practice (Kot 2003) and the there is also at least one lawsuit against Clear Channel about similar cases in Denver (Chen 2003).
practices of Clear Channel, have recently drawn more and more public attention (Boehlert 2001a–c; Zucco 2001; Chen 2003; Boehlert 2002). As noted, US politicians have finally become concerned about these matters. In this way, the quality of programming in commercial radio has now become a much more important public issue in the US than it was few years ago.

At the same time, the US radio industry and its lobbying group, the NAB, are trying hard to argue that there is absolutely no reason to worry. Americans love their radio just as it is now. Several market research reports ordered by the NAB back up this opinion, always giving the same basic results: most listeners are satisfied with what they are getting from radio, and only very few Americans believe that there is less variety in local radio than five years ago. Moreover, according to these surveys, the degree of satisfaction seems to be increasing. (Mellman Group 2002; Zogby 2003; Arbitron 2003) In this way, the NAB has been trying to define the quality of programming in commercial radio by equating it with the status quo.\(^1\)

This is quite logical, considering that one of the original promises of the more profitable, “consolidated” radio industry was the improvement in radio programming quality and creativity. However, the problem is that improving profitability is a much more central issue in commercial radio broadcasting than improving the quality of programming for the listeners. Although Clear Channel may argue that their “radio stations have been entrusted by the government to provide the American public with the best news, information and entertainment we possibly can” (Clear Channel 2003b), the CEO of the corporation does not actually agree with this view.

“If anyone said we were in the radio business, it wouldn’t be someone from our company,” says Mays, 67. “We’re not in the business of providing news and information. We’re not in the business of providing well-researched music. We’re simply in the business of selling our customer’s products.” (Founder and CEO of Clear Channel, Lowry Mays, quoted in Chen 2003)

Current ideas of quality in commercial radio, and the entire status quo of American broadcasting, have been challenged in a new way after the Telecommunication Act of 1996. There is a new challenge from the sky, in form of digital satellite radio, and another from the grassroots level in form of the new low-power FM stations.

\(^1\) The self-regulatory new programming policy decisions of Clear Channel during 2003 and 2004 have actually severely undermined this NAB defense strategy. However, these company policy decisions also reflect the on-going change of quality definitions in US commercial radio in a new competitive situation. (Clear Channel 2003b; Clear Channel 2004a; Clear Channel 2004b)
Digital satellite radio in the US originated in 1992 when the FCC allocated space in the radio spectrum (the so-called S-band) for satellite radio broadcasting. Four companies were interested in launching new services. In 1997, the FCC auctioned the satellite radio licenses. The best offers were made by American Mobile Radio (later XM) and CD Radio (later Sirius) which paid $90 million each for the right to use the bandwidth in the S-band spectrum. (Edwards 2001, 2; Barboutis 1997, 688; Holden 2003) The development work took several years, but both XM and Sirius launched their subscription services respectively in 2001 and 2002 (Taub 2003). Both operators offer about 100 different music and talk channels for a monthly fee: XM offers 35 and Sirius 60 music channels totally without commercials (Holden 2003). These new services with little or no advertising are marketed with digitally perfect sound and static-free reception from coast to coast, but perhaps the most important aspects of this alternative definition of commercial radio quality are the differences in programming decisions. The numerous narrowcast channels are not trying to appeal to the mainstream audience and their music is not selected by market research, but instead by personal expertise and care for the music. (Holden 2003; Pogue 2003)

“But ultimately it’s not its wondrous technology that makes satellite broadcasting pop radio’s (and maybe even pop music’s) brightest hope, but a phenomenon that in some ways contradicts that technology. For the music of the night requires guiding sensibilities. When presented by an authority, it is not just a sound. Driven by a passionate music vision, it becomes a compelling story that draws you into an imagined world where music harmonizes with your deepest dreams.” (Holden 2003)

At the end of 2003, XM had over a million subscribers and Sirius had 200,000 (Pogue 2003). These are not yet really huge numbers in the American market. However, the major operators of the terrestrial commercial radio industry have prepared to the digital challenge by developing a new digital radio technology (IBOC) which was introduced in 2002 first to broadcasters (Fritts 2002) and later to listeners under the name HD (High Definition) Radio. The first HD receivers got in to stores in 2004, but despite digital sound and new data services, the programs and the programming approach of IBOC will be exactly the same as people have received with their analog receivers, at least in the beginning. (Stimson 2004a; Stimson 2004b)

Modern unlicensed broadcasting has its roots in the mid-1980’s, but the consolidation of the radio industry and resulting changes in programming

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143 XM charges $9.99 and Sirius $12.95 per month. Moreover, a subscriber needs a new digital receiver ($120 to $2000) (Holden 2003)
were some of the major factors that led to the emergence of the microradio movement in the late 1990’s (Coopman 2000). Between September 1997 and October 1998, the FCC had to shut down 320 unlicensed micropower radio stations (Douglas 1999, 357). Moreover, the rise of the microradio movement happened at the same time that the FCC already had its hands full with new regulatory responsibilities as a result of new legislation, making it easier to explain why the commission became willing to create a new class of licenses for community broadcasters (Stavitsky, Avery & Vanhala 2001, 347).

The increasing concentration of radio received little attention from policy makers until William Kennard became the Chairman of the FCC in October 1997. In order to mitigate the effects of ownership concentration and expand the diversity of voices in local radio media, Kennard proposed a new class of low-power licenses for radio (Brown 2000, 9). The proposal was embraced by very diverse group of activists and community groups, and fiercely opposed by the NAB, and surprisingly also by NPR, as well as other incumbent public radio groups. In January 2000 the FCC finally established a new class of so-called Low Power FM (LPFM) stations, but the NAB succeeded in making a counterattack, and the FCC’s original technical standards for LPFM were repealed later the same year. (Stavitsky, Avery & Vanhala 2001, 340–342) Despite this setback, almost 3400 groups have applied for this new kind of license for this new form of non-commercial radio, and all together 131 LPFM stations were licensed in June 2003 all over the country (FCC 2003).

The microradio movement and LPFM radio are not only offering a new, local and non-commercial alternative to profit-seeking radio. By returning to the situation where local amateur talents make programs for small communities, in their own way they are challenging all incumbent radio broadcasters. In recent years, US public radio, with its sponsored programs and increased corporate underwriting, has gradually been incorporated into the market system (Baxter 1986, 66–90; Barsamian 2001, 33–56). It is a public institution which is now highly dependent of the market (McChesney 1998b; Long & Traudt 1999, 51–52), selling advertising (i.e. audiences) not for profits, but to gain funds to support quality programming, just as the old-time network radio presented itself (see 3.2.). This is why public radio can no longer counteract or fix the market failure of the commercial radio system. It is also one of the reasons why there was such a large and urgent demand for a new and fresh remedy against the imperfections of the dominant market system of radio broadcasting (McQuail 2000, 160; Hendy 2000a, 16; Stavitsky, Avery & Vanhala 2001, 347).
3.12.1. Summary

1 Quality of programming in commercial radio has now become a much more important public issue than a few years ago.

2 The NAB has done its best to prove that the Americans love their radio just as it is now.

3 Digital satellite radio has challenged analog terrestrial radio with high quality sound and national coverage, but also with more personal and subjective styles of programming.

4 US terrestrial radio broadcasters have developed their own digital radio system, IBOC or HD-radio, which is actually more a defensive strategy than a new digital radio technology.

5 New Low Power FM-stations have challenged all incumbent radio broadcasters, both commercial and public. No wonder, because also US public radio has become highly market dependent.
4. FROM AN OUTCAST TO THE DOMINANT PARADIGM: COMMERCIAL QUALITY IN FINNISH RADIO

This chapter begins with the 1920’s, just like the previous chapter on US radio, although full-scale commercial radio operations did not exist in Finland before 1985. One obvious reason for choosing this starting point is to provide a better comparison between these two case analyses. But most of all, the national, non-commercial public service radio – Yleisradio – has been such a dominating force in Finnish broadcasting for several decades that the later development of the commercial radio sector in Finland cannot be fully understood without an idea of the national and cultural context, and an examination of the quality ideas that were present during the time before commercial radio.¹⁴⁴

Alm (1992b, 31–37) has identified three different, overlapping and stratified cultural traditions in radio operations of Yleisradio since 1926, all of which have affected the later development of radio culture in Finland, as well as quality conceptions in Finnish radio. In addition, Picard (2002b) has identified four different eras in the business history of the Finnish media since 1950. One additional perspective in this study is the controversial relation to commercial radio and the idea of broadcast advertising both in Yleisradio, and more generally in Finnish culture and politics.

From American perspective, Finland is only an average-size state. Because of the difference in the scale of these two societies as well as their commercial radio operations, the previous chapter was primarily a macro-level analysis, while the examination of the development of quality conceptions in Finnish commercial radio offers more possibilities for a micro-level approach. Although there are vast differences, there are also many similarities and interconnected processes in the development of the concept of quality in commercial radio broadcasting in both countries.

In addition, the basic structure of the social forces is the same. The public maintains control in the form of government legislation and its execution by the authorities, and the operations of the public service broadcaster have shaped the ideas of quality in radio over the years in Finnish commercial

¹⁴⁴ Radio and broadcast history in Finland has been written about primarily as the history of the development of Yleisradio (see Hujanen 1997a, 17 and Alm 1992b, 30). This study, however, aims to provide a slightly revisionist interpretation of the development of radio in Finland (cf. McChesney 1993). See also Teinilä 2001.
radio broadcasting. Moreover, the basic market logic in commercial broadcasting with its economic constraints, profit motives and, more recently, programming strategies have been similar on both sides of Atlantic.

4.1. Early Experiments – and Failures
With Commercial Radio

Almost exactly two years after declaration of independence from Russia and the following Civil War\textsuperscript{145}, the Wireless Act of 1919 gave exclusive rights for all kinds of radio operations in Finland to the newly independent, republic government. The Finnish army established its own Radio Battalion, and private persons or businesses had to apply for licenses to use of all sorts of radio devices. (Lyytinen 1996, 18; Tulppo 1976, 22–23) With this radio legislation, the government of Finland was trying to secure its own interests in communications and national security operations in radio, and the government itself was probably the only possible organization in the country to take care of these matters. Unlike in the US, at that time in Finland there were no major electrical or radio manufacturing companies, so there were no commercial interests in radio to worry about.

In 1921, the members of the newly established Radio Society of Nuoren Voiman Liitto [Association of Youth Power] were given a ten-year license for small-scale radio operations. By the next year there were already 15 amateur stations on the air (Lyytinen 1996, 18; Ilmonen 1996, 24). The first two unsuccessful applications for commercial radio operations in Finland were made as early as in 1922 and 1923 by Emissioniyhtiö [Emission Company]. In the latter application, the company applied for a ten year license and exclusive rights to build and use broadcast stations, as well as for “distribution of wireless commercial information” (Lyytinen 1996, 20; Tulppo 1976, 30–31). In the first official history of Yleisradio, Vilho Suomi (1951, 24) argues that this means that the company would have financed its operations at least partly with radio advertising.\textsuperscript{146} However, it is very likely that this distribution of commercial information by radio would have been primarily something else – especially because WEAF in New York had started its “toll-programming” just a year earlier in 1922, and advertising support was by no means yet a proven economic model for broadcast radio (see 3.1).

\textsuperscript{145} During the Civil War, the first radio stations in Finland built by the Russian army were taken over by the Finnish government forces, “The White Army” (Lyytinen 1996, 18).

\textsuperscript{146} It should be taken into account that in 1951, all kinds of broadcast advertising were still strictly forbidden in Finland.
At the same time, Suomen Äännelennäatin Oy [Finnish Phonotelegraph Company] applied for a license to build “a broadcasting center” in Helsinki or the nearby area, a license for broadcasting “scientific, commercial and entertaining as well as public utility notices” as well as a license to produce broadcast receivers. All the licenses would have been exclusive, and authorized for three years. (Lyytinen 1996, 20; Tulppo 1976, 30) It seems obvious that Suomen Äännelennäatin Oy got the model for this plan directly from the US, because the main figure in the application was Toivo H. Nekton, a Finnish-American lawyer. His associates in this application were leading figures in Finnish commerce, politics and culture. (Tulppo 1976, 30; Ilmonen 1996, 26) In addition, the magazine Allas Krönika, and newspaper publisher Uusi Suomi, also submitted applications for their own broadcasting licenses (Suomi 1951, 25).

After considering the options, in February 1924 the Finnish government rejected other applications and granted a license to Suomen Äännelennäatin Oy. However, the license was not exactly what the company had applied for. First of all, it did not provide exclusive monopoly rights for broadcasting. Among other things, radio advertising was allowed only “within the bounds of propriety”. Finally, operations were required to start within six months. The company was not able to do this, and the license expired. (Lyytinen 1996, 20–21; Tulppo 1976, 31–32) In practice, this project failed because of insufficient financial resources, but one reason for this was probably also that the company was not given a direct monopoly over broadcasting (Ylönen 2001, 4; Tulppo 1976, 32; Suomi 1951, 25). As a result, the first license for nationwide radio broadcasting in Finland was actually granted to a private commercial radio operator.

By the mid-1920’s at least two Finnish broadcast stations with amateur licenses had already experimented with using broadcast radio for commercial purposes. Hangon Radio, a small private amateur station in Southern Finland, had some advertising in between music programming during 1924–25 (Ilmonen 1996, 25). The other commercial station, Radiola in the capital Helsinki, was one of the three most important Finnish broadcasting stations in 1924. Although this station was established by the local radio amateur club, it was directly supported by a group of radio retailers (Tulppo 1976, 34), and the station actually carried the brand name of the RCA radio receivers. However, in practice the Finnish government was ready to protect this company from competition. It first rejected the application of Tampereen Radio to increase the coverage, and finally granted the license in April 1924, only after it became clear that Suomen Äännelennäatin Oy would not be able to launch operations (Tulppo 1976, 32). The RCA Radiola I had already been released in 1922.
According to Suomi (1951, 30), Radiola also tried radio advertising, but it is more than obvious that this station was primarily used for promoting the sale of new, imported radio receivers (Tulppo 1976, 29). In early American radio this kind of promotion and sponsored programming (carrying sponsors’ name) was more common than spot advertising (see 3.2.).

Since the beginning, this station’s signal covered also central Finland. Later, it increased its transmitter power two separate times (Suomi 1951, 30). Its studio was equipped with a grand piano, and the first live concert by Radiola was broadcast in March 1924 (Lyytinen 1996, 30, 64). At this time, broadcast radio also in Finland was understood primarily as an intermediary of live music performances, and Radiola hired a permanent radio orchestra for its live concerts, too. It is most likely that the station played recorded music also, although gramophone records with bad sound quality were not considered good broadcasting in Finland, either (Suomi 1951, 30; Lipponen 1992, 151–152). Live music not only sounded better, but it was also more expensive, because since 1921 radio stations and other users of live music had to pay both the musicians and the composer (Gronow 1992, 191–192). But of course, Radiola also offered some enlightening lectures, some broadcast in Swedish, which was the second official language of Finland (Lyytinen 1996, 26).

Although the radio technicians worked for free and most of the performers did not charge anything, Radiola’s fixed costs for programming were too high in relation to its income, mostly because of the permanent radio orchestra and live music. Radiola was finally shut down because of the lack of money, about six months after its start. (Suomi 1951, 30; Lyytinen 1996, 19; Tulppo 1976, 28–29) In this way, programming which was considered high quality was too expensive for a commercial station, which was not yet able to support itself. At that time even WEAF in New York could not pay for star performers, but unlike AT&T, the small private operators in Finland did not have the necessary capital to overcome the setbacks of income formation.

In 1924 there were altogether 75 broadcasting stations in Finland supported by local radio societies, but most of them were small and scattered stations, which had only local coverage and local importance. After the fall of Radiola, the only stations with larger coverage were the Radio Battalion’s station in Helsinki, which had ceased broadcasts for six months when Radiola had been on the air, and Tampereen Radio, where almost regular broadcasts were supported and produced by the local radio society in Tampere. There,

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149 Records were cheaper to play, because recording artists and record companies did not receive any payments for broadcast use in Finland until 1961 (Gronow 1992, 192).
local talent did not charge at all for their performances on the radio. (Lyytinen 1996, 19–20; Ilmonen 1996, 26–28; Suomi 1951, 29–31)

The formation of Suomen Radioyhdistys [The Finnish Radio Association] in 1923, to represent the interests of radio listeners, was probably an early sign that the first novelty of radio was already wearing off in Finland also. The radio amateurs had different interests, and the services of small, local station, along with the purely random reception of distant stations, was not enough to increasing number of the listeners. There was clearly a need for more consolidated, better quality service (Tulppo 1976, 26–27, 33). The incoherence of Finnish radio service, and consecutive failures of commercially based efforts, provided the context for the formation of a broad-based public committee in late 1924 to study the radio question and to make a proposal about organizing radio broadcasting in Finland. Suomen Radioyhdistys had earlier outlined its own principles for organizing radio broadcasting, which now proved to be indicative and valuable to the “temporary radio commission”. Its work led to the drafting a bill for a new Radio Act in December 1925, and in May 1926 to the formation of O.Y. Suomen Yleisradio\footnote{The word “yleisradio” [all-round radio] was invented in December 1923 as a Finnish translation of “broadcasting” by a group of engineering students, who were celebrating at their Christmas party in Helsinki (Lipponen 1992, 151).} – A.B. Finland Rundradio [Finnish Broadcasting Company], a broad-based, private programming company. (Lyytinen 1996, 20–23; Tulppo 1976, 33–36)

4.1.1. Summary

1 Though newly independent Finland had no radio or electrical industry to back up radio broadcasting, the first license applications for commercial radio operations were submitted already in the early 1920’s.

2 The first license for nationwide radio broadcasting in Finland was granted to a private commercial operator in 1924. However, this project was never launched mostly because of insufficient funding.

3 Live music programming was also considered good broadcasting in early Finnish radio, but the expenses of live music and a permanent

\footnote{This was true especially in the capital Helsinki region, which had just lost its most important station. Suomen Radioyhdistys restarted its broadcasts from the Radio Battalion’s station after the fall of Radiola, and after March 7, 1925 it was able to broadcast regular and preconcerted programming. This is usually considered as the start of regular broadcasting in Finland. The association financed its operations by acting as a broker for official radio receiver licenses (Ilmonen 1996, 28).}
radio orchestra were too high for the early commercial radio stations like Radiola.

4 The failures of commercial radio projects and the continuing incoherence of Finnish radio service provided the context for a public committee, which in 1925 made its successful proposal for organizing radio broadcasting in Finland.

5 A broad-based, private programming company O.Y. Suomen Yleisradio – A.B. Finlands Rundradio, was established in 1926.

4.2. Commercial Broadcasting Becomes Officially Non-Quality

There were social, cultural and national (i.e. political) motives, as well as some vested private economic interests, for organizing a national radio service. The creation of a nationwide radio programming service in Finland reflects very similar needs and wishes from the public, similar to those that preceded the almost simultaneous rise of the national commercial radio networks in the US. In Finland this need for nation-building was probably even more urgent. Although the size of the country was much smaller, there were numerous isolated rural communities, which radio could now connect to the cities (Lyytinen 1996, 22). Moreover, Finland was still a very young republic with strong patriotic feelings, and on the other hand, with fresh wounds from the Civil War. Yleisradio was needed to reconcile these social contradictions (Lowe & Alm 1997, 173) and to build unity. The company was charged with a mission as a national educational institution to create uniform, distinguished but at the same time easily comprehensive Finnish culture (Alm 1992b, 32–33). The role of the state in this effort was at first only to build and operate the expensive broadcasting stations for program delivery.152 The largest shareholder in Suomen Yleisradio was Suomen Radioyhdistys, while the rest of the shares were owned by numerous businesses, organizations of citizens and educational associations (Lyytinen 1996, 23–29).

In Finland, there was no domestically originated chaos on the air. On the contrary, the problem was the lack of well-established and sufficiently funded broadcasters. Tulppo (1976) quite correctly argues that the main purpose of the new Radio Equipment Act of 1927 in Finland was to ensure an economic foundation for broadcasting. The new law covered all kinds of radio operations, just like the former Wireless Act of 1919, and protected

152 The State of Finland actually had to use part of a larger foreign loan to build the Lahti station (Lyytinen 1996, 48)
military interests, but now the state also set a fee for (receiver) licenses. The Parliament added a provision for a special radio trust to the law. The new license-fee system was organized in more detail, with a separate statute: the right to grant licenses for radio receivers was given to the National Board of Post and Telecommunications, while the Ministry of Transport and General Works was given the right to grant licenses for other sorts of radio devices. (Tulppo 1976, 37–38; Hellman 1999, 148)

Unlike its US counterpart, the Finnish Radio Act of 1927 does not state anything specific about broadcast programming principles. Instead, the operational guidelines were given in the text of Yleisradio’s broadcasting license. Programs of the new company were supposed to be “varying, distinguished by both of their content and presentation, factual and impartial as well as offering proper entertainment” [translation from Finnish by the author]. The license required that the programs should promote popular education, as well as provide news and useful information so that the rights of anybody would not be violated. Openly political broadcasting and advertising were both forbidden. Moreover, the programs were also supposed to be selected so that they would be interesting for “a considerably large share of the owners of the receiver-license”, which can actually be seen as an indirect demand to appeal to the largest possible audiences. (Tulppo 1976, 53; Lowe & Alm 1997, 173) *Instead of creating a governmental administrative office like the FRC to guide and control private local stations to produce programs for the public good, Finland established a special private broadcaster to make this happen in practice.*

Although the temporary radio commission had suggested that the new private programming company should get monopoly rights for broadcasting in Finland to secure its financial base, neither the law nor Yleisradio’s broadcasting license were exclusive. Yleisradio took over the broadcast operations of Suomen Radioyhdistys in Helsinki, but all other local radio societies were allowed to continue broadcasting with their old licenses as before, and if they wanted, they were also able to receive Yleisradio programming through telephone lines and broadcast it locally for a fee.\(^{153}\) However, because only Yleisradio was allowed to broadcast from the

\(^{153}\) Technically this network arrangement was very similar to the US commercial networks, and it offered similar cost efficiencies for program production, but without advertising it offered income only for Yleisradio. The telephone lines of the national post and telegraph service were used to feed the programs to the stations until the early 1950’s. According to Kallio (1979, 11) all broadcast stations did not take all the programs: in the late 1940’s a switchboard operator had to deal with 38 different exceptions during a one broadcast day.
new powerful “grand station” of Lahti after 1928, and because it also received the majority of the license-fee income, independent local stations gradually faded away. The most long-lived local radio society in Pietarsaari handed over its operations to Yleisradio in 1935. (Tulppo 1976, 35–36, 52–53; Ilmonen 1996, 25, 28–29; Ylönen 2001, 7) In this way, national programming from Helsinki soon created dominant national standards for Finnish radio, although in the 1930’s some part of national programming was still produced at local studios around the country. Some local studios (now as part of Yleisradio) with their own transmitters also had their own local programming.155 (Ilmonen 1996, 56)

In its proposal, the temporary radio commission had also wanted to prevent the use of radio “for all kinds of private economic purposes and for private advertising” (Tulppo 1976, 35), but the Radio Act of 1927 did not state anything about this. Already in October 1926, one of the programming company shareholders, the publishing house WSOY suggested broadcasting a sponsored program, but the Administrative Council of Yleisradio rejected this. A month later they formulated guiding principles for internal program inspection, where business advertising was forbidden (Lyytinen 1996, 33–35). Despite of this, the first CEO of Yleisradio, L.M. Viherjuuri suggested a special daytime “advertising hour” in January 1927. The Directorate of the company did not reject this idea to present paid advertisements as a part of Yleisradio programming, and Viherjuuri was asked to write a more detailed proposal for the Administrative Council. However, this plan became impossible two months later, when advertising on Yleisradio was specifically forbidden by the new licensing agreement with the state. This agreement also directed 85 percent of the public license-fee income to Yleisradio. (Tulppo 1976, 52–53, 59; Ylönen 2001, 7; Lyytinen 1996, 126–128)

As we can see, there was not an undivided consensus against the commercialization of radio, even within the top management the new Yleisradio. Consequently, the rejection of commercial advertising was not inevitable, but rather a result of policy choices. However, there were many reasons why commercial content did not get a real chance in Finnish radio during the 1920’s. First of all, as the proposal of the temporary radio commission suggested – just like in the US – many people thought that direct advertising was not suitable for a new public forum like radio. Second,

154 The new, powerful and modern broadcast station in Lahti was the first to be able to cover all of Finland up to Lapland, and it had wide coverage in other European countries (Lyytinen 1996, 46–48)

155 According to Kallio (1979, 21), in the 1950’s Yleisradio still recorded some radio plays in the “provincial studios”, primarily in order to prove that the radio company was not only for the people in the capital region.
newspapers and the press journalists, which had played a central role in forming the temporary radio commission, did not want commercial radio, because it would have competed for the same advertising income as the press.\textsuperscript{156} Third, commercial radio experiments in Finland had failed so far. In addition, there were also the examples of other Nordic countries and Great Britain, where the broadcasting systems were based on license-fee income and not on advertising. (Lyytinen 1996, 21–22, 33–34; Tulppo 1976, 35)

Moreover, when even the largest American commercial radio network NBC did not make any profits before 1929 (see 3.2.; Smulyan 1994, 63), advertising could not have been considered in 1927 as a really reliable model for generating income for broadcasting when compared to the tax-like license-fee system. And finally, when the government gave special rights – although not a monopoly – to Yleisradio and protected its radio operations, it also sought with the licensing agreement to guarantee that the public license-fee income and the broadcasting equipment owned by the state would not be exploited for the benefit of private business.\textsuperscript{157} When commercial broadcasting and advertising in radio became in this way officially forbidden, this made broadcast advertising an even more unwanted characteristic, which should be avoided by all means. Commercial radio became at least indirectly connected with inferior programming quality. After 1927, the commercial use of all broadcasting remained forbidden in Finland for the next 30 years.

The prohibition of radio advertising was not a universal and comprehensive solution for structuring the relationship of private commercial businesses and Yleisradio. In 1927, the Administrative Council noted that daytime music performances on radio were provided primarily to meet the needs of the radio retailers, who were also shareholders of the company. This meant that music was supposed to promote radio receiver sales, and consequently programming was at least partly used and exploited for commercial purposes. Anyway, the Council stated that if the radio stores wanted to have more distinguished music performances, they should pay for them. Also, phonograph records for broadcast programming were selected at first according to the wishes of the music stores. (Tulppo 1976, 59, 62) At that time, actually all the records played on the radio were borrowed from music

\textsuperscript{156} Even non-commercial radio was seen as a competitor of the press in news delivery (Lyytinen 1996, 91)

\textsuperscript{157} It should be also noted that the licensing agreement for Yleisradio was made in March 1927, when Finland had its first Social Democratic cabinet led by Väinö Tanner (Tulppo 1976, 46). The license for commercial Suomen Äännelementtäin Oy in 1924 had been granted by a caretaker cabinet (Cajander II) which was composed of civil servants.
and record retailers in Helsinki, and even the studio phonograph was owned by the Fazer music shop. In 1934, Yleisradio was finally forced to establish its own record archive, because the music and recording industries refused to lend records for broadcast use any more. The availability of live music had been more important so far, which illustrates well the different status of recorded and live music in early broadcasting. Suomen Radioyhdistys had already had a small orchestra, which continued its regular performances until the establishment of the Yleisradio’s Radio Orchestra in 1927. About a half of all programming was music before World War II. (Lipponen 1992, 152; Lyytinen 1996, 54–55)

The task of avoiding commercial and political propaganda was not any easier in spoken word programs, which made up the other half of programming. Early Yleisradio offered many sorts of speech programs, both serious and light, but in practice they all served some educational and cultural purposes. This tendency to use radio as a tool for civilizing the citizens continued during the next decades, and in this way speech became another defining paradigm of non-commercial public service radio. (Lyytinen 1996, 52–55; Alitalo 1993, 93–97) Moreover, the listeners were educated through music selection. At first Yleisradio offered primarily classical chamber music, symphonies and operas in order to teach listeners to enjoy “the finest music” (Lyytinen 1996, 57–58) This was a basis for the first operational culture tradition in Yleisradio, which Alm (1992b) has described with the name “Symphonies and popular education”. This was the dominant tradition until the mid-1960’s (Alm 1992b, 32–33).

The first efforts to find out what the listeners in Finland would like to hear from their radios were also made in the late 1920’s. Newspaper Helsingin Sanomat undertook a small study in 1927, and Yleisradio made its first own effort the following year, but its second inquiry in 1929 was the first really comprehensive listener study in Finland. This inquiry was connected to the receiver license renewal process, and altogether 61 percent of license holders (42 122 persons) returned the questionnaire. Now for the first time it was possible to estimate that Yleisradio could reach about 425 000 listeners in Finland. 53 percent of the respondents did not want programs about political questions (35 percent did not answer to this question). Religious programming, children’s programs and the news were the top favorites.

However, some Finnish performers and conductors were not eager to perform on the radio because they thought it would ruin the artistic experience and decrease the size of paying audience (Tulppo 1976, 53–54).

Because there was no advertising, there was also no immediate need for a ratings service. Instead, the studies were undertaken mainly to satisfy the curiosity of the broadcasting organization.
Performances of female solo singers were heavily criticized, and the respondents wanted to decrease the amount of both opera and jazz music, while the symphony music split the respondents into two groups. Instead, the respondents wanted more comic songs, folksongs and old dance music. Although the results showed that at least the music policy was in contradiction with listener wishes, the company did not revise it, coming to the general conclusion that there was no real need for extensive changes in programming. The pressure for changes did not increase, because any other large listener survey was not made before the World War II. (Tulppo 1976, 100–101; Lyytinen 1996, 63–64; 116–119)

4.2.1. Summary

1 The creation of nationwide radio service was especially important in a young republic, where it contributed to strengthened national unity and created a new, commonly shared Finnish culture. The role of the state was first to provide the infrastructure for program delivery.

2 The Finnish Radio Act of 1927 and Yleisradio’s broadcasting license did not provide monopoly status for the new company. But because the company was given special privileges and most of the public funding, local independent stations with local programs gradually faded away.

3 There was no undivided consensus against commercialization of radio, but advertising was clearly forbidden in Yleisradio’s licensing agreement. In this way, broadcast advertising became an officially unwanted program characteristic.

4 Radio in Finland was first considered to be primarily a national institution for civilizing and educating the citizens with the finest music and serious programming, while entertainment had a secondary role. This tradition was dominant in Finnish radio until the mid-1960’s.

4.3. Three Decades of Political Turbulence and Monopoly Broadcasting

In 1934, after acquiring 90 percent of the company shares in a special issue, the state of Finland became the largest shareholder of Yleisradio. The political process of reorganizing radio broadcasting had actually started in 1929, after a dispute concerning Yleisradio’s decision not to broadcast a program from the tenth anniversary celebration of the Prohibition (1919–1932). The need for change became more urgent when the rise of right-wing radicalism in the form of Isänmaallinen Kansanliike (IKL) [Patriotic
People’s Movement] during the years of deep recession brought Yleisradio into the middle of a political storm, and the power of radio for political use was better understood. More direct public control through state ownership and a government-controlled Administrative Council were now seen as the best way to avoid the use of radio programming for propaganda purposes. The new Radio Company Act of 1934 was passed with the support of Social Democratic Party (SDP), Agrarian Party (AP) and the Swedish People’s Party (SPP), which hoped that radio service for the Swedish-speaking minority would improve under state ownership. (Lyytinen 1996, 69–85; Tulppo 1976, 67–113; Hellman 1999, 148)

Because the Radio Company Act of 1934 did not state anything about the freedom of speech or programming in general, Tulppo (1976) argues that the main purpose of the new law was again to consolidate and concentrate broadcasting, as well as redefine the economic basis of operations. Now, all the broadcasting stations and all the license-fee income were transferred directly to Yleisradio. However, all this resulted in better political control over the broadcaster. By 1934, the state had already bought most of the private local stations, and after the passage of the new law, Finnish radio broadcasting became a de facto state monopoly in 1935. Still, the law itself did not require Yleisradio to be a monopoly, but the during the years 1935–1954 this principle was stated in the licensing terms of Yleisradio. (Tulppo 1976, 113–114; Lyytinen 1996, 128; Salokangas 1996, 13) Although the radio law reforms of 1934 probably solidified the total differentiation of the US and Finnish radio systems, the reforms still have something in common. Both the US Communications Act of 1934 and Finnish Radio Act of 1934 consolidated the status of the largest broadcast operators, and improved the ability of the government to control and regulate radio broadcasting.160

Only five years later, in November 1939, the Soviet Union attacked Finland and World War II began in the Northern Europe. State-owned Yleisradio supported Finnish war efforts in many ways161 during the Winter War (1939–1940), and during the Continuation War (1941–1944). For example, Yleisradio provided domestic broadcast time to the Finnish Defense Forces and to several patriotic propaganda organizations. In this way the

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160 One common reason for this was that now the new strategic status of broadcasting had been found. Cf. Barnouw 1968, 15–16.

161 Perhaps one of the strangest forms of war support were the Yleisradio jamming stations in 1941. Four radio stations in Viipuri broadcast one single song non-stop for several months to prevent Soviet radio-controlled mines from exploding. The only song on this extremely limited playlist was Säkkijärven polkka (Vihavainen 1996, 216). Nowadays this song is internationally known as one of the default ring tones of Nokia cell phones.
same arrangement which was originally made to protect listeners from right-wing political propaganda, now provided excellent possibilities for another kind of propaganda to boost morale and national cohesion. There was also wartime censorship, controlled by a special official state organization. Moreover, Yleisradio organized special broadcasting for the front-line soldiers, offering also entertainment and popular culture in between more serious programming. These Front Radios were also a springboard for many new artists and entertainers from popular culture in the post-war period, as well as many new radio journalists. (Vihavainen 1996, 131–251; Tulppo 1976, 134–190; Lowe & Alm 1997, 173)

When the war ended in 1944, Finland was not occupied, but the peace treaty with the Soviet Union demanded many changes in the Finnish society. The representative of the left-wing People’s Democratic League, authoress Hella Wuolijoki, who had spent the rest of the war in prison after getting a life sentence in 1943, was made the new Director General of Yleisradio in 1945. Estonian-born Wuolijoki was a vigorous reformer with many new ideas, who did not respect the idea of Yleisradio as a non-political cultural organization. On the contrary, for her Yleisradio had been thoroughly politicized bourgeois institution already before the war. Moreover, her music policy for Yleisradio probably would have made Theodor Adorno very happy. It is also very possible that Adorno’s thoughts about music and the culture industry were already familiar to this leftist cosmopolitan, who spoke fluent German and English among other languages and was a personal friend of Bertolt Brecht.162 Anyway, Wuolijoki personally hated jazz, schlagers and light music and she was very devoted to educating Yleisradio listeners to understand “great music”.163 Consequently, the tradition of symphonies and

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162 In fact, there may be some sort of link between Wuolijoki and Adorno. German philosopher and theorist Walter Benjamin became acquainted with both Theodor Adorno and Bertolt Brecht already in the 1920’s and Benjamin also corresponded extensively with both Adorno and Brecht until his death in 1940 (Pietilä 1997, 226–228; Storey 1998, 105–106; Nygren 2000; WBRS 2003; Wikipedia 2003) so that Brecht was certainly aware of Adorno’s ideas. Adorno published his essays The Radio Symphony and On Popular Music in the US in 1941 (Douglas 1999, 153) while Brecht was still staying in Finland at Wuolijoki’s manor before leaving for the US (Pitkänen 2002). In addition, perhaps the most influential text of Adorno and Max Horkheimer, Dialectic of Enlightenment, was written in German in 1944 (published in 1947) (Negus 1997, 70, 103), so that it existed before Wuolijoki was appointed.

163 A recording made by a Finnish-American artist Hiski Salomaa, of a song called Lännen lokari [Western logger] was the symbolic target of Wuolijoki’s hatred. She had publicly threatened to break that record and two years after her resignation, Niilo Tarvajärvi gave her the opportunity to do so on a live radio broadcast
education continued, although the programming got some new, more political features as well. Wuolijoki was forced to leave her post in 1949, after a new law with a nickname “Lex Jahvetti” was imposed, which transferred the right to elect the members of the Yleisradio Administrative Council from the Ministry of Transport to the Parliament. (Vihavainen 1996, 262–271, 291–298; Salokangas 1996, 13; Lowe & Alm 1997, 174; Hellman 1999, 140)

In 1949 Yleisradio undertook two listener studies, the first in January and the second in October. Among the top favorite programs for the listeners were news and radio plays. Despite years of “education” (see Salokangas 1996, 103), 59 percent of the listeners thought that there was too much symphonic music on radio, and 62 percent wanted to hear more old dance music. In the latter study, 49 percent of respondents were pleased with the changes in programming after Wuolijoki’s resignation, and 57 percent of them thought that programming had improved, because the programs were now less political. Only 9 percent were unhappy with the changes in programming. (Vihavainen 1996, 285–287) While commercial radio in the US at the same time, after the introduction of television and the fall of network radio, was opening up to new and even rather marginal genres of popular music, in Finland radio was still a single national cultural institution with educational ambitions. Director Generals of Yleisradio changed, but Jussi Koskiluoma continued the fight against popular culture inside Yleisradio as the Program Director from 1945 until his death in 1969. Koskiluoma especially disliked Finnish iskelmä\(^{164}\) music. For example, in 1954, even very popular Finnish light music recordings of the time were not played on the air more than once a week. For Koskiluoma, this was too much. (Salokangas 1996, 56–57, 98–103) Certainly, there was no fear of extensive repetition.

The Council of State established a committee to draft a proposal for new broadcasting legislation in 1950, but this committee soon ended in a disagreement between the chair (the Director General of the National Board of Post and Telecommunications) and the management of Yleisradio, which opposed suggestions to increase the power of the Council of State over the Parliament in electing the Yleisradio Directorate and the Administrative Council. This dispute most certainly affected the later television licensing policy of the National Board of Post and Telecommunications. A second committee was established for the same purpose in 1954, and it continued

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(Vihavainen 1996, 271–272). However, for Theodor Adorno even the works of Finnish composer Jean Sibelius would not have been “great music”. Adorno claimed in 1938 that Sibelius was a lousy composer and associated him with the Nazi ideology. (Sirén 2000)

\(^{164}\) This earlier underestimated genre of Finnish music will be described in more detail in chapter 4.11.3.
the drafting work for a new bill for almost six years, through the early days of FM broadcasting and television in Finland. (Salokangas 1996, 13–15)

AM frequencies in Europe were really crowded before and especially during the World War II. In 1948, the European countries re-divided these frequencies at an international conference in Copenhagen, and Germany, as the loser of the war, was left with very few AM frequencies. However, the international frequency range for FM radio had been set a year before and consequently the new FM was selected as the radio technology for the occupied zones. In 1951 there were already 30 FM stations in Germany. In theory, Finland got a quite satisfactory result from Copenhagen conference, but in practice the situation on the AM band in Finland became even worse after 1950. The frequencies of a small and remote country like Finland were arbitrarily taken for use elsewhere in Europe, and the powerful propaganda stations of the Cold War era interfered heavily with AM reception in Finland. However, the German example gave Yleisradio a reliable model and the necessary knowledge for solving the problem. The first FM transmitter, which was borrowed from West Germany, was located in Helsinki in 1951. (Ilmonen 1996, 80; Salokangas 1996, 24–28)

As the sole national radio operator, Yleisradio decided to make a long-term investment on FM technology and build a comprehensive national FM broadcasting network. In this way, the decision about the new technology was made by a one company alone, although it was made with the mutual understanding of the domestic radio receiver manufacturers. FM was seen as a good way to organize decent domestic radio reception, open new ways for development of radio media and improve overall broadcast sound quality. Also, when programs could be relayed over the network instead of telephone lines, they were not exposed to noise and interference as before. Moreover, FM was seen as a cheaper option when compared to cable radio, because some of the FM transmitters could be placed at already existing AM stations.

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165 The first test broadcasts of FM radio in Finland were made in 1948, but they were soon discontinued because Finnish radio manufacturers were afraid that the inauguration of the FM system would harm the sales of “normal” AM receivers (Salokangas 1996, 28)

166 For example, in August 1953 the US government was engaged in international radio piracy. With a more powerful radio transmitter, it took over an AM frequency, which was originally assigned to Moscow and Soviet Union. (Barnouw 1970, 87–92, 103–108)

167 However, now the old studio equipment produced too much ground noise for FM, and Yleisradio had to renew practically all its studio technology between 1953–1957 (Kallio 1979, 17)

168 In Sweden, cable radio systems were tested extensively (Ilmonen 1996, 77–78)
In 1952, Finland got 48 FM frequencies for 29 stations, which provided the possibility to broadcast two separate programs nationwide. This was crucial for creating a parallel Swedish-language FM network.\textsuperscript{169} In an ironic twist of radio history, the main supplier of the transmitters for the brave new Yleisradio FM networks was the leading US radio manufacturer, RCA. (Salokangas 1996, 28–29; Ilmonen 1996; 78–83)

The first stations of FM network were launched in 1953, and more stations with new FM transmitters were built every year during the next four years so that by 1957, 95 percent of the population was able to listen FM broadcasts, and 40 percent already had FM receivers, too. However, in the middle of this heavy investment program in the FM network, Yleisradio was faced with a new challenge – television. So far, the company had estimated that saving the troubled radio system and investing in its development was more important than the rapid introduction of television\textsuperscript{170} – giving these things exactly the opposite order of importance than David Sarnoff and RCA – but now there were two severe television problems at hand. Soviet propaganda broadcasts had been a problem since the early days of Yleisradio (Tulppo 1976, 109), but now the Soviet Union had also started Finnish-language television broadcasts from Tallinn, Estonia, which covered most of the Southern Finland. The other problem was TES-TV, which had broken the long-standing Yleisradio broadcasting monopoly. This private television station in Helsinki, established by engineering students and other television amateurs, had started with an experimental license of the Helsinki University of Technology.\textsuperscript{171} After Yleisradio had become a state-owned company, the right of granting broadcast licenses had been given to the National Board of Post and Telecommunications, which was now able to independently break the de facto monopoly and grant a license for TES-TV in 1956. During the same year, this station delivered the first commercial broadcasts in Finland since 1924. (Salokangas 1996, 30, 112–115; Ilmonen 1996, 82, 101–102; Arhela 1976, 247–259; Hellman 1999, 138)

\textsuperscript{169} In this way, FM technology in Finland offered a new social potential, similar to that which Charles Siepmann had described in his book few years earlier from American perspective. Moreover, FM technology made it also possible to re-introduce local private radio in Finland in mid-1980’s.

\textsuperscript{170} In 1952, Matti Siukola defended his doctoral dissertation Technical and Economical Aspects of the Suggested Television System in Finland [Suomeen ehdotetun televisiojärjestelmän taloudelliset ja tekniset näkökohdat]. A former Yleisradio employee, Siukola moved later to the US, where he worked for RCA. (Ilmonen 1996, 101)

\textsuperscript{171} There were private amateur TV stations in Tampere and Turku as well (Arhela 1976, 254–256).
Yleisradio was forced to seriously reconsider its strategy for the introduction of television. The funding of the new broadcast medium was the toughest problem, because the FM radio networks were not yet ready, and a significant increase in license-fee payments, as well the use of radio license-fee income for television investment, were not considered as viable options. The company was able to get some money for the first television equipment from the state budget, but only after skillfully using the threat of the Soviet television\(^{172}\) as a deterrent for the politicians. Quite soon, the Finnish government came to the same conclusion as the management of Yleisradio: more money for rapid national television investment program must be acquired, and this could be done only by allowing commercial advertising in Yleisradio programming.\(^{173}\) As a consequence of this conversion in April 1957, the Council of State revised the licensing terms of Yleisradio so that it became possible to broadcast advertisements on television, but on radio they still remained forbidden. (Salokangas 1996, 111–118; Arhela 1976, 260)

According to Hellman (1999, 136) the justification for this decision was purely economic, because this made it possible to protect both the state budget and the license-fee payers from the costs of television investments. The preservation of Yleisradio’s non-commercial monopoly in radio supports this interpretation. However, the reasons behind the license revision were highly political. The special geopolitical status of Finland at the front line of the Cold War was probably the main reason why commercial broadcasting in the form of commercial television was introduced in Finland much earlier than for example in the other Nordic countries.\(^{174}\) The other reason was probably the liberal licensing practice of the National Board of Post and Telecommunications, which did not respect the monopoly agreement between Yleisradio and the Council of State. While the big commercial networks in the US had been ready to sacrifice their radio business for the success of television, now Yleisradio, in its effort to both save its national

\(^{172}\) In the late 1960’s the Soviet Union wanted Finland – i.e. Yleisradio – to accept the same SECAM color television system which was used in Soviet Union. However, the black and white standard was Western European PAL and Yleisradio chose it to be also the color system. This decision guaranteed that the Finns were still able to receive also Swedish television, but not Soviet television. (Salokangas 1996, 211–212)

\(^{173}\) Interestingly, almost simultaneous commercialization of the British television in 1955 was masterminded by the American advertisers, who were afraid of decrease of their sales in Britain, when the audiences of the commercial Radio Luxemburg started to shrink (Barnouw 1970, 108)

\(^{174}\) For example, regular television broadcasts in Norway were not started before 1960, and the first commercial TV-channels were launched in 1992. Advertising in Norwegian radio was not allowed before 1987. (Kemppainen 2001, 85–86).
radio and guarantee the success of its national public television, was forced to sacrifice one of its long-standing principles: it had to accept broadcast advertising.

4.3.1. Summary

1. The rise of right-wing radicalism and a new understanding of the political power of radio resulted in reorganization of Finnish radio broadcasting in 1934. The state of Finland took over the programming company and in practice Yleisradio became a state radio monopoly a year later.

2. State-owned Yleisradio supported Finnish war efforts directly and indirectly both in the home front as well as in the battlefields. Special Front Radios offered soldiers entertainment and popular culture between serious programming.

3. After the war, new Director General Hella Wuolijoki did not respect the idea of Yleisradio as a non-political cultural institution. New, more openly political programming was introduced before Wuolijoki was forced to resign.

4. At the same time, the earlier programming tradition of symphonies and education was not discontinued in Yleisradio. Listener preferences for more light music and popular culture were not seriously taken into account.

5. Because the use of AM frequencies for domestic radio broadcasting became extremely difficult in Finland, Yleisradio decided to follow the German example and save radio broadcasting by investing in a new FM radio network. It covered almost the entire nation by 1957.

6. Private TES-TV managed to break Yleisradio’s broadcasting monopoly and forced the company to launch television broadcasting service before the investment in FM radio was paid. Yleisradio had to accept television advertising to collect enough money for the new television operations.

4.4. Radio Monopoly in Danger: the Attack of the American-Style Pirates

Suomen Ilmoittajat Ry [The Association of Finnish Advertisers] had first suggested television advertising for Yleisradio in early 1955. It also developed the idea of a separate company for television advertising, which would be independent both from Yleisradio and the advertising agencies. This arrangement allowed Yleisradio to insulate itself from the commercial
business and separate Yleisradio programs from commercial programs, although they were broadcast on the same channel. An independent private commercial company, Oy Mainos-TV-Reklam Ab (MTV) [Advertising-TV] was established as soon as the Yleisradio license terms had been revised. The co-operation of these companies was based on Yleisradio’s broadcasting license, while MTV did not have its own license.\(^{175}\) Yleisradio launched television test broadcasts in February 1957 and regular television broadcasting started at the beginning of 1958.\(^{176}\) During the first year of operations Yleisradio received 15.6 million Finnish marks from the MTV in payment for television broadcast time. As a consequence, although commercial radio was still forbidden, commercial production values and broadcast advertising gradually became familiar to Finnish audiences through commercial television beginning in the late 1950’s. (Onttonen 2001, 51–62; Salokangas 1996, 120–121; Lowe & Alm 1997, 176)

The second committee for revising the broadcasting legislation was finally able to deliver its proposal in December 1959. The committee suggested that the national broadcasting licenses should be given to the state-owned Yleisradio, which would also get all the license fee-income, but it would have been possible to grant local broadcasting licenses to non-profit organizations, institutions or societies with no connections to political parties as well. The proposal would have also allowed broadcast advertising. The representatives of Yleisradio, who were in the minority on the committee, were against local radio licenses. According to Salokangas (1996, 17), they saw private stations primarily as a risk, both for domestic politics and Soviet relations. The proposed limitations on station ownership were considered ineffective and consequently, commercial operations would produce primarily narrow and low-quality programming. For them, it was also quite obvious that these local stations would not remain separate, but instead would join together into a national network (Kemppainen 2001, 115).\(^{177}\) Moreover, they did not see any need for private local stations, because Yleisradio already had local operations. Also, the “quality of networking local radios would be difficult to control and adapt to the general broadcasting standard [of Yleisradio]”

\(^{175}\) For a more detailed analysis of the relationship of these two companies and its development, see Hellman 1999.

\(^{176}\) According to Picard (2002b), in the business history of the Finnish media 1957 was a turning point from the epoch of printed media and public service broadcasting to the epoch of public service radio and television operations.

\(^{177}\) Kemppainen (2001, 115) considers this argument as a sign of exceptionally insightful forecast. However, there were previous experiences of networking in Finland in the late 1920’s as well as the earlier development in other countries, like in the US.
(Salokangas 1996, 17). As a result, programming would be divided into two parts, where some programs would be good primarily for advertising, while others would be able to offer “refreshment, develop or artistic enjoyment” (quoted in Salokangas 1996, 17).

In practice, the minority of the committee saw that the proposal would have opened the floodgates for uncontrolled commercialization as well as poor quality programming, and the only way to prevent this was to safeguard the broadcasting monopoly in Finland for Yleisradio. The minority government of the Agrarian Party supported the monopoly, and in 1960 the Council of State drafted a bill that would have allowed broadcasting only by a state-owned company. This proposal would also have shut down the operations of TES-TV. (Salokangas 1996, 15–24; Viljakainen 2001, 31–33; Kemppainen 2001, 114–115)

During the discussion of this proposal in the Finnish parliament, the conservative National Coalition Party (NCP) strictly opposed the idea of a broadcasting monopoly.

“The quality and composition of the program in this monopoly company fully depends on the arbitrary decisions of its administrators. It is not possible to sue them for this or appeal against their procedure…” [Translated from Finnish and emphasized by the author] (Representative Erkki Hara, quoted in Viljakainen 2001, 36)

According to Viljakainen (2001, 36), although the NCP did not yet have a clear policy for broadcasting and communications, on the basis of its ideological approach it now claimed that only commercial competition in broadcasting would result in better quality programming. This is why the party also thought that it was important to protect TES-TV. It also argued that the broadcasting monopoly was unconstitutional, because it contradicted the principle of freedom of speech. However, this proposal for Yleisradio monopoly failed, because the Finnish Parliament was dissolved in the end of 1961, as a consequence of the so-called “note crisis” in Finnish foreign policy with the Soviet Union. (Viljakainen 2001, 33–37; Salokangas 1996, 18–19; Ylönen 2001, 9)

In March 1961, for the first time Yleisradio was faced also with commercial radio competition, when Radio Nord launched its programming with Finland’s second official language, Swedish. The AM signal, transmitted from a boat in the international waters of the Baltic Sea opposite Stockholm, reached Western and Southern Finland all the way to the capital Helsinki.

178 Similar arguments were used at this time also in Swedish political discussions about the public radio monopoly (Kemppainen 2001, 84).
Radio Nord was not the first\textsuperscript{179} of its kind in the Baltic Sea, because another commercial “pirate radio” station, Radio Mercur had started to broadcast to Denmark and Southern Sweden three years before. However, the idea to operate in the Stockholm area was new. At this point the developments of Nordic radio and American radio were directly linked and connected together by one of the pioneers of the American commercial format radio, Gordon McLendon. He had visited the capital of Sweden in November 1959 because of his movie projects and during the visit, McLendon noticed that the programming of Swedish Radio did not really match his personal and professional ideas of good radio broadcasting. Not only were the programs boring, but there were times during the day when there was no radio programming at all. (Salokangas 1996, 104; Garay 1992, 103–104; Ungermark 2003)

For a commercial radio professional it must have been quite obvious that wealthy Sweden\textsuperscript{180} would be a lucrative radio market without any real competition at the time. There are several versions of the next course of events\textsuperscript{181}, but in any case McLendon found a Swedish business partner in Jack Kotschack, who was a director of a Swedish movie distribution company, Sveafilm. Kotschack was a former Finnish citizen, who had moved to Stockholm after World War II, but unlike Salokangas (1996, 104) argues in the official history of Yleisradio, he certainly was not the sole owner of the Radio Nord, but primarily a business associate of American investors. Officially, the owner of the company behind Radio Nord, called Nord Establishments, was Robert F. Thompson, who was presented as an oil millionaire in the Swedish press. In reality, Thompson was an officer in a

\textsuperscript{179} According to Walker (2001, 174), the first commercial pirate station in the world was American RXKR, which broadcast from international waters off the Californian coast in 1933. See also Wedell et al. 1991, 37–39.

\textsuperscript{180} Sweden had remained untouched during World War II and it did not have to rebuild its industry and infrastructure after the war.

\textsuperscript{181} Kotschack has taken the credit for the idea of Radio Nord, but it is more likely that McLendon himself first came up with the idea of commercial broadcasting for Sweden (Ungermark 2003). In December 1959 McLendon and Kotschack told a Swedish magazine that McLendon had come to Europe in order to try to buy Radio Mercur (!), but Kotschack had suggested establishing another station up north, where its coverage would reach also to Finland. The same article explains also how McLendon and Kotschack had unsuccessfully offered their co-operation to Swedish Radio (Se 1959). The whole story of how the idea for Radio Nord was founded has more or less become a trade legend, just like the American story about the invention of format radio. Both of them are stories about dauntless entrepreneurs making an epochal breakthrough into a new stage of cultural development.
company owned by McLendon’s good friend and a real Texas oil millionaire, Clint Murchison, who has been claimed to be the main investor of this project (Garay 1992, 103). McLendon, Kotschack and Murchison probably all had good reasons to use a decoy to hide their true ownership in this pirate radio project. (Salokangas 1996, 104; Ungermark 2003; Se 1959; Garay 1992, 103; Walker 2001, 175)

Although the main target of Radio Nord was undoubtedly the capital of Sweden – a city which was about the same size as Dallas in Texas – coverage in Finland was also part of plan from the start. The idea of commercial radio had already been presented to advertisers in Stockholm, when McLendon made a promotional trip to Finland in November 1959 (Se 1959). However, the original idea was not just to commercially exploit these two public radio monopoly markets from the sea, but to create enough political pressure to remove the legal obstacles for finally launching a full-size commercial radio broadcasting in Sweden and Finland. Gordon McLendon expressed his thoughts like this:

I believe that Sweden is going to become open for commercial radio sooner or later. The development in other countries shows the movement in this direction. We would like to be there from the very start. Build the first transmitter, so that when we get a license from the government, at some time in the future, we can just step ashore and have a ready organization! If the listeners do not like our programs, would not accept commercial radio? Well, then we would stand there and we would have to take the losses. But if people like it? Yes, the government will always accept what is appreciated by the people. [Translated from Swedish and emphasized by the author] (quoted in Se 1959)

In this way the project counted on asserting popular quality as official quality. It is interesting that when McLendon, a prominent innovator of format radio, described the programming of the new station in advance, he promised great variation in programming and spoke about theatre, serious music and lectures, entertainment programs, music and variety shows, all made by the best talents available in Sweden. But the most important of all of these programs was to be the continuous news service of Radio Nord, which would capture “the every heartbeat of metropolitan life” in Stockholm.

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182 Finland was certainly a secondary market, as Lowe & Alm (1997) have noted, however it was part of the original plan. For example, Raya Ravell alias Raija Valtonen, a former member of an immensely popular Finnish singer trio, the Harmony Sisters – who probably also knew the Finnish taste in music entertainment – was one of the two persons responsible for selecting the music for Radio Nord, i.e. creating the playlists (Ungermark 2003).
According to Garay (1992, 104), the original format of Radio Nord was designed by Gordon McLendon himself, but after that the station was run in practice by Jack Kotschak (Kemppainen 2001, 82). Setting up a really seaworthy broadcasting station in a boat on the Baltic Sea took longer than the entrepreneurs had expected, but when the station was finally on the air, instead of promised variety of programming, Radio Nord offered a contemporary version of already classic Top 40 format with popular music (Topp 20), short news and commercials (cf. 3.6.). It became a popular success both among listeners and advertisers (about half of them were American companies) almost overnight. There were more advertisements than Radio Nord was able to broadcast, although commercials were aired every five minutes. (Garay 1992, 104; Kemppainen 2001, 82–83)

The attack of commercial format radio struck Yleisradio on a critical moment. The revision of the broadcasting legislation was not complete, and it was quite possible that the company could permanently lose its monopoly also in radio. This new kind of radio was closely monitored by the company management, particularly by the Chief Engineer Paavo Arni, who was able to listen Radio Nord at his home in Helsinki. It is quite revealing that just Arni, instead of Program Director Koskiluoma, was able to identify some of the main the benefits and strengths of the new sort of commercial programming as well the weaknesses of public radio, in a memorandum which he wrote in May 1961.

“Radio Nord has also found a type of reporter and announcer who does not address his or her speech as to an audience in an exhibition hall, but speaks directly to a one single person or to a small family.” [Translated from Finnish by the author] (quoted in Kemppainen 2001, 144 and in Salokangas 1996, 104)

Paavo Arni and the Head of TV-Program Department Ville Zilliacus (in his separate memo) both suggested immediate action by increasing programming on existing Yleisradio radio channels, creating new channels and possibly

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183 These promises are reminiscent of the rhetorical means used by Suomen Uutisradio Oy during the licensing process for the first nationwide commercial radio in Finland almost 40 years later (Ala-Fossi 1999, 27–31) see also 4.10.1. Eventually, Radio Nord was able to be the first to offer some major international news in Sweden and the form of its short bulletin news was new in Scandinavia (Kemppainen 2001, 82).

184 About 40 percent of the Swedish population – three million people – lived in Radio Nord’s coverage area in Sweden. At first it was able to reach most listeners during the daytime breaks in Swedish Radio, but after three months it was more popular in the evenings than both channels of Swedish Radio together (Kemppainen 2001, 81–83; Salokangas 1996, 104)
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also launching a commercial radio channel for Yleisradio. Commercial radio inside Yleisradio would have been better than, for example, a competing joint operation of Radio Nord and TES-TV. Commercial radio would have also provided the possibility to finance new Yleisradio operations with advertising. The Yleisradio directorate agreed, but it did not want to go public with the idea of commercial radio channel until the parliament decided about the increase in the license-fee. An advisory committee, which drafted a proposal for the new channel in secret, was considering two options: a direct subcompany of Yleisradio for commercial radio, or use of MTV for this purpose as well. (Salokangas 1996, 104–105; Onttonen 2001, 242; Kemppainen 2001, 82, 144–145) It seems that at this point, the Yleisradio management assessed radio programming primarily on the basis of its popularity. Also, it did not have any strong prejudice towards launching radio advertising – there had been advertising in television for few years already, so it was probably seen as “natural” development. At least saving the radio monopoly was seen as far more important than avoiding radio advertising.

In the meantime, MTV made its own preparations for starting commercial radio. Radio advertising had been among its development ideas since the beginning and after Radio Nord had launched its broadcasts, the CEO of MTV, Pentti Hanski made a personal visit to the pirate station to negotiate about possibilities for co-operation (Onttonen 2001, 241–243). Consequently, the programming of this technically illegal, but very popular commercial music format radio was considered to be high quality production, both by public and commercial broadcasters in Finland. Almost like 10 years before in the US, all the traditional ideas about quality in Finnish radio programming, which had been based mainly on national, educational and cultural values, were severely challenged by American commercial format radio. This could have been a turning point and a basis for a new tradition of alternative commercial quality culture, but the time (i.e. social setting) was not ripe (cf. Moran 1998, 173–174; Wedell et al. 1991, 29–35, 39) and the metamorphosis of the public monopoly radio did not become complete at this stage.

4.4.1. Summary

1 A special new company, MTV was established to take care of commercial television operations for Yleisradio. In this way, commercial production values and broadcast advertising became familiar for Finnish audiences after the late 1950’s.
2 The role of Yleisradio and broadcast advertising was widely discussed by the Finnish politicians in the early 1960’s, but the Parliament was unable to make any changes in the broadcast legislation.

3 Unlicensed commercial station Radio Nord launched its music-based AM broadcasts to Sweden and Finland from a ship in the Baltic Sea in March 1961. The primary individual behind the project was a pioneer of American format radio, Gordon McLendon.

4 The popular success of Radio Nord in Finland caused the top management of Yleisradio to reconsider their earlier ideas of good programming and even to plan their own advertising-financed music channel with MTV in order to protect their radio monopoly.

4.5. The Empire Strikes Back and Bargains over Radio Advertising

Despite its ambitious plans and great success among listeners, Radio Nord was never able to step ashore, because its effect to the legislation of Scandinavian societies was completely different than first expected by the entrepreneurs. Swedish authorities, together with Swedish Radio, did everything they could to hamper the operation of Radio Nord, and the station was finally forced to shut down at the end of June 1962 following the passage of new, similar laws both in Sweden and Finland. “Lex Radio Nord” made it possible to prosecute anyone, including advertisers, who contributed to or participated in the operations of a pirate station. (Garay 1992, 104–105; Kemppainen 2001, 82–83) Although in theory this law was intended just to counteract unlicensed broadcasting from international waters, in practice it was content regulation: it was a law against of unwanted forms of new commercial popular culture – just like the US antipayola rules of the same era (see 3.5.).185

During the winter 1962 the CEO of MTV, Pentti Hanski, wrote an extensive report about radio advertising, but Yleisradio was still waiting for new broadcast legislation, and the immediate emergency to set up its own commercial radio channel was over as soon as Radio Nord was closed down. Consequently, the plans for commercial radio operations were put aside for a while. However, as the result of the challenge of the commercial radio pirates, in May 1963 Yleisradio launched a new light music program, Sävelradio [Melody radio] to fill in the former daytime breaks in radio service. Swedish Radio instituted a similar reform already two years earlier,

185 See also Wiio 1998, 44.
soon after the introduction of Radio Nord.186 (Salokangas 1996, 105–106; Onttonen 2001, 241–243; Kemppainen 2001, 81, 145) The old symphony and education -tradition was perhaps was no longer the only one, but it was still certainly the dominant operational quality culture and set of professional values inside Yleisradio.

In February 1962, the Director of the National Board of Post and Telecommunications, S.J. Ahola decided to grant a new five-year license for TES-TV just two weeks before his retirement. After Yleisradio’s protest and an initiative to Ministry of Transport and Communications, the Radio Statute was revised in 1963 and the right of granting broadcast licenses was transferred directly to the Council of State in order to protect the de facto monopoly in the future. However, this did not affect the present situation much. TES-TV boldly extended its network, but because of the tight competition over the advertising revenues with MTV, the company finally ended up in financial trouble in November 1963. This gave Yleisradio an opportunity to eliminate commercial competition in Finnish television and restore its monopoly through an acquisition in January 1964. TES-TV (Tesvisio) was merged with Yleisradio and later it formed a basis for the second national TV channel. (Salokangas 1996, 19–20, 139–142, 147; Arhela 1976, 274–275; Viljakainen 2001, 43–47; Hellman 1999, 138)

In the meantime, the Finnish newspaper industry had become worried because of increasing competition for advertising with the sudden expansion of commercial broadcasting. It started a campaign for prohibition of commercial broadcasting in 1962 (Onttonen 2001, 124–125; Salokangas 1996, 144)187. After the previous struggles with commercial broadcasting there was a growing opposition towards all broadcast advertising also in the Finnish Parliament. The Agrarian Party was especially worried about how advertising might result in programming, which could not be controlled at all. In February 1964, the vice chair of the Yleisradio Administrative Council and the vice chair of Agrarian Party, Johannes Virolainen along with fourteen other members of the parliament made a legislative proposal to implement a gradual prohibition of broadcast advertising. Advertising was considered to be annoying and low-quality content, which did not satisfy the standards of the license terms. During the introduction of television it had been necessary

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186 In this way Sävelradio was by no means launched “with lightning speed“, as Alm (1992b, 34) has argued, at least not in relation to the attack of the pirates.

187 According to Pentti Hanski, Yleisradio’s plans to finance the new Sävelradio music programming with radio advertising were finally too much for the newspaper industry and sparked the campaign. It can be seen as successful to some degree, because radio advertising was not allowed before 1985, after the newspapers had decided to get their share of the business. (Onttonen 2001, 126–127)
for funding, but the need was now over. The group behind this proposal was politically diverse, consisting also members of the Communist Party (Comm.) and the conservative NCP. (Salokangas 1996, 143–144; Viljakainen 2001, 48)

For the National Coalition Party, broadcast advertising was a difficult and even controversial matter. Basically, the party was in principle against monopolies and supported the largest possible freedom of enterprise in the communication industry, but along with the rest of the newspaper industry the NCP party press was very worried about the effects of especially television advertising. According to Viljakainen (2001, 51), when the NCP and Finnish businesses have discussed the free market economy and entrepreneurship, their co-operation has always been successful, but when the discussion has been about essential investments for the freedom of speech, the businesses have always made their decisions solely on the basis of profitability. The case of TES-TV had been a perfect example, because the investors gave up as soon as the operations became unprofitable (Viljakainen 2001, 50–51, 79–80). However, the legislative proposal against commercial broadcasting did not lead to any action and MTV was still allowed to continue its co-operation with Yleisradio.

In January 1965, Eino S. Repo became new Director General of Yleisradio. He was appointed to the post with an Agrarian Party mandate, but in practice he proved to be a permissive leftist reformer. During his term, Yleisradio became an active and much criticized political institution, “Reporadio” which utilized its monopolistic position according to its “informative program policy”. On the other hand, many important new Yleisradio services and functions for the future, like its own radio news service and a new regional radio organization, were established, before Repo was forced aside as the Director of Radio after the Parliamentary elections in 1970.188 (Salokangas 1996, 151–155, 166–167, 178–179, 195, 333) Repo had different ideas of good radio broadcasting than his predecessors. For example Alm (1992b, 33) has identified that 1965 was the beginning of the operational tradition of “mixed noises and cultural custody” in Yleisradio.

Sävelradio, which had originally been created using the model of Radio Nord, was for Repo a passive form of programming, which did not use the possibilities of radio “for anything other than for the benefit of rather low-quality, commercial iskelmä-music” (Salokangas 1996, 154). As a product of the new informative program policy of “Reporadio”, the company created a new goal-oriented music policy in 1969 and developed so-called “integrated

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188 For more detailed discussion about Eino S. Repo and the modernization of Yleisradio, see Hujanen (1995).
Sävelradio”, where records for programs were selected in order to expand musical taste and offer as wide selection of high quality music as possible.\footnote{Actually, this might have been close to a system where “records should be chosen because of their ‘merit’ or because they served the public interest” (Coase 1979, 311–312). See also 3.5.} As a result, Yleisradio offered classic music, polka, jazz and pop music all in a row – and mixed up other genres of music together during one single hour.\footnote{According to Salokangas (1996, 202), in 1995 Eino S. Repo emphasized that, on the contrary, he opposed advertising – also in radio – because advertising does not serve Yleisradio’s broadcasting operations.} (Alm 1992b, 33–35)

High ratings of radio were not at all important for Repo. Rather, he sought instead to reach the right audience with each program (cf. chapter 3.4.) (Salokangas 1996, 333). These ideals, however, did not prevent Repo from playing with the idea of radio advertising at Yleisradio, which was taken out of storage again in early 1965. The idea was further developed in 1966, when the company considered its options for arranging television advertising. One option was that the introduction of radio advertising could be the necessary compensation for MTV and the advertisers for handing over MTV programming operations to Yleisradio, which would restore a complete broadcast monopoly position (Salokangas 1996, 201–202; Onttonen 2001, 181–182, 197; Ylönen 2001, 10). It seems that Repo was planning for a Yleisradio monopoly in broadcast programming, which would have co-operated with MTV monopoly in broadcast advertising. Consequently, Yleisradio would have been able to collect maximum income from broadcast advertising without adapting its programming to advertiser needs or efforts to maximize audiences – i.e. commercialization of the program content. Although MTV had absolutely no intention of giving up its television programming, it was very active in negotiations about radio advertising during 1966 and 1967. The CEO of MTV again made an extensive study about this subject and visited commercial stations in Central Europe (Europe I and Radio Luxembourg). According to Pentti Hanski, in 1968 Eino S. Repo himself made a direct proposal to MTV for launching radio advertising on Yleisradio channels.\footnote{Onttonen 2001, 244–245} (Onttonen 2001, 244–245)

The third committee for drafting a proposal for revising the Finnish broadcasting legislation had been established by the Ministry of Transport and Communications in December 1965, but the work of this committee did not lead to any action in 1967. Because there were no changes in the legislation, Yleisradio tried to revise its licensing terms in September 1968. The Yleisradio directorate drafted a new text of the licensing terms,
which allowed broadcast advertising on Yleisradio channels and in this way the license would not have excluded radio advertising anymore. Moreover, MTV was not especially mentioned as an assisting programming company in the license, which would have made it possible to take over its programming operations. The new proposal, and also the possibility of radio advertising, was supported by almost all leftist members (!) of the Yleisradio Administrative Council. Non-socialist members supported the old formulation of the license and they finally won by only one vote.

(Salokangas 1996, 155–157, 202; Onttonen 2001, 197) The master plan of Director General Repo, and consequently radio advertising in Yleisradio, did not come true.

Although the National Coalition Party considered MTV to be worth saving, the company was not yet seen as an independent broadcaster by the NCP in 1968, because it did not have its own license. There was at first certain lack of confidence, although the CEO of MTV, Pentti Hanski was also a member of NCP who participated in committee work. However, these attitudes inside NCP changed quite soon, and two years later in 1970, after Repo had left the seat of Yleisradio Director General, MTV was finally seen as a real competitor to Yleisradio. (Viljakainen 2001, 95, 125, 160) After the victory of the non-socialist parties in the 1970 parliamentary elections, Hanski thought that radio advertising would now be closer than ever, and MTV had its plans ready for action (Onttonen 2001, 245; Salokangas 1996, 271). However, even the parliamentary group of National Coalition Party ended up opposing radio advertising, because the Finnish newspaper industry was still against it. Instead, NCP was willing to increase television advertising to improve Yleisradio’s financing, but only if the company would revise its programming (Viljakainen 2001, 135–136).

The powerful press lobby also had influence on other parties in the parliament and in this way also the parliamentary Yleisradio was reluctant to make any decisions about advertising in radio. Anyway, MTV continued negotiations with Yleisradio about radio advertising until 1973. Yleisradio did not come back to this idea until 1985, when the company established a working committee to study possibilities for radio advertising. According to former Director General Sakari Kiuru, this was done mainly for tactical reasons to ensure an increase in the license-fee payment. (Onttonen 2001, 244–245, Salokangas 1996, 366) However, radio advertising was still considered to be an option for financing in Yleisradio in the early 1990’s (see 4.8.1.).
4.5.1. Summary

1 Radio Nord was finally forced to shut down by legal actions in June 1962, but after the “pirate attack” Yleisradio launched a new light music program, Sävelradio. In this way, new ideas of good radio programming were in practice introduced in Yleisradio.

2 In 1965, the new Yleisradio Director General Eino S. Repo started a new, more methodical program policy. The amount of sheer entertainment was reduced and more socially oriented content was increased. During Repo’s term Yleisradio also established its own news operations.

3 In addition, “Reporadio” produced a new, goal-oriented music policy and “integrated” Sävelradio, which aimed at expanding the musical taste of the listeners by offering a very wide selection of different sort of music.

4 Despite his ambitious social objectives for broadcast programming, Repo would have been ready to introduce radio advertising on Yleisradio channels, providing that it would have supported and strengthened the Yleisradio broadcast monopoly.

4.6. The Gradual Deterioration and Final Breakdown of the Radio Monopoly

The work towards revision of the broadcast legislation continued during the 1970’s, but the committee reports did not lead to any legislative action. The Ministry of Transport set up the first committee in 1970, and the committee made its proposal a year later. This committee emphasized Yleisradio’s independence from the government and state authorities, but it did not have a consensus over broadcast advertising. The majority of the committee opposed radio advertising, but saw television advertising as a necessary evil. (Salokangas 1996, 256; Kemppainen 2001, 116) In 1972, the Council of State set up a committee for communications policy, which had a very broad assignment. There was a lot of controversy inside this committee, and in 1974 when the majority of the committee suggested local FM radio broadcasting within Yleisradio, the minority report proposed private local radio stations. However, even the minority was still against commercial advertising in radio. (Salokangas 1996, 257–258; Kemppainen 2001, 118; Viljakainen 2001, 158)

Five years later, in 1979 the Council of State set up another committee to prepare a proposal for new broadcast legislation, which would guarantee the widest possible freedom of speech in radio and television. This can be
seen as the starting point of broadcast “deregulation” in Finland. The next year this committee proposed in its first report that MTV should be granted a right to broadcast its own TV-news. MTV had been lobbying for this idea since the early 1970’s, but now also the Center Party (former Agrarian Party) supported this proposal, and the parliamentary Administrative Council of Yleisradio finally gave its permission for competing, commercially funded TV news in 1980. The service began a year later. (Salokangas 1996, 320; Onttonen 2001, 249–253; Viljakainen 2001, 160–161)

During the 1960’s and 1970’s the original ideas of Sävelradio had deteriorated because of the “integrated” music policy (see chapter 4.7.), and also because popular music had escaped from its earlier limits with new genres of pop and rock. In 1980, Yleisradio finally updated its approach to popular music to get a hold of younger listeners and established a new program called Rockradio, which regularly offered almost twelve hours of pop music per week on one of the two Yleisradio national FM channels. (Salokangas 1996, 338–339, Wiio 1998, 44) According to Alm (1992b, 35) this was also the beginning of the era of “channel products and growing cultural business”, the third layer of operational culture tradition in Finnish public service radio. Yleisradio developed its regional radio operations during the 1970’s, and established its first local radio station in Helsinki in 1976. Turku and Tampere got their local Yleisradio stations in 1982 (Salokangas 1996, 302), but all this was not enough to stop the increasing critique and growing political pressure to break the radio monopoly of Yleisradio. At the same time, there was a larger European movement for local and community radio stations (Vittel-Philippe & Crookes 1986, 8–24; Jauert 1997, 93–98). The radio monopoly in Sweden had been broken already in 1978, when the first private, but non-commercial community radios (närradio) were granted broadcasting licenses. This kind of community radio operation started in Norway 1981 and two years later, in 1983 in Denmark (Kemppainen 2001, 90, 102; Poulsen 1997, 70).

In 1984, the majority of the committee for the new broadcasting legislation proposed a similar sort of system also for Finland as a compromise of the two ruling parties, SDP and the Center Party (Hujanen 1993b, 199; Hujanen 1997b, 50). Yleisradio would have been responsible for national and regional radio broadcasting. In addition, there would have been also local and private, but non-commercial broadcasters which would have used Yleisradio’s local transmitters. However, the newspaper industry had finally changed its attitude towards private radio. Instead of opposing commercial stations, it now wanted to get a share of them. The newspapers and the NCP had already been able to join their forces in 1983, when the local newspapers
had established Suomen Paikallisradioliitto [the Association of Finnish Local Radio Stations] (Viljakainen 2001, 161–162). The newspaper industry was now interested in getting new sources of revenue, and a new radio lobbying group opposed both the prohibition of advertising and the use of Yleisradio equipment. Instead, it was in favor of advertising-supported, independent radio (Viljakainen 1987, 8–15). The most important turn, however, came in the change of the media policy of the two ruling parties. In 1982, the official goals of SDP had been still strictly against private, advertising-supported broadcasting. These objectives were never officially cancelled, but in 1984 the SDP saw local radio business as a way to support its financially weak regional newspapers. The Center Party regional papers were in better shape, but for them the promise of regional emancipation was fascinating. As a result, the Council of State granted the first 22 experimental licenses for advertising-supported local radio stations in January 1985. Consequently, local radio in Finland became commercial since the very beginning, many years before radio advertising was allowed in other Nordic countries. (Paikallisradioiden omistus Suomessa 1990, 63–69; Hujanen 1993b, 198–200; Salokangas 1996, 364–366; Hujanen 1997b, 53; Kemppainen 2001, 119–120; Ylönen 2001, 13–17)

According to Picard (2002b), in the business history of the Finnish media the years between 1970 and 1985 was the period of the media commercialization. It is actually striking, how simultaneous the processes of “deregulation” or demolition of the former major government regulations for radio broadcasting were in the US and in Finland. It reflects the general paradigm shift in Western industrial countries from Keynesian economic policies to neo-liberal and monetarist economic policies (Mosco 1996, 51–52). However, while in US the change of broadcasting regulations was the result of a more or less growing liberalist confidence in the market system as the ultimate guide for producing broadcast content, in Finland it was first of all a result of abandoning the former idea of a national and non-commercial public broadcaster as the best way to guarantee democracy, as well as social and regional equality (Hujanen 1993b, 190–199).

4.6.1. Summary

1 In the early 1970’s television advertising in Finland was more or less tolerated by the political elite, but radio advertising was not accepted.

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191 CEO Pekka Iitola’s comments in 1985 about the local radio plans of a Social Democratic newspaper Pohjanmaan Kansa (Ylönen 2001, 96) were actually very revealing.
One important reason was that the Finnish newspaper industry still did not like the idea.

2 Yleisradio launched its first local radio station in 1976 in the capital Helsinki and expanded these local operations to other cities in the early 1980’s. However, in most regions of the country there were only two national Finnish-speaking public service radio channels available.

3 In the early 1980’s the Finnish newspaper industry decided to go into commercial radio business instead of opposing it. A new association was established to lobby in favor of advertising-financed stations and finally also the two ruling parties ended up supporting the idea of private local radio.

4 The first 22 experimental licenses for new private local radio operations in Finland were granted in 1985, solely for advertising-supported stations. In other Nordic countries, new local radio services were first introduced as non-commercial operations.

4.7. The Experimental Period of Commercial Local Radio: the Rise and Fall of Idealism

Finnish local radio stations had been given the task of expanding freedom of speech by a government committee (which originally suggested non-commercial local radio). On the other hand, the lobbying campaign of the Association of Finnish Local Radio Stations had presented local radio as an excellent way to “present, preserve and develop the rich and characteristic local cultures of Finland”, as the first chairman, Jaakko Numminen stated in the statutory meeting of the Union in 1983 (Viljakainen 1987, 3). Both of these tasks were also written down in the licensing conditions with the phrase: “the programming should offer information about the matters of the area and promote local culture as well as open civic conversation” (quoted in Ylönen 2001, 19). According to the Ministry of Transport and Communications, this formulation was directly connected to the idea of geographic hierarchy in both culture and civic conversation, but it also allowed the new operators to define their own localism on the operational level (Radion 1990-luku 1993, 12). In practice, however, the observance of this condition was very difficult to monitor. Local program orientation was also safeguarded by other terms: at least 20 percent of the programs had to be the license-holder’s own productions, and networking was prevented by permitting simultaneous broadcasts between a maximum of just two local stations (Wiio 1998, 45). In this way, the first license conditions actually defined the functions and
quality of local radio programming primarily in terms of program origin rather than program content – i.e. by their locality (Rothenbuhler 1996, 133; Skogerbo 1996, 253; McQuail 1992, 90).

Licensing conditions, however, were not the only common denominators for the new local radio culture. In 1985, there was no independent tradition of commercial or private radio culture in Finland. The last private stations had handed over their operations to Yleisradio almost exactly 50 years earlier. For almost 60 years, radio had been more or less synonymous with the national public service broadcaster. This is why Finnish local radio culture and its first ideas of quality were established primarily in relation to Yleisradio (Tuominen 1992, 108). Either the new operators wanted to do things in a totally different way from the old elitist monopoly (Pöntinen 1993), or they ended up using solutions and practices, which were already familiar to operators and listeners from earlier radio (Ala-Fossi 1995). Anyway, every new local radio station had to locate its position in relation to Yleisradio and the dominant public radio tradition.

In addition, early local radio culture was established in relation to the daily and local press. The distribution of the first experimental licenses reflected the success of the newspaper lobby. One of the two licenses in the capital Helsinki was given to a joint venture of the seven most important national newspapers, Radio Ykkönen [Radio One] and half of all licenses (11) were given to local or regional newspaper publishers, although the strongest regional newspapers were excluded (Ylönen 2001, 17–19). In this way many ideals, traditions, practices and methods of the press were first adapted more or less directly to the production culture of the new medium on both the administrative and journalistic levels (Viljakainen 1987, 60). On the other hand, because the strongest regional papers had been excluded some local radio licensees saw their stations primarily as an alternative to the main daily paper(s) of their area (Ylönen 2001, 26, 62, 75).

Local radio licensees were interviewed for an academic follow-up study already in early 1985, before starting operations, but this material was not systematically analyzed or published until recently. In his analysis of these interviews, Ylönen (2001, 26) found three major definitions of policy by these licensees. The first was against the monopoly status of Yleisradio or the main daily paper; second was improving communication or community building; and the third was improving or expanding freedom of speech. These definitions of policy, which preceded the first broadcasts, reflect the primary official, social and political quality expectations for the new medium, as well

192 There were certainly lots of influence of newspaper production culture in Yleisradio, too. (Alm 1992a, 32; Alm 1992b, 38)
as the context of the experiment. It should be also noted, that at this point only few licensees even mentioned profit-making as a part of their motive for local radio operations (Ylönen 2001, 96).

4.7.1. Idealism in Action

The first local radio in Finland was Radio Lakeus [Radio Plains] in the town of Nivala, rural Central Ostrobothnia, which launched its operations about three months after getting the license. Radio Lakeus represented one extremity of “utopian” local radio in Finland (Hujanen 1997, 49). The licensee of the station was the local free-distribution paper of the Nivala home area association. Radio Lakeus played primarily Finnish music, particularly local music performed by the local talents and recorded by the station – although they did not have a music studio. The station tried to promote local culture, but their own local music recordings were also cheaper to use than other domestic music. On the other hand, the station also broadcast a weekly American Top 40-program, but it was a part of their effort to reach younger people, too. At the same time, Radio Lakeus tried to serve the local parishes and the three major revivalist movements in their area by selling them broadcast time and by playing religious music also. (Viljakainen 1987, 16–17; Paikallisradiotutkimus I 1987, 179) The idea of quality programming in Radio Lakeus was in this way closely tied to geographical localism, as was stated in the license requirements. Good programming was local programming for every kind of local people in their turn. This early conception of localism was rather similar to the local papers, but it also reflected the traditional, spatial conception of localism in US radio (Rothenbuhler 1996, 133–134; Stavitsky 1994, 20–25).

There were other sorts of local radio utopians with slightly different ideas of localism and community service. The leading characters of Radio City in capital Helsinki and Radio 957 in Tampere wanted to combine both the physical and mental dimensions of the idea of community (Ylönen 2001, 27, 62, 90; Hujanen 2000, 98). Radio City, which was licensed to the local Live Music Association, started three days after Radio Lakeus as the second local station. It played mostly Anglo-American rock for younger listeners, but thanks to Managing Editor Teppo Turkki and other like-minded people, early Radio City also gave a voice to all sorts of marginal urban groups and subcultures, including sexual minorities and neo-Nazis (Paikallisradiotutkimus I 1987, 179; Hujanen 1993b, 195–196; Ylönen 2001, 31). The programming of early Radio City was not really targeted to any single sector of younger generation, but rather in opposition to Yleisradio radio programming (Pöntinen 1993, 121). The multidimensional
subversiveness of early Radio City, which soon had to make room for more business-oriented and targeted programming policies (Pöntinen 1993, 132–138; Hujanen 1993b, 195–196) is reminiscent in many ways of US underground radio in the late 1960’s (cf. 3.7.). Both expressed the values of the commercial counter-culture, and both were inverted versions of the former dominant radio quality paradigm. These values and re-interpretations were eventually taken over and incorporated by the business.

Although Program Manager of Radio 957 Ismo Nykänen had similar ideas of community building as Turkki, and the station was licensed to the university student association, from the very beginning Nykänen wanted the station to provide full service radio for all sectors of the population in Tampere, not just students or young people. For example, the music policy of Radio 957 was somewhere in between Yleisradio and Radio City. (Ylönen 2001, 88; Ala-Fossi 1985) When the author visited the station in August 1985 only few days after its launch, some of the most characteristic features of early Finnish local radio were already visible. The station was not formatted for any group, but it did not have a traditional structure of separate programs, either. Instead it offered a rather free program flow of music, different sort of live talk and short pre-recorded stories. The approach towards the audience was intentionally informal and unofficial to emphasize the alternative nature of the new channel. Moreover, the morning show was produced by a one single person in the studio, who performed all the necessary tasks and controlled every aspect of the aural medium by himself. For example, the records played in the show were selected, introduced and played by the program host, who also controlled the audio. (Ala-Fossi 1985) All this was part of the new quality culture of private radio, as Nykänen himself stated:

“Just think that in Yle[isradio] you would need five people to create this kind of program. We have only one, but we are certainly not producing programming that is five times worse than Yle[isradio]” [Translated from Finnish by the author] (quoted in Ala-Fossi 1985).

Consequently, live program flow was the most economically rational way of programming for the new operators, but at the same time it offered other qualities and competitive advantages over the traditional labor-intensive method of writing, pre-recording, editing and broadcasting recorded programs. A live broadcast hosted by a single person was also a more fluent and flexible way of producing topical radio, a program flow that was able to grasp the issues of the day in real time.
4.7.2. Localism of Local Commercial Stations under Double Scrutiny

As noted earlier, the University of Tampere launched a follow-up study of the local radio experiment before any local radio stations were on the air. Quite soon, this study became official, when the Ministry of Transport and Communications asked the university to prepare a comprehensive study of local radio experiments. The report, published in early 1987, consisted of an analysis of local radio program content, audience research and a review of foreign local radio systems. The researchers noted soon that the former Yleisradio program categorization was almost useless for this study, and they had to develop new categories by listening to the program flow of the local stations. Although the broadcasts had some regular titles, the programming content and music selection was rather mixed, without any clear specialization. It was not surprising that young people were among the most active listeners of new local channels, because 25 percent of all local programming was Anglo-American rock and pop-music. After 30 years of television advertising in Finland, 81 percent of the local radio listeners also accepted radio advertising. (Paikallisradiotutkimus I 1987, 1, 34–40, 175–179)

The most important aspect of the study, however, was its role as the first official assessment of quality in commercial local radio programming.\(^{193}\) The researchers examined the degree of localism in local radio programming in two dimensions. Narrow localism, such as local news, was understood as dealing with local matters, while an interview of a local person about a non-local matter, for example, was viewed as a wider form of localism. The degree of localism was measured from week-long program samples using a clock, and proportioned to the amount of station’s own program production (broadcast time sold to other associations or organizations was excluded). By these criteria, the most local station was Radio Lakeus (54 percent), and the least local was Radio City (8.6 percent). The average level of localism was 22 percent. Although the license terms limited the amount of advertising to 10 percent of broadcast time, advertising was also seen as a problem, not because advertisers would have direct control of programming, but because the advertising revenues had been insufficient to increase the journalistic resources of the stations. (Paikallisradiotutkimus I 1987, 175–184, 245–251)

Finally, an authoritative council of four professors\(^{194}\) examined the results of sub-studies to estimate if the local stations had been able to fulfill their

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\(^{193}\) Cf. chapter 3.3. and the FCC *Blue Book* in the US.

\(^{194}\) Olavi Borg, Paavo Hoikka, Yrjö Littunen and Kaarle Nordenstreng (Paikallisradiotutkimus I 1987, 291).
licensing conditions. The academic jury was not too enthusiastic. Although the share of local information in programming was appropriate, the promotion of local culture and civic conversation was not satisfactory. Moreover, the majority of local radio programming was simply entertainment and music. Despite the new program categorization, local private stations were not judged only on their own terms. As a result, the professors recommended that the Ministry of Transport and Communications grant licenses to non-commercial local and community radio stations as well. (Paikallisradiotutkimus I 1987, 291–294)

In the meantime, the Association of Finnish Local Radio Stations published – just in case – its own view of the experimental period in a small book called Radio tuli takaisin [Radio came back]. In the preface the editor states that “these personal interviews with local radio personnel will provide such information, which can not delivered by any numbers or charts” – and that the purpose of the booklet was to complement the other studies of local radio (Viljakainen 1987, 7). This small publication tried to offer a more qualitative approach to localism, but it was also the first, intentionally idealistic self-portrait of the new commercial Finnish local radio and its quality conceptions. As Ylönen (2001, 34–35) has noted, the ideas of good local radio programming presented here by the station personnel did not differ very radically from the early ideas. For some reason, Radio City and Radio 957 were not mentioned in the book at all, perhaps because they did not fit into the idealistic model the Union wanted to deliver, while Radio Lakeus was well represented as the first of all stations. Practically every station in the book describes how their music policy and the programming policy in general offered something for everybody in the area. One aspect of the variety on these channels was probably brought in by numerous program contributors, which all had their own ideas of good radio. Moreover, the permanent staff of the stations stated in almost every interview how they had great freedom for creativity and self-fulfillment in program production, despite the sometimes hectic pace of their challenging, but rewarding work (Viljakainen 1987, 27, 48–50).

Another common viewpoint expressed in most interviews was the close and intimate relation between the local station and its listeners. One after another, the interviewees explained how their stations were able to be

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195 For more detailed discussion about prejudices towards the University of Tampere, see Viljakainen 2001, 158.
196 Cf. chapter 3.9 and the Radio in Search of Excellence in the US.
197 This recalls the traditional approach to quality program production in Yleisradio, which was based on journalistic freedom, creativity and a certain professional inner-directedness (Alm 1992a, 19). See also 4.12.
informal, spontaneous, touching, humane, intimate, flexible and speak the same language as the listeners, in dialects if necessary, and how listener feedback has been an important factor in designing the programming policy. (Viljakainen 1987, 33–58) The target of this discourse was of course Yleisradio, which was considered as both official and formal radio. Informality and intimacy were crucial parts of the new, commercial local radio culture, and also characteristic features of the new definitions of quality. This was also an aspect of localism, which the official quantitative study was unable to reveal.

At first, most local radio stations broadcast only a few hours per day, although the amount of programming increased 25 percent already the first two years. The easiest way to add to the amount of broadcast time was to play more music. (Paikallisradiotutkimus I 1987, 179) However, the style and location of the station were not the only criteria for selecting additional music for airplay. According to the Finnish copyright legislation, radio stations have to pay the composers (Teosto-payment), the record companies and performers (Gramex-payment) for broadcast use of music recordings. However, the United States has not ratified the international Gramex-agreement over royalty payments for performers, so the cost of playing an American record is only about 30 percent of the cost of playing a Finnish or a British record. As a result, playing more American pop and rock music was the most economically rational way to increase broadcast time and create attractive programming even for those stations, which otherwise would have preferred to play Finnish music. (Viljakainen 1987, 61; Gronow 1987, 112; Gronow 1992, 162; Tuominen 1993, 157–158) According to Gramex, excessive airplay only decreases the sales value of a music performance, and radio stations should pay proper compensation (Holopainen 2002). In this way the US royalty practice promoted airplay, and probably also the sales of American music recordings in Finland, too (see 3.5.).

Increasing the sheer amount of broadcast time was important in itself, because it was a way to reach more listeners and consequently, more advertisers. Radio Ykkönen in Helsinki had broadcast 12 hours per day since the beginning, but what was their idea of good programming? The Managing Editor of Radio Ykkönen, Markku Veijalainen believed that when a station had enough advertisers, it could afford to hire people, who will produce good programs. (Viljakainen 1987, 33–35) In this way, the assumed

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198 In practice, the Gramex payment for commercial stations is calculated as a certain percentage of their annual advertising revenue. The percentage is determined on the basis of the relative amount of Gramex-protected music airplay in the total broadcast time. (Kujala, Lahti & Tamminen 1998, 158–159)
professional ability and creative talent of the program maker was seen as an indicator of his or her program quality. According to this logic, a good professional would be able to select good music for airplay. For example, Radio City hired people who were specialists in certain genres of music (Jokelainen 2000). The early idea of radio as a sum of its program makers can be found elsewhere (Hakola 1990), but Radio Ykkönen was probably the most typical example of an early local private station, which invested a lot of money on hiring professional journalists. A relatively large number of permanent personnel was a typical feature of practically all early local commercial stations. As a result, their fixed costs were rather high. About 60 percent of the average total annual costs were spent on personnel and royalty (Gramex and Teosto) payments for the broadcast music (Tuominen 1992, 112; Säkkinen 1995, 116).

4.7.3. Another Official Study and the End of the Experiments

The Ministry Transport and Communications took the advice of the professors. In addition to renewing the licenses of 17 existing commercial stations and granting 16 new commercial licenses, 5 new non-commercial local radio licenses were granted by the Council of State in 1987, with a new licensing period through June 1989. A year later, 32 existing licenses were renewed and 8 new licenses were granted. (Ylönen 2001, 37) In addition, the Ministry of Transport and Communications ordered a second follow-up study of local radio performance from the University of Tampere. The main elements of the study were comparable to the earlier one, although only a sample of stations was studied instead of all stations. This time, the researchers saw the limitations of the primarily quantitative study, and stated “in local radio programming, if not elsewhere, it is true that the quantity does not compensate for quality.” (Paikallisradiotutkimus II 1989, 1, 18–19)

The numbers showed how ideas of good local radio programming had changed during two years. Average weekly broadcast time had almost doubled to nearly 67 hours. The amount of music in programming had increased to 58 percent, while at the same time local orchestras, live music and domestic concert recordings had practically vanished. About 80 percent of the music was pop-, rock- or light iskelmä- music. 50 percent of the music was performed in English and 35 percent of the recordings played were American. However, although 60 percent of local radio music was made up of established hits, about 40 percent was performed by new or unknown artists. In 1988, commercial local radio stations did not yet

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199 Radio Ykkönen hired well-known professional journalists like Knud Möller, but also celebrities like beauty queen Anne Pohtamo (Mervola 2000).
have any clear music profiles based on style or sales statistics. In general, larger urban stations preferred English-language music, and rural stations preferred Finnish iskelmä (see 4.11.3.). 90 percent of the DJs and program hosts interviewed were rather free to pick whatever records they wanted for airplay.\footnote{Paikallisradiotutkimus II 1989, 96–97; Tuominen 1993, 157–158} Harri Tuominen (1992), also a local radio pioneer (Alm 1993, 18) has vividly described the numerous professional abilities needed for successful program production.

A few stylistic matters which can be easily agreed on among the few employees of a small station, like the manner of speaking, the way to use music, jingles and the transitions from an element to another overall, will provide the common denominator for the broadcasts, where the program hosts with relaxed attitude (as opposed to YLE\[isradio]) change every 2 or 3 hours. (…) At its best, a local radio journalist is at the same time an unconditional professional journalist, a news editor, an interviewer, a DJ, a humorist, a broker, a sound controller etc. (in local radios the program host usually takes care of the technical side of the broadcast). The local radio program host (…) will go to studio with a big pile of records, telephone numbers or studio guests – the most important thing is to find the right atmosphere. \textit{Too detailed planning in advance will kill the atmosphere, especially in the daytime broadcasts.} (…) In this way, the content is ultimately dependent on form: most people would rather listen to fluent “flummery” than stammering over “relevant” matters. [Translated from Finnish and emphasized by the author] (Tuominen 1992, 109)

In the late 1980’s it was still completely reasonable for most Finnish local radio stations to try to offer “something for everyone” without any strict music policy, because usually they were the only local and commercial radio stations in their area.\footnote{Just like their American colleagues about 30 years earlier (see 3.5.)} In the experimental period, local radio stations in Finland were so dispersed that they had no real mutual, commercial competition. In this way the breakers of the former Yleisradio monopoly enjoyed a remarkably monopolistic position in their local markets. The local radio licensing areas were also defined so that the profits of radio advertising sales from a larger area would be sufficient to ensure the viability of commercial radio (Kyhäräinen 1992, 33–35, 83–84; Jyrkiäinen & Sauri 1997, 47; Viljakainen 2001, 162). In this way the most important thing for the station was the collective size of the audience. In addition to the lack of

\footnote{Wide formats and a close identification with the community were also the contemporary secrets for success in US commercial local radio (cf. 3.9.3.). However, while in the US the dominant position in a local commercial radio market had usually to be taken in a competitive situation, in Finland it was more or less given through the licensing procedure.}
economic motive, local commercial stations had no really useful methods to even identify the most potential groups of audience over others. Most local stations made their own “research” just to prove out that they were the most popular or favorite station in their area over Yleisradio – while the real listening patterns of the people were not examined at all (Mäntylä 1988).

The results of the second academic evaluation of the local radio experiment did not differ much from the earlier results. The degree of localism had decreased since the first study, local culture was almost neglected, and the relative amount of entertainment had increased. Consequently, it was obvious to the professors that local radio stations had not brought about any new alternatives for local culture and democracy. At the same time, they challenged the role of local radio in improving freedom of speech and suggested, once again, the original idea of non-commercial local and community radio. (Paikallisradiotutkimus II 1989, 155–156) However, the new joint government of the SDP and the NCP did not want to continue any experiments with local radio. This time the findings and suggestions of the study were more or less overlooked, and similar studies about local radio have not been made ever since. Instead, the Ministry of Transport and Communications ordered a study of local radio ownership (Paikallisradioiden omistus Suomessa 1990), as well as an annual economic study of the financial situation of commercial local radio stations (Ala-Fossi 1999, 9). In 1991, an expert committee of the Ministry of Education stated “commercial local radio stations have received franchises to pursue business in the air waves so there is no need to control over their activity” (quoted in Hujanen 1997b, 52). These circumstances reflect how Finnish politicians considered commercial local radio from this time on primarily as another industry of commercial business instead of an instrument for promoting freedom of speech and local culture.202

A working committee of the Ministry of Transport and Communications argued in 1989 that it would be quite possible to run more than one profitable commercial station in densely populated communities, while in smaller and sparsely populated areas the survival and economic viability of more than one station would be more unlikely. At the same time, the Association of Finnish Local Radio Stations estimated that it would be possible to run a maximum of 60 profitable local stations in Finland. (Säkkinen 1995, 68; Hoffren 1993, 63–64) In this view there was clearly enough room for new operators. In May 1989, the Council of State practically made commercial local radio a permanent part of Finnish media landscape by granting new five-year

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licenses to 37 existing commercial stations and expanded commercial radio with 21 licenses for new stations. Also, the previous rule not to grant radio licenses to the main regional daily papers was abandoned.203 (Viljakainen 2001, 162; Kemppainen 2001, 122; Ylönen 2001, 37)

The original utopian ideas and ideals about local radio did not last very long. Teppo Turkki returned to Yleisradio in 1987, and Radio City was developed into a business (Hujanen 1997b, 51). Another utopian station, Radio Lakeus ended up in financial trouble and shut down its operations in 1989. It was the third original licensee to quit. (Ylönen 2001, 37) Ismo Nykänen left Radio 957 in the early 1990. In an interview before his departure, he estimated that the overall quality of 957 was very good, and it had been able to grow into real full service radio (Hakola 1990). Nykänen – as well as many other local radio pioneers – moved on to work for Yleisradio’s new national popular culture channel. The era of creative experiments in commercial radio was coming to an end.

4.7.4. Summary

1 Local radio was officially expected to offer a new forum for civic conversation, expand the freedom of speech, and promote local cultures. On the other hand, they were also expected to cover their expenses with commercial income.

2 Despite the different idealistic approaches, the first local radio stations usually tried to offer very wide and full variety of programming services for a variety of local groups. Music was selected by the program hosts, and broadcast time was increased especially by playing more rock and pop-music.

3 The new, intentionally informal and spontaneous style of live radio production was part of the alternative quality culture of new private local radio, but it was also the most economically rational way to create programming for the early independent stations.

4 Official studies of local radio programming in the late 1980’s challenged the success of local radio in expanding the freedom of speech. However, the local radio experiment was made permanent, and after that the official local radio studies concentrated mainly on economic matters.

203 An interesting detail is that the official at the Ministry of Transport and Communications, who was in charge of this license proposal, was also the former CEO of the Association of Finnish Local Radio Stations and the editor of their alternative local radio study. (Viljakainen 2001, 162)
4.8. **Survival of the Fittest: Dual Competition During a Depression**

In 1990, the Finnish newspaper industry had reasons to be satisfied. First of all, newspapers owned almost half of all local stations, and although local radio had taken some advertising from the main regional dailies of their areas, on the local level the effects on newspaper advertising had remained low. (Paikallisradioiden omistus Suomessa 1990, 36; Wedell et al. 1991, 56; Saaranen 1992, 73–74; Säkkinen 1995, 75) The political elite had made progress on its goals as well. The political concentration of station ownership was even greater than the economic concentration. The SDP, which had been in the government all through the late 1980’s, had ownership connections to 17 stations, while the NCP had connections to 12 stations (Paikallisradioiden omistus Suomessa 1990; 52–62, 77–79; Tamminen 1992, 112). Moreover, the commercial local stations were pleased, because the experimental period was behind them and the new medium had been able to establish itself. The local radio share of the audience, as well as the total radio audience, had increased steadily during the late 1980’s (Jyrkiäinen & Sauri 1997, 47–48). The number of the stations reached a new peak (66) and the total revenue from radio advertising was a record-breaking 235 million Finnish marks (€ 39,5 million) (Ala-Fossi 1999, 156; Hujanen 2000, 97–98). The year 1990 was in many ways the heyday of Finnish commercial local radio. – However, the times were about to change.

4.8.1. **Yleisradio's Radio Reform and the Innovation of Quality on the Youth Channel**

The establishment of commercial local radio had originally been an unpleasant surprise for Yleisradio, and during the first years of the experiment the company had tried to campaign for stricter license terms for local radio to prevent the expansion of commercial radio (Wiio 1998, 47; Viljakainen 2001, 162) Although Yleisradio had enhanced its radio operations during the late 1980’s by building the third national FM network and increasing regional programming, it had taken five years to prepare a strategic plan to reform radio. Finally, in June 1990, commercial stations all over the country faced a new kind of non-commercial competition for audience. Yleisradio profiled its three national channels to target different audience groups, creating the.

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204 Kimmo Aulake argued that the SDP had been the main architect of Finnish commercial local radio. Despite its critical comments about commercial local radio, the party became the most “active exploiter” of the private radio system during the late 1980’s. (Paikallisradioiden omistus Suomessa 1990, 63–69)
first competitive channel cluster in the Finnish radio market. So in this light, the entire Yleisradio radio reform and not only the new channels, represented a new, competitive approach to the market (Lowe 1992c, 194–197). Instead of offering generic public utility for all citizens, the listeners were now approached more as consumers.

Traditional public service programming and classical music remained the specialty of Ylen Ykkönen, while regional programs, news and current affairs programming, as well as sports, were placed together in Radio Suomi, which also offered Finnish iskelmä-music. The third channel was the new youth and pop culture channel – Radiomafia. Not only the self-ironic name, but the whole concept of this station, which had hired half of its employees from the commercial stations, was uncharacteristic of the earlier Yleisradio tradition. (Wiio 1998, 48–51; Kemppainen 2001, 151–154, 195–200) Experiments with new production methods, which had been introduced by the local commercial stations, had been started in Yleisradio regional radio unit, Radio Keski-Suomi in Jyväskylä, Central Finland, but Radiomafia was the first national channel with totally new approach to production and quality culture. (Salokangas 1996, 370; Kemppainen 2001, 168–173, 194–200)

According to Alm (1992b, 38), in the traditional Yleisradio approach “programs were often unique, born through creative processes from the inner worlds of their creator and works of art, which are fulfilling some of the traditional missions”. In Radiomafia’s new business approach “each channel tries to be a consistent product totality, guided by the needs of its target group – and as far as possible also program flow”. The centerpiece of the business idea was the channel culture, including all the definitions of how things are made and what constitutes good programming. This culture was built on the channel’s orientation and a new value system, which Alm (1992a, 28) called expanded quality culture. Instead of using only one set of (professional or artistic) values, the new quality was composed of six different value or quality dimensions. The idea of a new multidimensional quality culture was based directly on Finnish quality management theorist Paul Lillrank’s recent (1990) categorization of quality perspectives. (Alm 1992a, 19–38; Alm 1992b, 38–39; Alm 1993, 78–84)\(^{205}\)

In an effort to adjust to the new business-oriented requirements of the political decision-makers (Alm 1993, 2) public service Yleisradio adopted not only the production methods and practices of commercial operators, but also a new approach to quality, which had originally been developed for industrial production rather than an institution of national culture and

\(^{205}\) However, finally Radiomafia was not a consistent “product”, but a combination of popular culture and counterculture (Kemppainen 2001, 196–197; Lehtola 1998).
The traditional approach to quality was not totally abandoned, but it was combined with the new one according to a new strategy of profiled channels. (Alm 1992b, 31–35; Kemppainen 2001, 322–335) As a result, the combined ratings of Yleisradio channels improved significantly, and the total amount of radio listening increased. This breakthrough from earlier handicraft/artisan radio to industrial radio in 1990 was successful in terms of radio consumption partly because Yleisradio was able to be “more catholic than the Pope”. By adopting a new, industrial quality culture, the target group-oriented approach to programming, and new more flexible production methods, the public service company was able to beat its rivals by playing by the logic of the competitive commercial radio market earlier and more thoroughly than the still scattered group of local stations.

In 1960’s, Yleisradio management would have accepted radio advertising if the risk of commercialization in the content could have been avoided. Now the company actually ended up with partial “commercialization” without advertising – i.e. industrialization: it adopted new production methods and aspects of quality culture with certain new industrial values, which had originally been primarily characteristic for commercial radio. Also the size of the audience, as measured by ratings, became an essential part of the new quality paradigm. As a result, Radio Keski-Suomi and later Radiomafia were heavily criticized at first for abandoning the traditions of public service radio programming (Salokangas 1996, 370). On the other hand, in the early 1990’s Yleisradio General Manager Reino Paasilinna and the company employees thought that also real commercial use (i.e. radio advertising) of the national radio channels (Radiomafia or Radio Suomi) could be possible. (Ylönen 2001, 10; Lowe 1992c, 195, 373) Although Yleisradio did not make any official suggestion about radio advertising to the Ministry of Transport and Communications, the idea was strictly rejected in a committee report about the future radio in 1993, mainly because it would have been

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206 The quality management approach has been used in Yleisradio for theorizing program quality ever since, for example by Nukari and Ruohomaa (1995 and 1997).

207 For example, in Finland computerized playlists were first introduced by Yleisradio in 1989 (Vilkko 1992, 208–209).

208 However, Alm (1992b, 41) emphasized that quality is not measured only by ratings. Professional assessment was still in use, but the earlier professional values were no longer the only values.

209 According to Lowe (1992c, 195) there was also a “growing acceptance for the idea of commercializing at least of one of national radio channels” among the Yleisradio employees. Some of his informants thought that it would be inevitable (Lowe 1992c, 373).
unfair to local commercial radio operators, who were already competing over decreasing advertising revenues. (Radion 1990-luku 1993, 56–63)

4.8.2. Commercial Competition Profiled Urban Stations

The basis for a new kind of direct commercial radio competition had been created a year earlier in 1989, when commercial radio licenses were granted to a total of 22 new operators. Even more stations came into the market in March 1990, when the Council of State granted licenses for six new commercial stations. In 1991–1992, 28 local stations in Finland had overlapping coverage- and marketing areas (Säkkinen 1995, 68). To make things worse, a deep depression hit the Finnish economy in 1990. Advertising revenues for commercial radio decreased rapidly and the combination of economic scarcity and competition both over advertising and audience forced commercial local to seek new ways to operate and define quality.

In July 1991, the Managing Editors and Music Managers of competitive commercial stations in Helsinki, Turku, Tampere and Lahti instituted new and very similar ideas for developing their music policies. Although the average target audience was still defined only by the age (25–50 years), these stations were intentionally profiling their music and decreasing the freedom of the DJs to pick the records for their shows. Music policy was now defined directly by the station management, or alternatively by the Managing Editor or the Music Manager, who was given the responsibility for the station’s ratings by the management (cf. 3.6). (Tuominen 1993, 158–161) So far, the necessary social, political and economic conditions for the successful transfer of format radio technology (not just hardware, but also knowledge, production and management procedures) had been missing (Moran 1998, 173–174) in Finland, but the situation was gradually changing.

Under the new commercial competition music was understood as a strategic competitive element, which was increasingly administrated and controlled with playlists and computerized CD-players to create a sound for the station. However, the playlists were not very tight, and some stations used playlists only during primetime. Two of these stations had no playlists, but the DJs were supposed to have internalized the music policy.210 According to Tuominen (1993, 161), programming was now more clearly designed for reaching economic goals, and not so much to create an “image” or “quality”. (Tuominen 1992, 113–116; Tuominen 1993, 158–161) In this way, the first

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210 For example, at Radio 957, all program hosts still selected the music for their shows in December 1991. A more profiled music policy went into use in January 1992 (Rosvall 1992, 30–32).
applications of format radio method were instituted in the largest urban Finnish commercial radios, and this severely challenged the earlier quality culture of the pioneers in local radio. One of the managers interviewed in 1991 by Tuominen (1992) described this transformation:

“A list of records selected by music journalist at Yle[isradio] (...) tries to please everyone. Music selection is put together from very different elements – there is one rock-song, then a folk song, a little bit of classical and jazz. Before competition, we used to have a similar kind of “diversity is strength and variety” thinking. For me, this is a funny way of thinking. (...) Competition has revised our channel to such direction that we should follow suit and declare ourselves to be something – if not in words, then at least in practice.” [Translated from Finnish by the author] (quoted in Tuominen 1992, 116–117)

At the time local commercial stations had an argument with the recording companies and Finnish music royalty agencies over high cost of payments for broadcast music. Record companies boycotted local radio in their promotion and communications, and local stations boycotted new records. Some of the stations stopped paying music copyright fees, especially for Gramex, and this caused severe financial troubles for them, even forcing some into bankruptcy. (Säkkinen 1995, 116; Kujala, Lahti & Tamminen 1998, 157). Although most stations avoided the use of Gramex-protected music because of its price, at least in the evening and nighttime hours, only one of the urban stations designed its whole playlist primarily in order to avoid Gramex-payments and not based on certain competitive music policy (Tuominen 1992, 118).

Despite of their importance, playlists had proven to be difficult for the program hosts to follow, especially on the older stations. According to the one of interviewees, the reason for this problem was that choosing records for airplay was still often understood as a creative, journalistic act and not as a routine procedure, which was directly dependent on the operational goals of the station. Some station managers had already been abroad to learn new format radio methods, where all the experts had asserted that after the initial resistance, the employees would appreciate the computerized, systematic approach. (Tuominen 1992, 118; cf. Vilkko 1992, 208–211)

The conception of professional skills of DJs was changing as well. For example, the culture of Radio 957 had been based on the assumption that every journalist should be able to do every task in program production, if necessary. Now the station aimed at developing stronger radio personalities,

211 Together with the personnel costs, the music royalty payments for Teosto and Gramex comprised about 60 percent of all expenses of local commercial stations. (Säkkinen 1995, 116)
because these people represented the whole station on the air. Similarly, where journalists had seen music DJs primarily as “brainless record-flippers”, now a strong, characteristic station sound and the music itself were considered to be more important for success than the local news staff. If the control of the music concept should fail, the whole station could be ruined. (Rosvall 1992, 24–25; Tuominen 1992, 115–116) The commercial stations still had very few methods of finding out the music preferences of their audience (Tuominen 1992, 120), but at least they were now able to identify and understand the composition of their audience in a more detailed fashion than before.

In 1991, the Association of Finnish Local Radio Stations and Yleisradio concluded an agreement resulting in the first syndicated, combined national and regional audience research (Ruohomaa 1993, 57–58; Ala-Fossi 1995, 39). Since then there has been a national system that provides similar and comparable information about different commercial and public service radio outlets alike. In the competition for advertising, commercial radio required one single and more reliable source of information about the audience. Competing local stations also used this information rather “creatively”, always interpreting the results in their favor (Mäkinen 1998b). The participation of Yleisradio as a paying subscriber reflects the new role of the public service broadcaster as the part of the “radio market”, in addition to the commercial operators wish to cut the expense for research. Moreover, partly as a result of the increase of information about the audience, the earlier conception of localism began to shift from spatial to social emphasis, which also affected the ideas about quality in commercial local radio.

4.8.3. Competitive Rural Stations Challenged

Conventional Wisdom

Although it was apparent in the late 1980’s that the emergence of competing local radio stations targeting the same audience resulted in clearer program profiles, it was naively thought that the operating conditions, at least outside capital Helsinki, were unlikely to change (Kyhäräinen 1992, 33–35, 83–84). The common belief in the early 1990’s was that creating radio for a really segmented audience in Finland was not be realistic, because of the small and scattered population base and the high fixed costs of Finnish commercial stations. In 1992, the only exception to this rule was a new “orthodox” classical music format station in the capital Helsinki region, Classic Radio. (Alm 1992, 30; Gronow 1992, 197) Tuominen (1992, 112; 1993, 162–163) believed that at the most the competition would drive the commercial stations in Finland to become increasingly similar, because the high fixed costs would cause every commercial station to choose the most profitable music profile.
Since 1992, the turnover of advertising sales of every single commercial radio station in Finland decreased three years in a row. In between 1991 and 1994, a total of 21 commercial local radio companies went into bankruptcy or voluntarily shut down their operations, although the total amount of stations did not simultaneously decrease as much. (Kohvakka & Sauri 1998, 96–97, 158, 315; Paikallisradioiden taloustilasto 1996, 7–9) Some of these unsuccessful stations were large urban and more profiled stations, and some were small rural and all-round stations, but they all suffered from a lack of business management skill. In many cases the station managers had been journalistically ambitious, but unable to make economically rational and strategic decisions. According to Säkkinen (1995, 113–124) many of those unsuccessful stations accelerated their downfall with poorly conceived cost-cutting efforts. By laying off and dismissing their permanent staff, program quality deteriorated and the stations lost the trust of both listeners and advertisers. On the other hand, profitable stations were able to invest in program quality and improve their profitability (Säkkinen 1995, 71).

Seinäjoki, the regional center of South Ostrobothnia and its rural surroundings, was the eighth biggest market in the whole country. It was certainly a lucrative market for commercial radio, which had been neglected mainly in order to keep the strong regional daily, Ilkka (connected to Center Party) out of radio business. As a result of an earlier political compromise, there had been two local commercial stations in small nearby towns since 1985: Radio Paitapiiska in Kurikka, and Radio Simpsiö in Lapua. During the late 1980’s these two stations practically shared the Seinäjoki advertising market by mutual understanding, and they had even produced joint broadcasts. This harmony was soon transformed into mutual competition, when a new station, Radio Seinäjoki launched its broadcasts in October 1990. (Ala-Fossi 1997, 5–6)

Quite soon, Radio Seinäjoki captured the audiences and the advertisers of its commercial rivals. In 1993, the financial results for Radio Seinäjoki were so good that it achieved an honorable mention from the Association of Finnish Local Radio Stations. At the same time, Radio Simpsiö, was

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212 The author worked as a Yleisradio regional radio news journalist and producer in Seinäjoki from 1989 to 1999.
213 At that time, Ilkka was also competing with another regional daily, Pohjalainen (Ala-Fossi 1995, 51)
214 As a typical case of its time, the license holder had direct ownership connections to the both leading government parties, SDP and NCP as well their newspapers (Ala-Fossi 1995, 33–35).
forced to dismiss its whole permanent staff.\textsuperscript{215} The competition had been too difficult, but nevertheless the license holder, a local foundation publishing a local paper, did not close down the operation. Instead, it hired a one-man programming company to produce programs as a subcontractor, which in turn used other subcontractors and temporaries. (Ala-Fossi 1995, 42–43; Ala-Fossi 1997, 6) This was not against the license conditions, but certainly against the conventional wisdom of the time. With no permanent employees, there would be no consistent standards of production culture, programming quality and no listeners, either.

The results of this approach were rather unexpected, as the author discovered in his MA thesis. In November 1993, Radio Paitapiiska in Kurikka was still clearly a “traditional” local radio service, which emphasized geographical locality, a variety of music from psalms to Finnish rock, and even some features that imitated Yleisradio regional radio programming (such as news and time signals). Radio Seinäjoki, the market leader, was trying to offer the most topical and local journalism for the whole region, as well as new pop and Finnish iskelmä spiced with rock. Despite this certain basic approach to music, the station did not have a playlist. There was so much latitude left that the name of the DJ or program host was a better clue to the content than the name of the program. Radio Simpsiö, now operating on a new basis, was an entertaining challenger. It imitated the strengths and attacked the weaknesses of Radio Seinäjoki’s music profile, offering consistently more hits and new music than its rival. In general, when Radio Seinäjoki offered topical talk, Radio Simpsiö counterprogrammed it with entertainment and music. Consequently, though the stations were to some extent similar, the new competitive situation also differentiated each station. (Ala-Fossi 1995, 108–118; Ala-Fossi 1997, 11–15)

However, the lowest possible production costs and the more consistent flow of music and entertainment proved to be the right kind of quality, and the winning combination in South Ostrobothnia. In two years, Radio Simpsiö became the most listened to commercial station in the region, with highest ratings. In 1995, just before its 10-year anniversary, Radio Paitapiiska dismissed its three permanent editors, bought computerized studio equipment instead and started to buy programming services from a small production company. The next year, just two years after receiving the honorary mention for its good economic performance, Radio Seinäjoki dismissed all five permanent of its employees and made a programming contract with the same

\textsuperscript{215} The station originally hired 5 permanent employees in 1985 (Viljakainen 1987, 43)
company that was producing the programs for Radio Simpsiö. (Ala-Fossi 1997, 16–17)²¹⁶Again, a new innovation in production culture was made by a very small competitive station with a small budget and nothing to lose, similar to the innovation of the format radio method in the US (cf. 3.4). At the same time, these decisions to dismiss permanent employees in practice brought an end to local news and current affairs journalism in the Seinäjoki region’s commercial local radio services. However, at this point the Ministry of Transport and Communication was no longer interested in the degree of localism in private radio, or in the kind of local issues information the commercial stations were broadcasting.

4.8.4. Summary

1 Commercial local radio had been an unpleasant surprise for Yleisradio and it took five years to prepare for a strategic public radio reform. A third national FM-network was ready in 1989, and a year later, three national Finnish channels were profiled and targeted to different audience groups.

2 In the successful reform process, Yleisradio adopted many of the production methods and practices of commercial radio, as well as a new, more industrial approach to quality, which was now combined with the traditional quality ideas of an institution of national culture and education.

3 The increasing number of private stations and the economic recession intensified the competition over advertising revenues among commercial local radio stations. Competitive stations in the largest cities began to profile their programming with new music policies directed by the management.

4 Channel competition changed some local radio stations for good in the rural areas as well. Permanent staff and local journalism was replaced with subcontractors, computerized equipment and more targeted music selection.

²¹⁶ In Finland, outsourcing of content production has become a very popular way of cutting costs in larger commercial radio units as well (see also 4.11.2), because the savings are so significant (Tuohino 2003).
4.9. International Owners and Streamlined Formats
Enter the Finnish Market

In 1993, the Radio committee of the Ministry of Transport and Communications outlined its suggestions for the development of radio media in Finland during the 1990’s. In addition to opposing advertising at Yleisradio, national commercial radio before digitalization, and creation of commercial networks, the committee suggested that more detailed descriptions of the main objectives of each licensed station were needed. The committee also sought more possibilities for simultaneous evening and nighttime broadcasts by local radio stations and an experiment with pre-formatted “special radio” for segmented audiences operating in more than one locality to ensure their viability. However, at the same time the committee emphasized that primarily private radio should operate on a local basis. (Radion 1990-luku 1993, 56–63) In this way, also regulators showed that they were ready to transfer the technology and practice of format radio to Finnish markets (Moran 1998, 173–174).

By this time, international capital and American knowledge\(^{217}\) of commercial format radio had arrived in Finland. In 1993, an American owned company, Scandinavian Broadcasting Systems (SBS) acquired shares in Radio 957, which resulted in a major revision of the production culture of the station in that year (Jokelainen 2000). Radio 957 adopted a strictly formatted approach, with full scale playlists and rotation clocks, and abandoned the old profiled mixture of separate special programs and program flow. This was also an important transition period for the production culture of commercial stations generally, because in 1993 and 1994, while some rural stations got rid of their permanent staff, many smaller and independent urban stations in provincial cities like Radio Vaasa in Vaasa and Radio Rex in Joensuu adopted playlists and rotation clocks. (Ala-Fossi 1999, 139)

In 1994, the national economic crisis was used as one reason for a liberalization of the licensing policy and loosening the license conditions related to localism in programming (Kohvakka & Sauri 1998, 147–148). The requirements for local production and the division between non-commercial and commercial licenses were removed. Local stations were allowed to broadcast the same signal for one hour during the daytime, but at night and on Sundays there were no more limitations for networking, just

\(^{217}\) It should be noted here that Alm & Salminen (1992) wrote the first Finnish book about the principles of this new radio culture – and also about format radio. The ideas and methods of implementing the format approach were now available in Finnish for the first time.
as the Association of Finnish Local Radio Stations had sought (Tuominen 1992, 112; Kemppainen 2001, 122). MTV applied a license for a nationwide newsradio service, but the Council of State rejected this application at least partly because of loud opposition from the local stations. Instead, a new type of a “special radio” license was granted to Classic Radio, partly owned by Great Western Radio (GWR) of the UK. Another new “special youth radio” license was granted for a new company owned by Radio City and Radio Sata in Turku. Once again, the license period for all stations was five years. (STT 153 11.5.1994; Ala-Fossi 1997, 6–7; Kohvakka & Sauri 1998, 157; Sauri 1998, 147; Nukari & Ruohomaa 1997; 245–247)

After the “youth radio” license was granted in 1994, SBS acquired 49 percent of Radio City and Radio Sata as well as the company with new special radio license. During 1995, SBS bought Radio Mega in Oulu, so that it now had a local station in every one of the four cities where the youth radio service was licensed. Each of these local SBS stations was formatted, with playlists and rotation clocks that sounded different from the new youth radio with internationally tested name Kiss FM and a very tight CHR (Contemporary Hit Radio) format. (Ala-Fossi 1995, 8; Rutanen 1996a, 22; Jokelainen 2000)

“Kiss is a good example of a format radio [service] operating in Finland (...) The format has been taken quite far, so that the DJs will get the information about the next song from the computer monitor. The ideal length of an intermediate [spoken break] is half a minute. If one brings it to a head a little bit, one could say that a namby-pamby over a minute long may result in getting sacked” [Translated from Finnish by the author] (the CEO of SBS Finland, Leena Ryynänen, quoted in Rutanen 1996a, 22)

Although the Ministry of Transport and Communications argued that Kiss FM and Classic FM were the only experiments to study the viability and financial profitability of specialized radio services, in practice, the new “special radio” services were simply semi-national networks with segmented music formats. Classic Radio became Classic FM, a network with 21 transmitters and a classical music format. In 1995, another international company with a CHR format, French NRJ, was granted a local license for Radio Energy, a local station in Helsinki. (Rutanen 1996a, 18; Ala-Fossi 1995, 8) All these stations imported already proven production methods and tested formats from other European and American markets, which just strengthened the contemporary trend towards format radio.

218 In Finland there is actually no practical reason to identify a station with the letters FM, because there are no commercial AM stations. Moreover, despite the English (or American) name, the station broadcasts in Finnish.
Finland has no set limits for foreign ownership of private broadcasting, and there are no permanent limits on domestic ownership or control either (EIM 2004, 67). However, there is absolutely no doubt that the international owners could have “sneaked in” without the permission of the Ministry of Transport and Communications or the local stations. The license terms required that the Ministry must be notified about every significant change in the ownership of the license holder. The Council of State would then have the right to withdraw the license (Nukari & Ruohomaa 1997, 245–247). In this way the Ministry of Transport and Communications is acting like a fire brigade, and creating its policy for commercial radio through separate case decisions instead of outlining clear definitions of policy. After years of financial scarcity, foreign capital investments and commercial radio knowledge were welcomed both by the Ministry and the local stations – unlike the MTV application, which would have provided only new domestic competition. (Rutanen 1996a, 18, 22)

Although the introduction of foreign ownership and specialized formats based on international culture, and the creation of private radio networks, were all major breaks from the original social promises of local radio, the policy change and licensing decisions of 1994 can be also seen as extensions of the earlier industrial policy approach. Commercial radio was now treated more and more just like any other business in the open market, with no special values – and its quality or social performance was officially identified with financial profitability.

As formats, rotation clocks and playlists gradually became more and more familiar to Finnish commercial radio operators, a new, more socially based way of defining the audience emerged. The idea of audience was still defined by geographic and spatial parameters, but now the social conception of a ”community” keyed to musical genre and defined as a culture of taste or lifestyle became more important (Stavitsky 1994, 20), and the use of market research and music research increased. Just like Tuominen (1992, 112) had predicted, the new definitions of target audiences in Finnish commercial local radio resulted in format approaches that were remarkably homogenous. Although most local stations were still trying to reach the same local population between the ages of 25 to 54, the audience was now approached as a target group sharing the same music preferences, but not necessarily

219 This is the case in most of the other small European countries. However, in world’s largest markets, except Germany and Australia, foreign ownership of radio broadcasting stations is usually restricted. In the US, foreign owners may own only 25 percent of any broadcasting entity (Corriveau 2003, 4–6; Picard 2002, 71; Ditingo 1995, 41).
the same geographic location. Also, instead defining their music strategy as a mixture of Finnish music with international pop and rock, many stations preferred now to define it with a new format name *FinnAC* – as a Finnish version of the Adult Contemporary format (Ala-Fossi 1999, 18–19; Kujala, Lahti & Tamminen 1998, 26).

In 1995, the new conservative Minister of Transport and Communications ordered a report concerning the situation of the Finnish radio and television industries, as well as a proposal for developing them further. Unlike the 1980’s, this was not a parliamentary committee, but a one-man task force consisting of a former Yleisradio manager and a conservative politician, Jouni Mykkänen. Not surprisingly, Mykkänen suggested reversing earlier policy and granting an analog license to a nationwide commercial channel, which should be a Finnish-owned journalistic competitor for the main Yleisradio news channel, Radio Suomi. At the same time, he would have given a free right to network for the local commercial stations. The suggested license-holder requirements revealed in advance that MTV would get this new license if it wanted to have it. (Yleisradiotoiminnan strategiaselvitys 1995, 15, 35; Rutanen 1996b; Ala-Fossi 1999, 25–26)

4.9.1. Summary

1 In 1994, some of the local radio licensing conditions were removed and the first “special radio” licenses were granted, officially to “experiment” specialized radio services in Finland.

2 At the same time, international commercial radio operators entered the Finnish market and introduced American-style, streamlined music format stations. The new “special radio” services were in practice semi-national music format networks.

3 Independent local radio stations replaced their earlier production culture with a new one and adopted playlists and rotation clocks as well. The earlier, geographically based idea of the audience gave room for a new way of defining the audience as a community of interest.

4 The introduction of foreign ownership, specialized formats and private radio networks meant that the original social promises of private local radio were in practice abandoned in the licensing policy. The time was now ripe also for a new nationwide commercial radio.

MTV had been planning for nationwide commercial radio operations already in the 1960’s, but all the plans to start radio advertising on Yleisradio channels had failed. During the 1980’s, two separate applications for nationwide radio had been rejected (Radion 1990-luku 1993, 55), so when the company was finally able to start its nationwide commercial television operations on a separate channel with its own license in 1993, it was almost inevitable that it applied again for a nationwide commercial radio license in 1994. Mostly because the commercial local radio stations and the regional newspapers opposed the idea, the leading government parties, the Center Party and the National Coalition Party rejected this first application. However, MTV did not give up, and the company started to look for the right allies. When Mykkänen’s report was published at the end of 1995, everything was in place for positive action. (Ala-Fossi 1999, 24)

Kimmo Aulake (Paikallisradioiden omistus Suomessa 1990, 77–79) argued that the main motive for the politically concentrated ownership of commercial local radio in Finland was the intent to control the new media. If not directly to influence programming policy, but more to prevent rivaling parties from taking over the stations, just in case. However, this interpretation more or less neglected the economic dimensions of commercial radio ownership as an investment and a source of income. This was also an important reason for politically connected private radio ownership from the beginning. In the mid-1990’s, when the earlier assumptions of the possible political importance of commercial local radio had practically disappeared, the direct economic motives of the political parties in commercial radio determined their political decisions concerning the nationwide commercial radio license.

4.10.1. The New Political Quality of Commercial Radio: Making Money for the Major Parties

In September 1996, the joint government of the SDP and the NCP granted a ten year license for a national commercial operation to Oy Suomen Uutisradio Ab [Finnish Newsradio Ltd], which was a joint effort of MTV and a few other Finnish media companies. This was also a decisive turning point in licensing policy, and also to some extent the beginning of the end of locally oriented commercial radio in Finland. Although regional advertising

\[220\] For more details, see Hellman 1999.
was forbidden for the new operator, the new national channel destroyed the last local commercial radio monopolies and duopolies in Finland. At the same time, the company was granted a monopoly position as the sole nationwide commercial radio channel without any clear and definite public service requirements (see 4.10.2). (Ala-Fossi 1999, 24–46)

Perhaps the most important reason for this special treatment was that the major political parties were taking care of their own interests directly. Four major owners of the new monopolistic channel had connections to the three biggest political parties in Finland: Suomen Viestintärahoitus and Suomen Radioviestintä (SDP), Suomen Kansallisviestintä (NCP) and Maakuntien Viestintä (Center Party) each had a 13 percent share in the new radio company. This was certainly not a new way to carry out parliamentary control, because each party sold their shares with huge profits in 2000, as soon as the partnership agreement expired. According to estimates, the profits of these sales in 2000 were 10 to 25 times higher (5–10 million Finnish marks = € 0.84 – 1.68 million) than the original investments (390 000 Finnish marks = € 65 593 each) made in 1996 (Ala-Fossi 1999, 25–27, 45–46, 162; Heino 2003, 6).

The independent local radio companies finally accepted the plan for new national commercial radio when the new channel was not allowed to broadcast local or regional advertising. Ten major local stations also became owners of the new national channel through their parent companies Aamulehti (former NCP daily paper) and Suomen Viestintärahoitus. After MTV merged with a major Finnish newspaper publisher Aamulehti in 1997, the new joint corporation AlmaMedia became the largest shareholder of the new national radio (48 %), while Suomen Viestintärahoitus, which owned shares directly and via the local stations (totaling 26 %) was the second largest. Moreover, the national radio license was also connected to a broader agreement between the SDP and NCP for new television licenses. (Ala-Fossi 1999, 24–44)

However, in public the politicians tried to justify their choices with arguments about quality that were more socially acceptable. The official goal of this policy decision was to create a direct journalistic competitor for Radio Suomi, as Mykkänen’s report (Yleisradiotoiminnan strategiaselvitys 1995, 33) had proposed. As the name of the new license-holder suggested, the new nationwide channel promised especially news as well as domestic Finnish music around the clock. In the Finnish context, offering news in primetime

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221 This arrangement was also economically very reasonable to Radio Nova, because the politicians postponed the plan for annual license payments (Mölsä 2000). See also chapter 4.12.
for the majority of the population met the traditional expectation of best possible quality in broadcasting (Nukari & Ruohomaa 1997, 84). During the licensing round, this promise of service provided a very strong justification for the politicians to favor this Finnish company over two other primarily domestic candidates and three foreign applicants (Ala-Fossi 1999, 26).

The Finnish ownership of this company, and the partial ownership by the local stations were also mentioned publicly as reasons for supporting the Suomen Uutisradio application. Social democratic Home Secretary Jouni Backman even stated to the press that Suomen Uutisradio offered the best way to protect the status of Finnish local radio stations. In this way, the new domestic operator was marketed as a counterweight to international radio operators like SBS, a “problem” created earlier policy decisions. (Ala-Fossi 1999, 24–30, 46–47) All these official promises of quality were soon challenged, when the new channel actually concentrated on music and entertainment and reduced local radio revenues. Finally, they were totally abolished in 2000, when social democratic Suomen Viestintärahoitus sold its shares in Suomen Uutisradio to a Norwegian company (Ala-Fossi 1999, 166–167; Journalisti 10.11.2000).

4.10.2. Newsradio Sets Standards for Smooth Sound, Music and Entertainment

In Finland there is no system to fine or penalize a station for offering services that differ from those outlined in its original statement of purpose as is the case in the UK (Wall 2000, 188–189). Licenses in Finland are awarded in a “beauty contest”, partly on the basis of the original promise of performance, but in practice, one does not have to worry much about that promise after getting the license. Actually, the Ministry of Transport and Communications has no way to punish a licensee, other than to suggest that the Council of State withdraw the license, and this has never happened during a licensed term (see also 4.11.2 and 4.12.) (Ala-Fossi 1999, 43, 183–185).

The licensing terms of the new national channel stated among other things that there should be “a considerable share of news, current affairs and other speech programs in the entirety of programming”. However, this does not actually mean anything else except that some part of the programming should be called as news and current affairs programs, and moreover, there is no definition of “a considerable share”. (Ala-Fossi 1999, 43–44, 195) Despite these terms – or perhaps just because of them – Suomen Uutisradio,

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222 In 1997, SBS owned five of the ten biggest commercial stations in Finland. It operated four local stations as well as a semi-national network in the five largest cities. (Ala-Fossi 1999, 164)
the Finnish Newsradio, was able to promise one sort of programming in advance, but actually produce a totally different kind of new service.

The new channel was given the name Radio Nova, and it was formatted as a Soft AC. The concept was designed after thorough market research. Instead of a more expensive news format, the most profitable option was to target the same 25 to 45 demographics as most local stations with a soft music format – without forgetting a short news flash every 30 minutes. Inside the channel, this programming policy was put in words as “Entertainment, entertainment, entertainment. Credible news in between” (Hyttinen 2003, 94). Radio Nova was launched in May 1997, and it was an immediate success with Finland’s young and young adult audiences. It was especially popular in the countryside, characterized by the author as “a urban hit radio for yokel youth” (see 4.11.2.) After the first year, it reached about 20 percent of all radio listeners in Finland daily, and its listeners regarded it as the most entertaining of all the radio channels. Quite soon, the success of Radio Nova affected the local radio advertising markets. (Ala-Fossi 1999, 39–40, 72, 167–171)

Radio Nova created the first truly national standard for commercial radio programming in Finland. It consistently offered listeners a well produced, entertaining program made by talented professionals who had been trained in local radio, and in Yleisradio. ”Sound is a part of our substance”, said Radio Nova’s program director Sami Jalonen223, and hired the first full-time radio sound designer in Finland. Radio Nova also tried to enhance the quality of radio advertising, because previous ads did not match with their ideas of the total sound and style of the station. (Ala-Fossi 1999, 34–36) Programming on Radio Nova had a recognizable sound (Puro 1999, 182–184), characteristic consistency and uniform quality – i.e. all the ingredients for quality that were previously missing from typical locally produced commercial programming. In this way, the quality of Radio Nova’s national programming made local productions seem less impressive by comparison, even in cases where the music format and the playlists were nearly identical. (Ala-Fossi 1999, 28–173)

One characteristic feature of local commercial stations in the 1980’s had been a certain “unprofessional” and rugged sound, which was at first considered to be more humane and intimate, when compared to the sterile and distant style of Yleisradio. During the late 1990’s, the increasing use of computerized automation technology moved commercial stations towards an increasingly stylistic, fluent and error-free sound, while the most popular

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223 Sami Jalonen was the former program manager of the Classic FM -network (Hyttinen 2003, 49)
Yleisradio channel, Radio Suomi sounded like “a radio, where live people are obviously working”. (Kujala, Lahti & Tamminen 1998, 10–11; cf. Teinilä 2001)

4.10.3. More Rugged Local Stations in Search of New Quality

In 1998, 72 percent of the commercial stations in Finland were trying to reach the same adult audiences with similar music, and 28 percent of them defined their music policy with an American format name – AC. In addition, 72 percent of the stations were already using computerized production equipment and format radio tools, while the stations that were still using fully analog equipment did not use playlists and rotation clocks. Only six percent of the stations were still offering separate programs instead of a unified program flow. The autonomy of the DJ had clearly decreased since the early 1990’s: in 75 percent of the stations the DJs still had some artistic and journalistic freedom, but in 38 percent of the stations any changes to the music were not allowed at all. (Ala-Fossi 1999, 121–122)

About a year after Radio Nova launched its broadcasts, in June 1998 the author interviewed program directors at eight local commercial stations. The interviews revealed a change in attitudes towards playlists and professional qualifications for DJs since the early 1990’s: now, sticking to the format was no more considered to be a limitation to creativity, but more of an indication of professional skill. An intentional deviation, going “off the clock”, meant challenging collective rules and practices. Although rotation clocks and playlists had been integrated into the production process through new technology, none of the stations had written guidelines or instructions that defined the criteria for good programming or definition of desired quality. One station, Oikea Asema in Kuopio, tried to develop a quality (management) system for all functions of the station when it implemented digital production technology in use, but the project proved to be too difficult. (Ala-Fossi 1999, 135–136)

The stations differed with regard to what was considered to be a deviation, and how such deviations should be handled. Some stations with playlists like Radio Vaasa allowed the program host to playing music outside of the playlist as well, if for example the program host had journalistic reasons for doing so. On the other hand the program director of Simpsiö 969, with no playlists, revealed that when he hears a song on the air that did not fit within the music policy, he would immediately call to the DJ. Digital systems had made it possible to define the sound and structure of the program flow more in detail, but only a few options were in use. Digitalization had also opened up new possibilities for editing and pre-recording program materials instead
of producing only live broadcasts. Radio 957 created a rotation system for jingles and station identifications as well. Others counted mainly on DJs, while advertisements were usually not considered to be a part of the station’s sound at all. (Ala-Fossi 1999, 136–145)

The first weeks of Radio Nova were a really frightening period for most local stations. After the first shock, program producers started to refine their own practices and compare their programs to the newcomer, where previously they had compared their stations primarily to Yleisradio’s regional programming. Some stations like Radio Salminen in Iisalmi soon adopted some Radio Nova practices, which they thought were “neat” (for example, pre-programmed transitions between songs). On other hand, they were also able to learn from Radio Nova’s few but obvious weaknesses.224 Most stations tried to alter their music in some way to differentiate from Radio Nova, but Radio Janne in Hämeenlinna adopted practically identical playlists: they were mainly trying to offer a more local and less polished alternative. Although all of the Program Directors of these local stations had to admit that Radio Nova had a “really professional sound”, they thought that their old strengths – the more local, rugged and intimate approach – would still be their strength over the sterile and smooth Radio Nova. (Ala-Fossi 1999, 145–155) This strategy was only partially successful, because those local stations with the least local emphasis were the biggest losers in the competition for audience (Ala-Fossi 1999, 168–169). In 1998, Radio Nova’s turnover reached 53 million Finnish marks and its share of all radio advertising was about 25 percent. Mainly because of Radio Nova’s success, the total turnover for all competing local commercial radios declined about 10 percent to 20 million FIM (Tilastokeskus 18.12. 2000)

4.10.4. Summary

1 By the mid-1990’s, the earlier assumptions of the political importance of commercial radio had largely disappeared in Finland, and the economic motives of political parties determined more directly the decisions about the nationwide commercial radio license.

2 The only nationwide commercial radio broadcasting license in Finland was granted in 1996 to a company, which was indirectly connected to the three major political parties. All the shareholders with a party connection sold their shares in the radio company with huge profits in 2000.

224 For example, excessive promotion of stories coming later in the show (Ala-Fossi 1999, 148; Hyttinen 2003, 95).
According to the original programming promise, the name of the license-holder for the new nationwide commercial radio channel was Finnish Newsradio. However, the channel became the first nationwide commercial format radio for soft music and entertainment, Radio Nova.

In the new competitive situation with a nationwide commercial channel, most local commercial stations started to refine their practices and evaluate their programming in comparison with the newcomer using new standards instead of comparisons with Yleisradio’s regional station.

### 4.11. Farewell to Local Radio: New Networks and Cluster Competition

In late 1990’s, the largest commercial stations no longer made their choices by accident: now, everything was based more or less on market research. Large networks and big urban stations tested their music and designed their rotation clocks using exactly the same methods and equipment\(^{225}\) as their American or French colleagues. The main designer of the first nationwide format radio product, Program Director of Radio Nova Sami Jalonen, criticized the condition of the industry, because the commercial stations had moved directly from Yleisradio-like broadcasting to imported models without questioning anything. However, there were still some special national characteristics in Finnish format radio: on the basis of market research NRJ had decided to use less tight hit rotation in Finland than in France.\(^{226}\) (Isokangas 1998, 69–72)

The process of abandoning the idea of local commercial radio started in the early 1990’s and in practice it was manifested in commercial radio licensing policy after 1994. Although the Association of Finnish Local Radio Stations dropped the word “local” from its new name (Suomen Radioiden Liitto) in 1997, after the first nationwide commercial station joined the union, the Ministry of Transport and Communications is still using the term “local radio” in its official rhetoric, and there is a still a separate category for local radio licensees. In the same way as “special radio” was a political euphemism for a commercial network radio, local radio remains mostly as a political euphemism for commercial radio. (Ala-Fossi 1999, 62–63) However, in practice the final blow to most of the original definitions of localism in license conditions was given in 1999. In 1995, when the new national commercial radio service was to be introduced, the original proposal for new commercial...
television and radio channels advocated for local commercial radio stations to freely join networks, but the local radio operators were not in favor of this proposal. Network and simulcast programming were no longer considered to be good ways of providing service, especially because new technology made it possible to play automated music at low cost, without losing the local edge. However, the new competition increased co-operation between local stations. (Mäkinen 1998a; Ala-Fossi 1999, 114–115, 151–152)

In 1999, the effects of Radio Nova and the deteriorating financial situation of most local stations provided the economic motivation for a new wave of deregulatory licensing decisions. The Ministry of Transport and Communications now embraced the networking of local stations and changed its policies for semi-national networks and licensing parallel frequencies for local radio companies. To some degree, this change in Finnish regulatory policy parallels the Telecommunications Act of 1996 in the US. Because there were never any ownership caps in Finland, the legal basis for this structural changes was different, but the effects were in practice much similar – concentration of station ownership and program production, and hard times for the last remaining independent local stations. The Council of State renewed the licenses of practically all of the functioning local radio stations, and at same time expanded some of their licenses.227 Eight different local operators received parallel frequencies for programming either to youth or elderly people. “Special radio” licenses were now granted to seven semi-national format networks: four of them were totally new and wanted to pursue new formats, such as Russian language and Christian programming. This round of “deregulation” also embraced significant increases in the presence and involvement of international media companies. Oy P4 Finland Ab, owned mainly by P4 (Norway) and MTG (Sweden), obtained licenses for launching a jazz-music network (Groove FM) and a second network for Finnish music. In addition, NRJ, Kiss FM and Classic FM were given licenses for additional cities, and this expanded their networks. (Ala-Fossi 1999, 185–186)

4.11.1. A Network of Failure: Radio Plus

The biggest owners of Radio Nova, AlmaMedia and Suomen Viestintärahoitus were now able to link their 10 local stations into a new semi-national network. Despite the local stations’ previous misgivings towards network programming, in 1999 some independent local stations were persuaded to become part of a joint enterprise via the new Plus-network. At its height, the

227 The licensing period was seven years, so that they will expire in 2006, at the same time as Radio Nova’s license.

Because “special radios” and Radio Nova were not allowed to broadcast local advertising, Radio Plus was an attempt to take advantage of this restriction by using a chain of local stations. AlmaMedia and Suomen Viestintärahoitimus tried to maximize their profits with a certain kind of cannibalism (or perhaps they just had an insufficient understanding of multichannel competition). Anyway, no spatial preemption strategy (see 3.11.2.) was put in place to avoid internal competition between the Radio Plus-network and Radio Nova. Finally, these local stations lost their local character in this AC-formatted semi-national network, while at the same time they competed for audience and national advertising with their other channel, Radio Nova. Local stations complained about the network music policy, which neglected Finnish music, and demanded more iskelmä – but without effect (see 4.11.3.). The final result was financially disastrous: despite lower costs, the “Minus-network” was unprofitable. (Markkinointi & Mainonta 37/2000; Markkinointi & Mainonta 3.11.2000)

Faced with heavy losses, Suomen Viestintärahoitimus decided to withdraw from Finnish commercial radio. In May 2000 they sold their shares (26 %) in Radio Nova to P4 International, and at the end of the year they shut down four local stations in the Plus-network, after failing to sell the stations or their share of the whole network to American228 or Finnish companies. (Journalisti 10.11.2000; Markkinointi & Mainonta 37/2000)

NRJ was much more successful in building a semi-national network, which had no restrictions on local advertising like the “special radios” had. In 1999, the company was granted six new local radio licenses in the largest cities of Central and Southern Finland. Instead of building six new studios around the country, all six studios were located in Helsinki, and separate programs were made for each town at the same time. This can be seen more or less as “live cyber-jocking”, because “local” programming for Joensuu, for example, was actually made in Helsinki. This new definition of local made it possible to sell both national and local advertising in several cities. At the same time, it almost reached the cost-efficiency of a “real” network – as well as added that local touch. Later the company has been able to expand its network of “local” stations by buying shares in local stations South-Eastern Finland. (Helsingin Sanomat 28.2.2001; Kemppainen 2002; Kotirinta 2002)

228 SFX Entertainment bought the leading Finnish concert promoter Welldone in August 2000. According to the CEO of Welldone Risto Juvonen, SFX and Clear Channel Communications had also negotiated about buying radio stations in Finland. (Rumba 20/2000)
During the late 1990s, the economic development of Finnish commercial radio had been rather polarized, because the majority of license holders had been unprofitable, while a small group of stations had been very profitable. Radio Nova’s success made the situation even more serious. In 1999, the Ministry of Transport and Communications ordered a study about the most profitable local stations in order to help the other stations improve their financial performance. Although the research examined the five most financially successful, profitable local stations, the report was published under more general title *Successful local radio* – i.e. the success of commercial local radio was defined primarily as profitability. According to this economic study, profitable local stations targeted older audiences and dominated their markets with clear formats and strong local orientation. (Menestyvä paikallisradio 1999, 14–15, 68–75; Pönni, Grönlund & Picard 2000, 387–388) The simultaneous failure of the Radio Plus network simply confirmed the findings of this study.

4.11.2. Inside Radio Nova: How to get Over a Quality Crisis

After three very successful years of operation, Radio Nova was moving onto the wrong track. In 2000, the initial enthusiasm among the employees was gone, ratings were lower than ever before, partly because of new competition, and sales were decreasing. At the same time the music policy was in trouble, and parts of the programming were no longer consistent with the entirety of the service. It did not help at all, either, that the station was also outsourcing its current affairs programming. (Hyttinen 2003, 9, 55) In addition, the changes in station ownership may have increased these tensions. Radio Nova had reached a peak, and it seemed that the only way to go was down: the programming that had exhibited superior quality was not enough anymore, and moreover, the quality of that programming was deteriorating.

Program Manager Sami Jalonen had left the operational duties of program director a year earlier, after the system was “ready”. Unlike most of the local stations (cf. 4.10.3.), the basic programming policies and operating principles of Radio Nova had been written down several times. However, in this new situation the common goal was not quite so clear anymore, and the employees formed their own tribes. It wasn’t clear if the station was more about journalism, or if it was more about entertainment. Missed goals resulted in insecurity: with no clear objectives, it became more and more difficult for the employees to strive for successful performance. Jalonen was able to recognize the crisis and hired a new program manager, Tomi Yrjölä from a competing commercial station, Kiss FM. (Hyttinen 2003, 49–50, 54–56)
Radio Nova has its own research department, which subscribes to numerous different market research reports in order to understand better the values, attitudes, consuming behaviors and patterns of radio use in the selected target group. In addition, it also studies the contents of its own channel including the music, and examines the (internal) satisfaction of the employees and (external) satisfaction of the advertisers. (Hyttinen 2003, 41–42) Consequently, new definitions of quality in Radio Nova were most of all built on these results and their interpretation. Yrjölä started by reevaluating the strategy, marketing and resources. The next task was to redefine the music policy and design new rotation clocks. After focusing the channel’s positioning and changing the marketing messages on air, it was time to work with the employees. Yrjölä wanted to break the cliques and get rid of those who were opposing the changes. Program hosts, on-air personalities and their program blocks were evaluated. The station started weekly program meetings, where all topical matters for each program block were discussed, and the producers were made more responsible for quality control by a new “air check”-system. After these reforms, each producer and program host got together twice a month to evaluate their earlier shows. (Hyttinen 2003, 57–58)

If the common goal was not clear, the forms of expression were not satisfactory either. Unlike before, only Yrjölä and a few of his closest colleagues wrote the new “on air policy”. This was a set of detailed instructions for the producers and program hosts about how to speak, what they were allowed to say at what time, what must be said, and as well as how to keep the broadcast going forward in general. For example, the hosts were forbidden to take personal calls or use vulgar expressions during the show. After these written, permanent instructions were explained to everyone, nobody had an excuse for breaking the rules because of ignorance. (Hyttinen 2003, 57–60, 64–65) One additional problem was that Radio Nova was still “urban radio for yokels” (cf. chapter 4.10.2): that is, it had relatively more listeners in the countryside than in the largest cities, which was considered harmful for its image. The effort to get rid of the unfavorable yokel radio stigma resulted in the preference of phone calls from younger urban listeners, while older callers from the country were not allowed to get on air. This was easy to do, because after getting a new “short cut” editing...

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229 Katri Helena (Kati) Hyttinen has been a program host and on air personality at Radio Nova from its beginning in 1997. This chapter is mainly based on her MA thesis.

230 As Hyttinen (2003, 9) has noted, the professional terminology in Finnish commercial radio is only partly in Finnish: most of the terms are taken directly from American commercial radio.
machine, Radio Nova broadcast only pre-recorded and edited phone-calls. If the callers are never live on air, the duration, style and content of each call can be efficiently controlled for quality. (Hyttinen 2003, 54, 66) In this way, keeping the peasants out of the programs became one part of a new definition of quality.

The most important objectives of the new policy were connected into creating right, positive images providing right kind of promises about the station. However, while Radio Nova was making its playlist narrower and more targeted, the listeners were promised “more music” and “a wider selection of music”. According to Yrjölä, the idea was to produce an image of improvement, but less variety, because the listeners did not really want more variety. In the same way, one program was marketed as place for listener’s requests, but in truth only a couple of songs in each hour were picked by listeners from the larger playlist. (Hyttinen 2003, 70–71) Consequently, the production of the desired image was more important to a commercial station than the actual programming product (cf. 4.10.1.).

Moreover, Radio Nova previously had 3 to 5 minute topical stories in each hour, as well as a live studio guests at noon, but now the duration of the stories was cut down to 2 minutes and current affairs topics were replaced with more celebrity interviews, co-productions with advertisers, contests and pre-edited listener calls. This change was connected to Radio Nova’s outsourcing of its team of six current affairs journalists into MTV news, an another production unit inside AlmaMedia, which already produced Radio Nova news broadcasts. (Hyttinen 2003, 81, 90–93) Although these changes supported the overall reformulation of the channel, they were actually violating or at least challenging the letter and the spirit of the station’s license conditions.

According to the chief editor of Radio Nova news, Risto Pohjanpalo, the Finnish Communications Regulatory Authority\(^{231}\) made an enquiry about the programming, but so far it had been satisfied with the explanations given by the station. However, three out of four Radio Nova’s programming managers interviewed by Hyttinen (2003) thought that the station was not really able to meet its license terms, specifically the requirement for a “considerable share of news, current affairs as well as other speech programs in the entirety of programming”. However, it was rather easy to stand this contradiction, and the deficiency of social quality in programming because after the changes were made, Radio Nova increased both its audience and its advertising revenues. This also had been the ultimate goal of the changes at Radio Nova, and all four former and present programming managers agreed that the most

\(^{231}\) This authority, Viestintävirasto, oversees the use of radio frequencies in Finland.
important task of a commercial radio station is to produce profit for the owners (Hyttinen 2003, 53, 93–106, 125–150).

4.11.3. Validating Finnish Culture for Commercial Cluster Competition

Iskelmä is a special Finnish genre of music. Perhaps the closest cultural substitute to it in the US is Country. This analogy is based on their equivalent socio-cultural contexts and backgrounds (Salminen 1991, 52; MacFarland 1997, 71–73). Country is said to be “popular entertainment for suburban white people”, which has to be clean, conventional and preferably performed (in English) by female (white) artists. It is also described as “the musical version of the white people’s escape from the urban centers to the suburbs” (Tamminen 2000, 124; MacFarland 1997, 74–76). These definitions are also valid for contemporary Finnish iskelmä. It is also clean and rather conventional music for middle-class people, and its roots are in the countryside dance halls. Iskelmä is the musical version of the longing that middle-aged, country-born but now urbanized Finns feel for the countryside and the countryside culture of their youth (Valkonen et al. 1983, 104; Salminen 1991, 42–43, 52).

The idea of a new Finnish commercial music format, which would concentrate only on Finnish iskelmä, and targeting more mature audiences, appeared for the first time in May 1996, when the programming company of Radio Simpsiö applied for a semi-national license of such a station. The application of this small company was rejected, but after getting the contract for programming Radio Seinäjoki (see 4.8.3), it formatted Radio Simpsiö with Finnish iskelmä music in 1997. (Ala-Fossi 1997, 17; Ala-Fossi 1999, 139) Although the popularity of iskelmä was well known, there were several reasons why the commercial stations in Finland had a controversial relationship with this music. First of all, it was expensive music, because the royalty payments for Finnish music were much higher than particularly American pop and rock. Second, it certainly attracted older audiences, while it was often disliked by the younger audience. Third, rural stations had played iskelmä since the beginning, but because iskelmä was stigmatized as “yokel-music” most urban stations avoided it to maintain a more favorable image. And finally, iskelmä was the backbone of Yleisradio’s Radio Suomi playlists.

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232 Kai Pöntinen and Hannu Harju later revealed that their idea was considered to be ridiculous in 1996 (Kontunen 2001; RAB Finland 03.11.2003)

233 Finnish iskelmä had previously been undervalued by Yleisradio as well, see for example chapters 4.2, 4.3. and 4.5.
For these reasons most commercial stations though it was economically more reasonable to trust the international hits.

However, the competition for the younger audience, especially in Southern Finland, became so tight that in 1999, two Finnish newspaper publishers created the small Sävelradio network out of a group of local radio stations, which targeted the more mature audience of Radio Suomi with Finnish iskelmä music. At the same time, Radio Plus and other networks still neglected this music. In addition, the Norwegian P4, which was originally granted a license for a semi-national Finnish music network ended up establishing another new AC-format network. (Pääkkönen 1999; Liikenneministeriö 11.3.1999; Markkinointi & Mainonta 41/1999)

The failure of the Plus-network helped this format really make its breakthrough, this time with the support of heavy market research and American investment capital. After creating its first Finnish music format, SBS was able to offer a membership in their new Iskelmäradio network to the former Plus-stations. Under these new circumstances, Finnish iskelmä was seen as a competitive choice. Moreover, SBS was able to make investments by buying minority shares of the stations. By December 2002, 22 locally operated stations all around Finland had joined the SBS Iskelmäradio network: five of them were independent stations, like Radio Rex from Joensuu, which only had a partnership agreement for network programming. (Rahkonen 2004; Kotirinta 2002; STT 162 20.1.2003, Kemppainen 2003b)

In this way SBS Iskelmäradio was a product of a new approach to quality in foreign-owned commercial radio, which previously had not really believed in the commercial potential of pure iskelmä format. In this new competitive environment, playing yokel – music had become commercially more acceptable. At the end of the year 2003, SBS Iskelmäradio expanded, with partnership agreements in Hämeenlinna and Helsinki, where it took over the old frequency of Radio City. In many ways, this symbolized the new turn in Finnish commercial radio culture: the old frequency of the urban counterculture in the capital city was now utilized commercially by a multinational corporation for playing iskelmä. The corporation claimed that it was promoting Finnish culture. (SBS Finland 2003c; SBS Finland 2003d)

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234 SBS stopped making these investments, probably because the licenses will expire in 2006. In some cases, an affiliate station was able to get rid most of its local staff, because the network provided practically all programming. For example Radio Kokkola dismissed all of it’s programming staff (Kemppainen 2003b, RKP 14.4.2003).

235 At this time Radio Janne became Iskelmä Janne (SBS Finland 2003c). See also chapter 4.10.3.
When American Metromedia arrived in Finnish radio market in 2000 by acquiring the two semi-national networks from P4, the original plan for the Finnish music network was revived and a network called Suomi POP replaced the AC-network Star FM (Markkinointi & Mainonta 42/2000; Heino 2003, 5). In 2001, the early pioneers of the Finnish music format from South Ostrobothnia were granted a “special radio” license for a regional Finnish music network (Kontunen 2001). The tightening competition for more mature audiences relying on Finnish music challenged Yleisradio in a new way.

4.11.4. Summary

1. Networking of the local radio stations was permitted in 1999, and several new special radio licenses were granted, while the older ones were expanded. At the same time, the foreign ownership of the commercial radio stations was increased further.

2. Radio Plus, a network radio experiment of the Radio Nova owners, was a strategic and financial failure, which paved the way for the later success of commercial network radio based on commonly undervalued Finnish light music.

3. In 2000, Radio Nova made a strategic program policy reform. The new definitions of quality in program production were collected into form of written instructions, an “on air policy”. The licensing conditions were challenged, but the audience figures and advertising revenues were improved.

4. Commercial stations in Finland used to have a controversial relationship with Finnish iskelmä music. Only after American owned SBS created an iskelmä-based format, this former yokel-music became also a commercially acceptable and more credible music format option.


Commercial radio in Finland is now bigger, more profitable, more concentrated and less local in every sense than ever before. In 2001, the Council of State allowed most of the existing radio networks to expand by granting new licenses, and also licensed a new semi-national Sport FM. As a result of the developments described in previous chapters, for the first time commercial operators were especially interested in the middle-aged and more mature audiences, which were earlier dominated by Yleisradio channels.
The expansion of the networks continued further with new licenses in 2002. (Liikenneministeriö 8.2.2001, Liikenneministeriö 29.8.2002) *Besides this liberal licensing policy and general reduction of the license conditions*236, the Finnish political elite has made other decisions favorable to commercial radio, gradually decreasing the previous social responsibilities of the licensees. Earlier the Council of State was able to use its authority to consider each license application, but when the Finnish constitution was revised in 2000, the constitutional committee stated that applications for available frequencies must be granted a license, whenever there are financially sound applicants that are capable of regular operations according to the license (Mäkinen 2002). When the new Communications Market Act (2003)237 came into effect in Finland, corporate acquisitions of commercial radio stations became easier than before. Now it was possible to ask for a preliminary ruling of the Council of State regarding the transfer of the license before signing any business transactions (Normo 2003). Moreover, the original plan of collecting annual license payments from commercial radio operators was first postponed by the Finnish parliament, and in 2002 the whole idea was cancelled (Mölssä 2000; Nieminen 2002a; Nieminen 2002b; cf. also Ala-Fossi 1999, 168).

This was a victory especially for the biggest commercial powerhouse, Radio Nova, which had been lobbying against the license payments since the very beginning (Ala-Fossi 1999, 45). According to one estimate, by January 2004 Radio Nova had saved at least €1.3 million with the help of the major parties (Mölssä 2000). Radio advertising revenues have been growing now for several consecutive years. In 2001, commercial radio advertising revenues hit their highest level since 1990, almost €40 million, and were eclipsed in 2002 with a new record of €44 million (YLE24 15.1.2002; STT 162 20.1.2003). In 2002, Radio Nova’s share of the total turnover of commercial radio was 35 percent. Together with its most serious competitor SBS, these two companies captured 57 percent of all revenues in the radio business.

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236 Before 1999, the local radio license had 16 separate conditions (2,5 pages), but after 1999 there were only 4 (half a page). Originally, Radio Nova had a special condition, which required it to invest in digital services, but in 2001 this obligation was removed. (Ala-Fossi 1999, 196; Kujala, Lahti & Tamminen 1998, 265–267; see also Appendices 4–7.)

237 The new Communications Market Act also demolished the former legislative division between telecommunications- and broadcasting networks in Finland, but the old content regulations over radio and television remained untouched. (Viestintämärkkinälaki, 393/2003) However, at the same time Yleisradio was obligated to give an annual report about how the company fulfilled its public service requirements. (Laki Yleisradio Oy:stä annetun lain muuttamisesta, 396/2003)
in Finland (STT 162 20.1.2003). However, while Radio Nova and SBS networks were very profitable, in 2000 and 2001 two thirds of all private stations were still unprofitable. (Liikenneministeriö 29.8.2001; Media Group 27.9.2002) The same highly polarized trend, where the big get bigger and the small get smaller continued in 2002 and 2003, when radio advertising revenues totaled € 47.5 million. Radio Nova and the semi-national networks were able to increase their revenues (€ 29 million) by almost 10 percent, while local advertising sales (€ 19 million) remained at the same level as the previous year. (RAB Finland 20.10.2003; RAB Finland 27.01.2004)

Record-breaking advertising figures for the industry are of course connected to broader economic development, but also to the increase and expansion of the commercial operators as well as their improving success in reaching new listeners. As a result of this expanding competition, in 2001 the total weekly audience for all commercial radio stations together exceeded the audience for Yleisradio’s radio channels. The next year the commercial channels together were able for the first time to reach more than 50 percent of the total daily audience, while the daily reach of Yleisradio radio channels dropped below 50 percent. In the spring of 2003, the commercial channels were able to capture a 51 percent market share of daily listening for the first time. (YLE24 29.11.2001; Kemppainen 2003a; STT 270 12.6.2003)

Besides nationwide Radio Nova and nine semi-national networks (of which seven were “special radios”), in the autumn of 2003 there were about 70 local radio licensees in Finland, but only very few of them were still local by any means. First of all, the Ministry of Transport and Communications had allowed domestic ownership concentration. For example, the same company that produces programs for Simpsiö 969 in South Ostrobothnia (see 4.8.3) has bought both Radio Seinäjoki and Radio Paitapiisisk (Ilkka 20.9.2003), and it also runs a regional iskelmä-music network (see 4.11.3.). For these stations, the music format is much more important than any kind of localism (Kontunen 2001; STT 235 21.08.2003). Some local stations have simply decided to shut down their operations, because they did not want to make any new investments (Levelä 2004), or they have been turned into local relay stations of a semi-national network like SBS Iskelmäradio (SBS Finland 2003c). Third, if commercial radio stations were measured by their listener shares, about 90 percent of commercial radio listening in Finland was ultimately controlled by a few international media giants (Heino 2003, 4). In less than ten years, international networks have practically taken over the market, but so far the Ministry of Transport and Communications has expressed little concern.
“Yes, it is a slightly contradictory situation altogether. Now and then there has been some discussion about if there is a danger that all Finnish media will end up into foreign hands – and if that is a good trend. But on the other hand, in the Ministry of Commerce and Industries, there are many different sorts of bureaus for attracting foreign investments to Finland.” [Translated from Finnish by the author] (Ismo Kosonen, Director of Unit for Media Policy, quoted in Mäkinen 2002)

SBS, a subcompany of an American media conglomerate, UnitedGlobalCom238, and the largest commercial radio operator in Scandinavia (SBS 2003b) runs three semi-national format networks in Finland: the hit music network Kiss FM239, the new rock and sport-oriented Radio City network and the Finnish music network Iskelmä, which is composed of locally licensed stations. In addition, it has a chain of rock-oriented local stations in four of the biggest cities in Finland outside capital region. (SBS Finland 2003c) SBS used to have a chain of five local stations – Radio City, Radio 957, Radio Sata, Radio Mega and Radio Jyväskylä – that counted on tight formats and international pop and rock classics, but on local orientation as well (see 4.9.). However, since 2001 the daytime programs of these local stations have been cyber-jocked from Tampere, and the weekend programs have all been voice-tracked (Purssila 2002, 5). While Radio 957 has been the local flagship of SBS, Radio City was unprofitable, and it lost its local news because of cost-cutting in 2002. (Hietala 2002; STT 162 20.1.2003) In this context, SBS made a very interesting business agreement with the owners of the semi-national, but unprofitable Sport FM in October 2003. SBS Finland agreed to provide most of the programming and advertising for the semi-national network, which was given a new name, Radio City. At the same time, the former Radio City frequency in Helsinki was turned into Iskelmä Helsinki (Uotila 2003; SBS Finland 2003e).240

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238 The main owner of UGC is a American Liberty Media Corporation, which in turn is owned by millionaire John C. Malone (Journalisti 22.8. 2003)

239 Kiss FM created a very Howard Stern-like publicity stunt in 2000. The station broadcast a live group sex act (Ilta-Sanomat 8.6.2000). Kiss FM offered an official explanation of the group sex broadcast to the authorities on the same day that the producer was recognized as the “Radio Voice of the Year” by the Association of Finnish Broadcasters (STT 234 12.6.2000, STT 285 09.06.2000).

240 This move was so arrogant that even the Finnish Ministry of Traffic and Communications reacted. The first agreement between SBS Finland and the owners of Sport FM was found out to be illegal, but after few technical changes the stations were able to put their co-operation into practice. However, the loopholes in the present legislation were noticed and in January 2004, the Minister of Transport and Communications, Leena Luhtanen (SDP) appointed a working group to prepare changes to legislation on commercial radio. (Liikenneministeriö 28.11.2003; Liikenneministeriö 29.01.2004)
Another American media corporation, Metromedia International Inc\textsuperscript{241} runs also a cluster of the semi-national jazz network Groove FM, the nearly nationwide Finnish music network Radio SuomiPOP, and the Classic FM network, which was recently bought from the British GWR Group. French-owned NRJ\textsuperscript{242} now has a semi-national CHR-network with 32 frequencies all over the country. Radio Nova is the only larger commercial operator, with some Finnish ownership via Alma Media, but in practice it is controlled through Swedish and Norwegian companies by two rival Swedish media empires, the Stenbeck and Bonnier families. Foreign ownership in Finnish radio increased even more when Sanoma WSOY sold Janton Oyj, the owner of almost nationwide Finnish music network Sävelradio, to an American investment company in 2003. (Heino 2003, 4–6; Nykänen 2003)

In this way, international companies using transnational strategies dominate commercial radio in Finland, and this growing commercial industry has also severely challenged the earlier superior position of public service radio. In this context, Yleisradio undertook its second radio reform, “a strategic update” in January 2003 and re-positioned all three national analog Finnish-language channels, along with one of the digital channels. Radio Aino, a new channel for young adults and especially for women, which had been launched in late 1999 as a new digital channel that provided analog FM coverage in the capital region, was replaced with a new pop culture channel for young adults called YLEQ. The former youth and pop culture channel Radiomafia was replaced with a new youth channel YLEX and most of the surviving pop culture and special music programming was transferred to YLE Radio Suomi and to the new YLEQ. YLE Radio Suomi was able to keep its name, but its music profile was revised towards younger audiences. The share of solid national daytime programming was reduced and national stories were now placed within the regional program flow. The successor of Ylen Ykkönen was Radio YLE 1, which carried more national in-depth current affairs programs, in addition to its traditional selection of culture and classical music. (Yleisradio 13.1.2003)

Since the 1990’s, public service broadcasters all over the world and in Finland (see chapter 4.8.1.) have adopted and applied methods and competitive programming strategies that were originally developed in commercial organizations. In a competitive situation, the size of the audience has become increasingly important for public service radio, simply because

\textsuperscript{241} American media billionaire John Kluge and his associate Stuart Subotnick control Metromedia with a 20 percent ownership share. (Heino 2003, 5)

\textsuperscript{242} French radio billionaire Jean-Paul Baudecroux owns personally 73 percent of the NRJ Group (Heino 2003, 5)
the public service goals cannot be achieved without an audience. (Ang 1991, 30; McQuail 2000, 157; Avery & Stavisky 2000, 99) According to Hujanen and Jauert (1998, 105, 118–124), by the late 1990’s commercial radio had already become “a hegemonic cultural form whose values and meanings penetrate to all sectors of radio” in the Nordic countries. Practically all strategic choices in the public service sector now begin with market research: what kind of programming already exists in the market and what does the possible target audience expect to get? So far the strategies for selecting the target audiences, and the audiences themselves, have been different. The commercial operators have concentrated with niche channels for those groups that are the most attractive to advertisers (Ala-Fossi 1999, 15–18; Ala-Fossi 2004, 67). On the other hand, the public service operator has tried to serve the largest possible audiences with full service channels. This had created a demographic imbalance in radio listening. In 1999, Yleisradio dominated radio listening only among people over 45 years of age, and the age limit was getting higher every year. (Kemppainen 2001, 321–322) When the commercial stations have been able to challenge Yleisradio in younger demographics (potential future listeners), the public service broadcaster has become more interested in certain specific audience groups than just its total reach among the citizens.

Consequently, Yleisradio has drifted into a situation, where it fights for the same groups of people with more or less the same methods as the commercial stations. Although the basic motives are fundamentally different, and there are certain differences in programming strategies243, the listeners may not be aware of these differences. Both Mäntymäki (2001) and Vanhatalo (2004) have noted that listeners were not necessarily able to identify Yleisradio with a public service mission. Although Yleisradio does not carry any radio advertising, the interviewees thought that Yleisradio was operating largely on the same principles as the commercial stations, striving for larger audiences (Mäntymäki 2001, 154; Vanhatalo 2004, 10–11). On the other hand, also Yleisradio itself tends to conceptualize its relation with the audience as customer relations, based on the TV-payment (license fee) rather than a state-owned institutional service funded by public money (Mäntymäki 2001, 22; Mäntymäki 2004, 121). In other words, the company would like to think that the TV-payment would be a subscription fee for program content

243 The program director of YLEX, Ville Vilen has argued that when compared to commercial channels, the public service youth channel plays less just music. Instead, it also has spoken word programming and special music programs. Moreover, YLEX did no preliminary research on the music that was selected for airplay. (Ånäs 2003, 9) Cf. also chapter 6.4.1.
and services – which is not exactly the case (cf. 2.2.), especially when radio reception does not require a license at all.

The dilemma of Yleisradio is how to stay viable without losing its public service identity. This problem was crystallized quite soon after the radio reform of 2003 in the following statement of a social democratic member of the Yleisradio Administrative Board, Liisa Jaakonsaari:

“As a proof of failure, the listeners have abandoned the new channels. Yleisradio started courting larger audiences, but at the same time lost also its own character and the basic idea of its operations. Channel reform must now be properly analyzed and then we must think how the situation can be improved.” (Translated from Finnish by the author) (Liisa Jaakonsaari, quoted in Kalliosaari 2003)

In this way, when Yleisradio’s efforts to reach the largest possible audience were first condemned, the social failure or success of these efforts was judged simply on the basis of listener ratings.\(^{244}\) This probably means that, if the courting of larger audiences with the “commercial” approach would have resulted in higher ratings as it had in 1990, it would have been easily accepted by the political elite. But when the ratings were lower, the reform was a failure. With this logic, some politicians have identified the social performance of public service broadcasting primarily with the productivity and cost-efficiency of broadcasting, which can be measured with the ratings. Although the public cannot be served if it is not reached, ratings cannot be the ultimate measure of public service performance. However, the definition of the social performance of the commercial radio has become even narrower, because the political elite has in practice identified it with the financial stability and profitability of the radio operators. With these rules, Yleisradio can be successful only if it can gather large audiences without any special effort. However, this has been made impossible by the same political elite, which has allowed the radio market regulate itself.

In this situation, when the targeted approach, ratings logic and industrial production methods provide the common basis for the dominant quality paradigm in both commercial and public service radio, a small local commercial radio station in capital Helsinki has become famous and achieved certain kind of cult status.\(^{245}\) The backbone of Radio Helsinki is 10 former veterans of the old Radio City, but the 30 other program-makers are younger and have different backgrounds. The station was born in 2000 after a nostalgic temporary broadcasting project of old Radio City employees. After few months of webcasting, Radio Helsinki was granted an analog license.

\(^{244}\) For more details of the discussion, see Mäntymäki 2004, 118–121.

\(^{245}\) Cf. for example Biggs 2003.
in March 2001. Because the station is the only advertising-supported radio in the capital region with no strict playlist, rotation system and marketing budget, it has been able to get free publicity as a station for its totally “revolutionary” methods. According to Vanhatalo (2004, 5) its listeners do not even consider the station to be “commercial” radio (cf. chapter 3.7.). However, in the Finnish context Radio Helsinki is actually in many ways a very traditional local commercial station. (Partanen 2000; Virtanen 2003)

“Our format is good program-makers (…) We are certainly not an underground station. Earlier everybody did radio like this! There is actually nothing really enormously brave in this.” [Translated from Finnish by the author] (Paula Salovaara, quoted in Virtanen 2003)

The overall program policy of Radio Helsinki is not very subversive either: besides Yleisradio, it is the only station in town that regularly follows the meetings of the city council. Moreover, it has received a special commendation from the Mayor of Helsinki. (Virtanen 2003; Helsingin kaupunki 31.1.2002) However, because of its traditional approach and its trust in the freedom and creativity of the individual program-maker, it has become the counterculture of contemporary Finnish radio. Radio Helsinki is a product of intellectual handicraft, a station that fulfills the professional, journalistic and artistic motivations and ambitions of its creators: it is a living self-portrait of its editors and program hosts, which was not designed only for the needs of a pre-identified audience. This results in content diversity, which is also the reason why the station is so highly valued by its listeners (Vanhatalo 2004, 5).

An interesting feature here is that, although this kind of station is actually closer to the traditional public service broadcasting approach than the contemporary commercial radio approach in Finland, in the capital market Yleisradio has counted more on mainstream playlists than the expertise of the program hosts and their personal relationships to the music. YLE Radio 1 has kept the traditional approach alive at the national level, and even at YLEX about 30 percent of the music for airplay is selected by the program hosts (Ånäs 2003, 9). But Yleisradio’s short-lived Radio Aino in the Helsinki region offered a very carefully planned format for the same 25 to 40 year-old people (especially women), which most of the commercial stations were already serving (Purssila 2002, 70–71; Ala-Fossi 2004, 67–68), and its successor YLEQ was first targeted to the same demographic, with a new name and revised format. However, both these efforts failed to reach significantly more audience in the capital region than Radio Helsinki (Finnpanel 2003b) and in February 2004, the channel director of YLEX,

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246 For more details of Radio Helsinki programming practices, see Brandt 2004.
Ville Vilen, was appointed to reform YLEQ again. Although Vilen believed that there would be no large scale return to the time before playlists, this time the goal was to connect YLEQ more tightly to public service, and take few steps back from the formatted program flow, to emphasize more special music programs. (Ånas 2003, 9; Lumijärvi 2004, 3; Keskitalo 2004, 3)

YLEX was considered to be the success story of the radio reform of 2003 (Ånäs 2003, 8). Although the total daily reach of the channel was not that much different from its predecessor, YLEX was able get a reasonable market share among its new, slightly younger target audience. The total reach of the Yleisradio channels remained practically the same as before, and none of the channels were able to meet their respective market share goals. Partly because of this, Hujanen and Moring (2004, 17) suggested in their evaluation report of the radio reform of 2003 that the Yleisradio radio division should reconsider its criteria for measuring success in audience relations. Instead of striving for better market shares in each channel’s selected, narrow target audience, the division should emphasize improving the overall reach of public service radio among all Finns. (Hujanen & Moring 2004, 15–17)

Although Yleisradio does not strive for profits and it does not use any market based economic models, its indirect market dependency has grown to such extent that its ability to correct and fix the imperfections of the market system has suffered. Have these strategic choices been made to assure the maximum service for all potential listeners of the present time, or more to decrease the danger of extinction in the future? It has been considered crucial for Yleisradio to increase its market share among young people in order to preserve public service radio, but if those listeners could no longer identify Yleisradio programs with public service, what is the point of fighting over them? There is some evidence that the industrialization of public radio has been followed by a broader shift in the values inside the public service company, and new dimensions of the commercial quality culture have become part of the dominant quality paradigm inside Yleisradio. Because the company still has the tendency to accept only one quality paradigm at a time (Alm 1992b, 31), contemporary Finnish public service radio may be in danger of losing some of its earlier strengths and its original ideas.

4.12.1. Summary

1 Commercial radio in Finland is now more profitable, more concentrated and less local than ever before. The largest commercial operators are

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247 It should be noted here that also changes in commercial radio strategies have had an effect on Yleisradio channels. See chapter 6.3.2.
Radio Nova and SBS. Most of the key players of industry are owned by international companies.

2 The earlier superior position of public radio has deteriorated, while the supply of commercial radio has increased and public radio audiences have become older. Yleisradio made a “strategic update” in 2003, which inspired a vivid discussion, but did not change the market situation much.

3 Yleisradio has drifted into a situation, where it is fighting for the same radio audiences with more or less the same methods as the commercial radio channels. The public service broadcasting company also tends to conceptualize its relation with the audience as customer relations.

4 The dominant quality paradigm for both public service and commercial radio in Finland is based on the targeted approach, ratings logic and industrial production methods. This is why a station with a very traditional programming approach like Radio Helsinki has been seen as an alternative channel.

5 The indirect market dependency of Yleisradio has grown, and new dimensions of the commercial quality culture have become part of the public service quality paradigm. Finnish public service radio may be in danger of losing some of its earlier strengths and its original ideas.
PART III
QUALITY CULTURE IN CONTEMPORARY COMMERCIAL RADIO

5. THEORETICAL VIEWPOINTS: CONCEPTUALIZING QUALITY IN COMMERCIAL RADIO

In academic communications research, the concept of quality has not often been connected to commercial radio production. Traditionally, quality has been considered to be a characteristic of non-commercial broadcasting, and commercial radio has been its opposite. Radio was a rather young medium in the late 1930’s and early 1940’s, when Theodor Adorno worked for Paul Lazarsfeld’s Office of Radio Research at the Princeton University and produced very critical research on American commercial radio (Douglas 1999, 130–153). As a matter of fact, when Adorno and Horkheimer introduced their ideas about “the culture industry” after the World War II, one of the main targets of the Frankfurt School’s critical theory was commercial radio especially. (Storey 1998, 104–114; McQuail 2000, 95–96; Negus 1997, 70–73; Pietilä 1997, 214–222)

If we assume, as Adorno has been interpreted in the cultural studies tradition, that all commercial culture is corrupted, distorted and bad from the start, because the mode of production alone determines the consumption of a cultural text, it would be practically impossible to study quality in commercial radio production (Storey 1998, 114). The cultural studies approach has criticized political economic studies of cultural production for a similar kind of economic determinism, and concentrated instead on the consumption of the cultural products. On the other hand, scholars such as John Fiske, who has been accused of cultural populism, have argued that the sheer popularity or more precisely the broad consumption of a cultural commodity reflects directly on its quality (Storey 1998, 206; McQuail 2000, 103).\footnote{Cf. Pietilä 1997, 235–238 and 329–331.} While it is obvious that the quality of production has cultural aspects which cannot
be explained by economic considerations alone, it is also evident that the quality of production cannot be understood by studying consumption (Storey 1998, 225). For example, Ang (1991, 167) has noted that the quality of programming as “formally defined and operationalized” by the broadcasters is a different thing than the quality experienced by the people. This is also the reason why these two different qualities cannot be fully examined in a one single study.

According to Storey (1998, 225) there are two economies of culture: the economy of production and the economy of consumption. In this research project the emphasis is on the economy of production, and the major theoretical objective is the understanding and conceptual definition of the quality culture in commercial radio production. The goal is to avoid the pitfalls of economic determinism as well as cultural relativism and to create a value-pluralistic theoretical framework, where both the cultural and economic aspects of commercial radio production could be studied at the same time. Understanding the economic side of production is essential for understanding the cultural side and vice versa. (Meehan et al. 1994, 351–354; Storey 1998, 188, 199)

This chapter discusses several rather different theoretical approaches towards quality and performance as well as media production in commercial organizations. Many of them actually have a common context in the 1980’s, which could be called a “decade of double crises”. Both public service broadcasting and the manufacturing industries had their own quality crisis. A common denominator for some of these theories is broadcast “deregulation” or more exactly, replacement of government regulation with the self-control by the market. Subsequently, broadcasting was considered to be like any other business, and most regulations were claimed to be harmful. This resulted in quantitative as well as qualitative expansion (an increasing amount and variety) of private and commercial electronic media in the Western world during the late 1980’s. One of the promises of deregulation was to provide greater variety of choice and better quality programs as a result of competition (Wedell et al. 1991, 75).

In countries with a strong tradition of public service broadcasting this change created a crisis. While quality had earlier been assumed to be “not commercial” – something that public service broadcasting had and commercial broadcasting did not have (Hawkins 1999, 176), in competitive situation public broadcasters had to create a new institutional quality discourse to make a clear difference between public service and commercial broadcasters (Ang 1991, 30, 104, 136–137). On the one hand, there was also an urgent need to prove the substance of this quality discourse (Ishikawa
& Muramatsu 1991), as well as to assess also the commercial operators in terms of “public interest” or “quality”, both of which had been defined rather ambiguously (McQuail 1992).

And on the other hand, public service radio operators had an urgent need to develop new operational strategies, which could combine the new industrial methods of production with the crucial elements or the substance of the contemporary institutional quality discourse (Alm 1992a). Increasingly during the deregulatory process, public policy and policy-makers considered media primarily as an economic activity or business (Alm 1992b). This development had also other consequences, especially in the US where most media operators have traditionally been commercially funded. The increasing reliance on free market conditions promoted the maturation of the commercial media markets, and called more academic attention to media corporations primarily as profit-seeking commercial organizations (Picard 1989).

The other important crisis of the 1980’s was the quality crisis of the Western manufacturing industries as a result of competition with superior Japanese products. This crisis hit really hard in the US, and after the Americans determined what had happened, they were especially eager to adopt new methods to assure better quality in American products (Bowles & Hammond 1991). Quality management tools were widely adopted in the Western world, and new applications as well as approaches to quality were developed in all industrial countries (Lillrank 1998). During the late 1980’s and early 1990’s, all these trends intersected repeatedly at more than one point, influenced by each other and in some cases they were deliberately merged and combined to create solutions for the new competitive environment (Lowe & Alm 1997, 172). Because this study intends to lay a theoretical basis for understanding the conceptualizations of quality in industrial and commercial radio program production, a similar kind of synthesis or integration is also the basic intention here. None of the approaches presented in the following chapters is sufficient alone, but they can all contribute to a more comprehensive theoretical framework.

5.1. Media System Dependency Theory

The first viewpoint on quality in commercial radio is based on the media system dependency theory, which has emerged out of the communications discipline. This theory was first published in 1976 by Melvin DeFleur and Sandra Ball-Rokeach (1989, 297–302, 326), and it brings together in communications many earlier research traditions from psychology, sociology
and social psychology. However, it is necessary to first discuss their model of mass media as social systems.

**Mass Media as Social Systems.** According to DeFleur and Ball-Rokeach (1989, 124) the media system survives mainly because it provides important functions to the society as a whole. As long it is able to meet those needs that are seen as important, it will remain at place. This apparently means that the society and its components also constantly evaluate the performance of the media system in relation to those needs they have, or to what they think is important for the society as a whole. The reason why the commercial media system produces also “low-taste” popular entertainment despite public concern is that this kind of contents serves some critical needs inside the society. For the system itself, the function of such content is to maintain the financial stability of the system. (DeFleur & Ball-Rokeach 1989, 124–126, 140)

The model of a social system of mass media of DeFleur and Ball-Rokeach (1989, 133–134) is called “a general conceptual scheme”, but in practice it seems to be based on American commercial television industry. The stability of this kind of commercial media system depends upon the satisfaction of the needs of its components: audiences, research organizations, distributors of content, producers and their sponsors, advertising agencies as well as subsystems of control like legislative bodies and regulatory agencies. In addition, the mass media as a social system is subject to external conditions, like general norms concerning taste and morality, cultural norms, and beliefs of cultural preferences. Internally, this whole complex system is economically dependent on the behavior of the audience. This is why it will produce and distribute content that will best maintain the financial stability of the system. It frames quality in commercial media in such a way that the ideal content will capture audience members attention, persuade them to purchase goods, and at the same time be sufficiently within the bounds of moral norms and standards of taste so that unfavorable actions by the regulatory components are not provoked. (DeFleur & Ball-Rokeach 1989, 138)

In other words, a commercial media system like commercial radio defines the ideal quality of the media content as a composition of different standards in order to meet several different kinds of needs of the system components simultaneously. In order to maintain stability, a) the content should appeal to the audience and b) support consumption of advertised goods, c) the price of its production and distribution should not be too high, and d) it should not insult too many people or directly violate any regulations.

**Media system dependency relationships.** While the model of the commercial media system was more a meso-level approach, on the macro-
level the media system is also a part of the larger society, and it has relationships with other social systems, which are based on dependency, just like the internal relationships of the media system. According to DeFleur and Ball-Rokeach (1989, 303), media dependency relationships are based on both goals and (scarce) resources. Other systems need to have access to the information resources of the media in order to reach their goals and on the other hand, the media system also needs access to resources, which are controlled by some other social or political system to reach its goals. For example, while the commercial media system is primarily pursuing profit, economic expansion and stability, it also needs legitimacy in the form of certain legal freedoms and rights. The political system controls legislation as well as all the policies that affect the economic situation of the commercial media system, and it also controls the legitimacy resource – which in case of commercial broadcasting is represented by an operating license. Because the political system needs the media system and its information resources to support and carry out the democratic process, the media system will be given the rights and freedom to operate. If these rights were not granted to the media system, its financial stability would be in danger. (DeFleur and Ball-Rokeach 1989, 303–305)

The media dependency relationship between the media system and other social systems is interdependent. These systems need access to each other’s resources to reach their goals, to maintain stability and to expand. However, according to DeFleur and Ball-Rokeach (1989, 319–321) this interdependence does not always produce cooperation, because all social systems are interest groups, which will try to take control of the resources of others whenever they can do so without endangering themselves. In this way, conflict is a normal part of development and a crucial part of the process of creating social change.

In summary, the media are best understood as a system in control of scarce and prized information resources that engender interdependent relations with other systems, relations that produce cooperation motivated with mutual interest, conflict motivated by self-interest and change toward greater symmetry or asymmetry of dependency. (DeFleur and Ball-Rokeach 1989, 321)

In this theoretical framework, constant evaluation of the media system performance or the quality of resources produced by the operations of the

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DeFleur and Ball-Rokeach (1989, 303) argue that there are three types of information resources the other systems need: gathering or creating information, processing information, and dissemination of information. Information means here all types of messages, not just “news”.

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media by the other social systems is a central part of the interdependent relationships, although DeFleur and Ball-Rokeach (1989) have not emphasized this functional aspect in their elaboration of conflict situations. In any case, it is quite evident that if, for example, the political system notices that the media system is no longer providing the resources that are crucial to the goals of the political system, then it will probably limit or cancel the rights of the media system. On the other hand, the commercial media system will have to consider how to provide those resources that are essential to other social systems, but not directly to itself, in order to maintain the external balance, while meeting the internal needs of its components at the same time.

This means that each social system evaluates the performance of the media system (i.e. the resources made accessible through the media) in relation to its own goals. If the resources support the effort to achieve the goals of the system, the media system has produced a certain kind of quality for the other systems. However, different social systems may have different goals, so success for one is not necessarily the same for all. The media system will compose the quality of its information resources according to the needs of those social systems on which resources it is most dependent. However, the less dependent the commercial media system is on other social systems (i.e. able to take over the control over their resources), the more it concentrates on its own internal needs of financial stability and economic expansion.

Critique of the Media System Dependency Theory. The main weakness of the media system dependency theory is that it considers the media system only as an information resource in relation to political system and other social systems and more or less neglects the economic dimensions of this relationship. This bias is understandable, because the theory has its roots in psychology and sociology. At the same time, DeFleur and Ball-Rokeach (1989) have described the structure of the media system, the composite nature of media content quality, and the interdependent relationships between different social systems in a way that is very useful for this project. Their idea of culture and general social norms as a comprehensive external condition for all parts of society is important as well. For media system dependency theory, the role of culture is more or less to provide a general normative framework for different social processes, but this role is not developed further.

250 Like the government of Finland took over Yleisradio in 1934. See chapter 4.3.
251 For example, the development of US radio industry after the Telecommunications Act of 1996. See chapter 3.11.
252 The media system can also provide financial resources for the political system. See chapter 4.10.1.
5.2. Mass Communication Studies of Media Performance and Quality

5.2.1 Media Performance Studies from the Society Standpoint

Media performance studies is a term coined by Denis McQuail (1992) for a tradition of research of “media performance in the public interest”. This approach is originally based on the work of the American Commission on the Freedom of the Press (1947), which created the idea of the social responsibility of the media. The media have certain obligations to the society – and media ownership is a public trust instead of just a private business. According to McQuail (1992, 16–17) media performance studies concentrate on the performance of media content or service in relation to relevant public interest criteria. These studies are independent from the goals and interests of the media, although the aims and operating conditions of the media as well as other perspectives on performance should be taken account. In this way, media performance studies are primarily interested in the wider good of the society from the viewpoint of the society. (McQuail 1992, 11–17; McQuail 2000, 142–150) In other words, media performance studies are about evaluating the services the media provide for the society, and also a part of their interdependent relationship.

Normative Framework for Assessing Media Performance. McQuail (1992, 22–25) rejected the ideas that the public interest is the same as majority choice (preponderance theory) or some absolute standard of value (unitary theory). Instead, he followed a third approach (common interest theory), asserting that the public interest is something that is in the common interest, and can be reached through political decision-making. After analyzing the record of public regulation and performance norms for the press and broadcasting in the US, Canada, the UK and other major European countries, McQuail was able to propose a definition of the public interest in the form of a general framework for assessing media structure and performance, where he combined the most important common public expectations towards the media. The six main concepts were freedom, equality, diversity, information quality, social order and solidarity, and cultural order. Media performance, or the social quality of the media structure and the media content, could then be assessed and evaluated in relation to these basic values in variety of ways. (McQuail 1992, 65–80; McQuail 2000, 166–178)

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253 Actually, the FCC Blue Book took a very similar approach a year earlier (1946). See also chapter 3.3.

254 For example Napoli (2001b, 71) has divided public interest theories in to majoritarian, normative and procedural conceptualizations.
Freedom in this normative framework is more a condition than a criterion. It refers to the independent status of the media, access to channels, and the diversity of media supply. Equality means absence of discrimination and bias of any kind, while diversity means both diversity of media provision and diversity as equal treatment. The most central concept for information quality is objectivity, which is linked to factuality and impartiality. Social order and solidarity means support for social cohesion and respect for moral norms, while cultural order means that media content should reflect the language and culture of the people served by the media. (McQuail 1992, 65–80; McQuail 2000, 166–178) This framework also refers to the most important public interest requirements in the social theory of the media. First, there should be a certain independence for the media and a plurality of media ownership, in order to protect the freedom of expression and the diversity of information. In addition, the media should assist with the processes of maintaining order and integrity in the society. Perhaps the most important set of expectations is connected to the idea that the media should enhance the democratic process by creating a public sphere through publishing fair, truthful and relevant information about public matters. Finally, the media are also expected to give expression to the culture of the society and respect its dominant values and moral standards as well as the rights of individuals. (McQuail 2000, 144–146)

However, this is not the only perspective on the public interest or media performance. According to McQuail (1992, 78–79) the first difference of perspective is between media insiders and media outsiders. While external groups have at least three different political positions – reformers, liberals or conservatives – media insiders have participatory (journalist), pragmatic (producer) or “proprietal” (management) perspectives on media performance. Moreover, media output or performance is also shaped by other social forces, including the media itself. McQuail (1992, 82–83) also outlined a model of the media environment and the sources of demand and constraint – the “main agents of influence “ which guide and limit the decisions over media content. In that model, the government, the social and political institutions, as well as investors and pressure groups have less power over the media organization than sources, owners, audience and advertisers.255 A media organization tries to satisfy the contradictory demands of these

255 This model did not take competition into account at all. McQuail (2000, 250–251) later presented a more developed model of the media organization within a field of social forces, where competition and internal pressures on the organization have been covered, but the relationships between the different parts of the model remained unclear.
interest groups. Practical problems are solved by developing routines or “by referring to a set of occupational or operating norms, which often connect with wider norms of conduct for public life” (McQuail 1992, 83) Sometimes the conflicts about normative issues are internal, because the management, editorial people and production staff have different work cultures, different normative priorities and different relationships with the external interest groups.

McQuail (1992, 87–90) also presented a basic model of industrial organization to discuss the role of media as business firms. The model consisted of three main parts: market structure, organizational conduct and performance. Efficiency, product quality and progress were the most relevant factors in assessing the performance of a media firm. Consequently, the concept of a good quality media product inside the media industry and the conceptions of the public interest may have very little in common.

Media performance is often assessed by criteria which have nothing to do with normal business criteria, and may even be inconsistent or in conflict (for instance, political criteria), as well as according to the usual internal standards of successful operation. This fact lies in the heart of some of the basic conflicts between society and media. The ‘public interest’ does not necessarily coincide with the organization’s own interest as a business firm. (McQuail 1992, 90)

The main goal of media performance studies, however, is not the understanding of the other interest criteria or the quality culture of media firms, but primarily to collect evidence about media output and structure in order to inform or guide public policy. For some reason, McQuail sees public policy as “the only legitimate instrument“ of the society to limit or control media conduct on behalf of the public interest (McQuail 1992, 95–96), although public policy is usually more an instrument of government than (civic) society.256 As a result, media performance studies actually have very specific purposes.

Critique of the Media Performance Approach. Media performance studies concentrate on the idea of media quality as a certain characteristic of media content and media structure, in relation to the norms and values of the public interest. This is why an approach based on the idea of the social responsibility of the media is very useful for assessing the social quality of the media from the standpoint of the wider society. However, McQuail (1992) seems to

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256 McQuail (1992) is actually rather ambiguous with the concepts of the state and society. Although he rejected the idea that media performance studies could represent the needs of the state, he built the norms of media performance partly on the tradition of governmental regulatory policies.
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assume that these values are rather stable. Media performance studies has seen culture as a certain normative frame, like media system dependency theory, and a part of social order, but it has also understood media content as an expression of the culture of the society. Moreover, McQuail (1992) has identified the effect of organizational cultures and professional subcultures connected to different interest groups. Although the social quality of media from the standpoint of society is a very important perspective on the quality of media production, it is not the only relevant one. However, it is the only perspective that media performance studies are able to fully provide. In order to understand the wider socioeconomic process, which results in the ideas and formulations of quality in commercial media output, other theoretical tools are needed.

5.2.2. Quality Assessment of Broadcasting from Multiple Standpoints

After the expansion of private commercial media in the late 1980’s, the issue of quality in programming became more important for public service broadcasters worldwide than perhaps ever before. Both the public service broadcasters and their commercial competitors now claimed to provide better quality programming than their rivals, but there was no mutual understanding about quality in broadcasting (Rosengren et al. 1996, 3). Considering the importance of the quality philosophy for the development of Japanese industry (see 5.6.), it is no wonder that in 1990 the initiative and funding for an international research project examining the theory and methods of programming quality assessment came from the Japanese public service broadcaster NHK.257 The results of the project were first published in an NHK journal (Ishikawa & Muramatsu 1991) and five years later as a book (Ishikawa 1996).

The most interesting result of this project was a report by three Swedish scholars, Karl Erik Rosengren, Mats Carlson and Yael Tågerud. Up to this point, quality had usually been understood to be one or more characteristics that fulfill certain standards based on values and norms, defined in six different normative theories or ideologies. However, Rosengren and his colleagues made an important finding, which they considered to be the main message of their report. They noticed that media quality in any form is not a characteristic in itself: it is always a relation between a characteristic and a set of values. Consequently, quality will be dependent on the set of values.

257 NHK itself has a long tradition with the quality approach: it offered a course on statistical quality control in its educational television channel already in 1957. (Bowles & Hammond 1991, 41)
and norms that are used in the assessment – and there is no absolute or universal quality. (Rosengren et al. 1996, 21–22, 39)

Unlike McQuail (1992), Rosengren et al. (1996) rejected all normative media theories as a starting point for their work. These theories offered norms about institutional relationships between media, journalists and society as well as norms about the media content. Most content-related norms, however, were so general that they could have been endorsed by most ideologies. “They ask for morals, taking for granted what kind of morals is meant”, so any specific quality criteria for programming could not be derived from these broad normative media theories. (Rosengren et al. 1996, 4–8)

Instead, the study was based on the three types of value for mass media content defined earlier by Kent Asp: descriptive value, informative value and message value. Because Asp had used the term ‘value’ to refer to actually the same concept what Rosengren and his colleagues were calling ‘quality’, three different types of quality could be defined in terms of three types of relationship between a) media content and “reality”, b) media content and receiver, and c) media content and sender. Rosengren and his colleagues added one ”new” type of quality: d) quality as perceived by (artistically and journalistically creative) media professionals. Subsequently, they ended up with four main types of programming quality: 1. descriptive quality (relation message – “reality”), 2. sender use quality (relation message – sender), 3. receiver use quality (relation message – receiver), 4. professional quality (relation message – professional competence). The assessment of quality may then be carried out on three different levels: at the media system level, the organization level or program level. (Rosengren et al. 1996, 12–15)

In the Nordic research of quality in programming, the descriptive quality had received most attention, partly because of the strong tradition of public service broadcasting. Rosengren and his colleagues were also able to connect descriptive quality to the notions of objectivity, diversity and informativity. Receiver use quality was rather subjective, so that same programming may have different receiver use quality for different (types of) receivers. For Rosengren and his colleagues, audience research represented receiver use quality, which was defined and measured by outsiders: moreover, the relationship between attention (ratings) and audience satisfaction is not direct but sometimes even inverse, so that a small overall audience may be very satisfied. Sender use quality in its broadest sense can be defined by the normative theories (who is the sender), and it is also directly connected to the social functions of the media (cf. McQuail 1992). Advertising represented a special case of sender use quality, which was left outside of the report. Rosengren and his colleagues considered professional quality to be the most
central one of the four types of quality, which could perhaps be the ultimate yardstick when evaluating the other three types of quality. However, the research on professional quality was the least developed of all in the field. (Rosengren et al. 1996, 15–39)

The same project resulted in another important article, where Marc Raboy (1996, 68) offered four different quality criteria: a) public service ideals (as the basis for all the broadcasting), b) professional standards (favoring ethical ones over technical ones), c) official policy objectives (reflecting the concerns of society rather than the state), and d) audience criteria (redefined to take account of more diverse factors than the simple head count). In their summarizing article about the all reports of the research project, Ishikawa and Muramatsu (1991, 209–211) combined these two approaches into a single research frame for broadcast quality assessment. First of all, broadcasting could be assessed on a system level, a channel level and a program level and second, there were also four different social levels: state, society, audience and professionals, which all had their own perspective on quality assessment. Actually, McQuail (1992, 10) also defined media performance studies within this particular quality assessment research frame, as quality assessment using criteria that represent the values and needs of the society.  

**Critique of Quality Approach of Rosengren, Carlson and Tägerud.** This arsenal of four different perspectives to quality provides some new dimensions for understanding quality in commercial media, despite the fact that the typologies were developed for assessing public service broadcasting. At the same time, while Rosengren et al. (1996) gave less value to normative theories and the general framework, they gave a lot of attention to the quality ideas of the professional culture. However, the most important finding was the idea of quality as a relationship between characteristics and a set of values. Rosengren et al. (1996) also made some references to the competitive situation between public service and commercial broadcasters, quality comparison as well as to the relationship of programming quality and resources available for programming, but these perspectives on quality were not discussed in detail. They only suggested that success and high quality are related to large resources, and stated that both the commercial media and the public service system are able to produce quality, although sometimes different kinds of quality (Rosengren et al. 1996, 3, 39, 42) In this way the analyses of the relationship of program quality and production costs, as well as analyses of quality and competition, were neglected – perhaps because the

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258 McQuail refers to this project in another book also, mainly because of its effort in evaluating output quality from different perspectives (McQuail 2000, 309).
notions of price and competition are integral parts of the economic concept of market.

5.3. Media Economics

Although media economics is based on neoclassical economic theory, which has its original roots in Adam Smith’s ideas about the market system, the research tradition is quite young. Economists and business scholars became more interested in media in the 1970’s, but it was not until the 1980’s that academics in the communication sciences started to give more attention to the economic and financial aspects of media and communications. The Journal of Media Economics was established in 1988, and a year later the concepts of media economics were collected together for the first time and published by Robert G. Picard (1989). (Picard 1989, 11–15, 111; Picard 2002a, xii)

According to Picard (1989, 7–9), media economics is concerned with how media operators meet the different wants and needs of a) media owners, b) audiences, c) advertisers, d) media employees, and e) the public wants and needs of the society with available resources. Each of these groups has different ideas of good media performance and quality in relation to their own needs and wants (cf. DeFleur & Ball-Rokeach 1989, 134 and McQuail 1992, 82–90). This means that there are at least five different economic perspectives to media quality, which each media organization has to take into account in media content production.

Commercial Media Organizations as Economic Actors. Unlike communication sciences in general, media economics considers media organizations primarily as economic entities. The main purpose of commercial media organizations is to produce profit and increase the value of the firm. This is also the goal of the owners, who may be individuals or a group of stockholders in a commercial media company. (Picard 1989, 9–14; Albarran 1996, 3; Picard 2002a, 2–3)

Commercial media organizations operate in markets. According to Picard (1989, 17), “a market consists of sellers that provide the same good or service, or closely substitutable goods or services to the same group of consumers” (cf. Picard 2002a, 140). Basically, where goods and services are bought and sold (for money), there is a market (Sohn et al. 1999, 230: Albarran 1996, 26). This economic definition of the market has certain important consequences. First of all, in a market every good or service always has a price for which it can be traded for profit. Second, there is also competition in the form of other sellers, who are trying to sell their goods or services to the same group of buyers. The two fundamental concepts of the market system are supply
and demand. Supply is the amount of product the producers offer at a certain price, and demand is the quantity of the product that the consumers will buy at a given price. (Albarran 1996, 17)

Both Picard (1989, 17–18) and Sohn et al. (1999, 229–230) explain that all media organizations are unusual, because they create one content product but participate in two, or even more than two, different product or service markets with the same product. In the media goods market, the media content product is marketed directly to media consumers. Media consumers generally want to have high quality media products in relation to their subjective needs and wants at low cost. They pay for the content product with money, or at least with their time while they are using the content (Picard 1989, 9, 17–18). Sohn et al. (1999, 231) has called this the “information market”, where media consumers (the audience) pay money for the content (the variety of information) or “make their attention available to the advertisers”. Consequently, these commodities are never totally “free”. Productivity in the media goods market is measured in different ways, mostly with media goods sales statistics and, in the case of broadcasting, with audience ratings (Picard 1989, 17).

Success in the media goods market will also produce success for media firms in the next market, which is the market for advertising (Lacy 2000, 27). This is probably the most important market in terms of revenues for most commercial media businesses. Some media economists have explained that in the advertising market the media operators are selling advertisers media space or time (Sohn et al. 1999, 231), but Picard (1989, 18) has explained that they are selling access to audiences, because the price of advertising is more dependent on the size and characteristics of the audience than the size or length of the advertisements. Advertisers generally want to get access at a low price to a certain target audience, to whom they wish to sell their products or services. (Picard 1989, 9, 18)

The third market for all commercial media firms is the capital market. This market is a wider concept than just the stock market, consisting all forms of capital trading. Every media company needs capital and access to capital to be able to launch and continue operations. Commercial media firms are able to generate their own capital directly through the media goods market and through the advertising market. In addition, they can borrow or obtain capital to finance their operations from others through ownership shares. The capital market can be seen as a place where the owners of a company may get the capital they need, and on the other hand, as a place where the investors may get the returns they want for their investment. Those who make capital available or borrow it from others usually want the highest possible return.
on investment. This desire for high return guides the strategies and choices made in commercial content production, because the income from the other markets is used to repay the capital and all the operational costs. (Picard 2002a, 172–178)

All media companies also have to participate in the labor market, because media production is usually rather dependent on human resources. They are not just looking for the right amount of workers, but right kind of employees as well. If inferior talent is used, also the end product will not be of high quality. The productivity of labor depends on the human capital and personal motivation of the employees. More skilled and trained employees are able to produce the same output with a smaller amount of labor, and satisfied, motivated personnel are also more productive. However, all this has its price. Professional employees usually want good salaries, fair and pleasant working conditions as well as mental satisfaction from their work. Journalists in particular often find other factors than money to be more important to their job satisfaction, like job autonomy and the feeling of serving society. These psychological rewards of the work have also resulted in a large supply of journalists, despite the rather low salaries. (Picard 1989, 9, 103–105; Sohn et al. 1999, 39, 59–62, 246). In American commercial radio, the responsibility and the creative work itself have been the most important motivators for radio personalities, while the most important sources of dissatisfaction have been salary and job security (Fox 1997, 36–43).259

According to Sohn et al. (1999, 231) media firms operate also in the “intellectual market”, equivalent to the marketplace of ideas (by John Milton and John Stuart Mill), where people seek ideas and information that will help them pursue their goals inside the society. Picard (1989, 9) has described this role of the media by stating that “media also serve public wants and needs by providing forums in which ideas and issues may be conveyed that are necessary for the maintenance of social order and progress”. In fact, all media organizations have a dual nature as economic and social entities, and to a great extent the theoretical approach determines on which dimension the research will concentrate (Napoli 2001b, 17).

Economic Studies about Social Performance of Media. Because of the dual function of the media mentioned above, the objectives of communications policy and regulation are usually rather mixed. For example, the FCC is both an economic and a social regulatory agency, and this is why economic analysis is a crucial part of communications policy analysis. (Napoli 2001b, 17–21) As a matter of fact, some variants of media performance studies concerned with the social quality of media as defined by McQuail (1992)

259 Cf. early Finnish local radio: chapter 4.7.1.
are in fact economic studies. Questions about media structures, media freedom, media diversity, and listener choice have often been explored using the economic approach (McQuail 1992, 112–125, 171–181). However, in media economics the term “media performance” usually refers usually to the financial performance of media firms (Picard 1989, 84).

An important effort to explore the relation between the economic structure of the media and the social quality and diversity of media content was recently funded by the Academy of Finland. The conference papers of the project were later published as a book (Picard 2000a, 7), which offered some interesting economic approaches to media quality. Lacy (2000, 28, 44) argued that financial commitment to media content is more or less a prerequisite for (social) content quality and audience utility, leading to better market performance. He also suggested three different perspectives for measurement of the (social) quality of media content: the journalist’s, the media consumers and the critics or scholars perspective (Lacy 2000, 35). Picard (2000b, 97) stated that “the concept of quality involves providing value for the money or time expended by consumers to obtain and use a product or service” and in this way quality is also important for creating consumer loyalty. However, although quality was a central element in fulfilling the social and cultural goals of journalism, it was almost impossible to define. Picard (2000b, 97–102) suggested that the journalistic quality of media content could be evaluated by measuring the level and extent of journalistic activities.

**Virtuous and Vicious Circles in Broadcasting.** Another economic perspective on media content quality is directly connected to the profitability of the media organization. A media firm which is not able to operate profitably is in danger of falling into a “vicious circle” or “spiral of decline”. An unprofitable media company with low revenues has to cut its programming budget, which reduces its ability to produce or buy quality content. This results in even smaller or in other ways less desirable audiences, leading to lower advertising revenues. The risk of getting into a spiral of decline is the greatest when a new commercial media product or channel is introduced. On the other hand, if the company can avoid cutbacks in its programming budget, attract enough audience, and achieve revenues to cover its fixed costs, it is able to break into “virtuous circle” of broadcasting, where it has enough money to invest in programming, produce and buy quality content, and in this way attract more audience and gain more revenues. (Doyle 2002, 61–62; Picard 2002a, 7–8)

**Utility and Economic Theories of Program Choice.** Power (1988) has argued that all economic activity (i.e. the use of scarce resources) in the
society is actually dominated by the pursuit of quality. Even in a commercial marketplace, the choices are never based solely on the monetary price, but are always guided by subjective and aesthetic judgements and society’s cultural norms. (Power 1988, 8–13, 24) On the other hand, economic theory suggests that these choices for developing and using scarce resources to pursue certain goals are based on considerations of value and utility. Value is the measure of the worth of a good or service, which can be measured in exchange. It is not necessarily money, but rather in general what we are willing to sacrifice to obtain something else. If the trade-off meets the expectations, it provides intangible consumer satisfaction, which economists call utility. The basic assumption in economics is that the consumers seek to maximize their utility by making choices in the market and using their resources. (Power 1988, 8–9, 67–68; Picard 1989, 35–48; Orlik 2001, 121) From an individual’s perspective, media quality is understood as a function of utility (Lacy 2000, 43).

The idea of utility has also been the basis for economic theories of program choice. Peter Steiner (1952) tried to prove in his classic article that in media where consumers do not pay for the content with money, the demand is partly determined by utility (Picard 1989, 49). He assumed that program types can be defined in terms of audience preferences (if you like one program of a certain type, you like them all) and that advertiser-supported programs are free for the listener (which ignores the opportunity cost of the audience time, and the share of marketing expenses that are reflected in the prices of the products advertised). Because programs were considered to be comparable to all other consumer products, the audience choice of “free” programs could be explained as preference. (Webster, Phalen & Lichty 2000, 165) Consequently, if preference causes program choice, program consumption would be an indicator of utility – and consumer satisfaction.

Critique of Media Economics. Media economics provides crucial understandings about the economic environment of commercial media organization, and reveals the basic economic motives of the operation. However, media economics tends to see all social interaction as markets, neglecting the political dimensions. For example, in its original meaning “the marketplace of ideas”, with no direct monetary payments, is simply a metaphor, and not a commercial market at all. On the contrary, it represents that sociopolitical role, which gives the media their special place in society. (Sohn et al. 1999, 231; McQuail 2000, 147; Napoli 2001b, 103–108) Moreover, although economic activities are dominated by judgements guided

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260 McQuail (1992, 178) also has used Steiner’s article (1952) as a starting point for a discussion about television program variety research.
by cultural norms and values (Power 1988, 11–12), economic analysis generally tends to neglect or oversimplify the cultural aspects. However, media economics seems to identify organizational culture as an important economic factor affecting the labor market.

In addition, media economics has an implicit assumption that smaller amount of money for program production will result directly in lower quality programming, and correspondingly that a bigger program budget is a prerequisite for better quality programming. Although it is quite obvious that a production budget alone cannot guarantee any kind of quality, for some reason media economists prefer to use it as an indicator of content quality (Laey 2000, 25–28). In addition, program quality in this approach is understood primarily as the ability to attract a desirable audience. According to this logic, high ratings directly reflect high value and utility, and finally, the high quality of a program as a function of utility. However, the audience’s program preference is not directly related to program exposure, and vice versa (Ang 1991, 103; McQuail 2000, 391–393; Webster, Phalen & Lichty 2000, 161–184). In other words, people also consume programming they do not like that much, and on the other hand, they cannot consume all the programs they would like. Ratings do not directly reflect program quality, but only program exposure or program consumption. Although this is an important theoretical aspect, in practical business it does not matter much, because the commercial media system operates anyway quite successfully on the basis of an inaccurate assumption that simply equates high consumption with high quality.

5.4. Critical Political Economy of Communication

The tradition of critical political economy of communication is based mainly on Marxian economic theory. This discipline was first taught in the US by Dallas W. Smythe, after he left his post as the first chief economist of the FCC and launched his academic career in 1948. However, some of the most important theoretical texts on political economy were not published until the late 1970’s and the early 1980’s. (McChesney 1998a, 10–11; Mosco 1996, 82, 100)

According to Mosco (1996, 25) political economy is the study of “the social relations, particularly the power relations, that mutually constitute the production, distribution, and consumption of resources.” In other words, it

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is about studying the economic structure of the media and showing how that structure affects output. According to Meehan et al. (1994, 347), in such cases as the US where media are primarily businesses, this approach is “crucial to understanding why we get what we get”.

Commercial Media Organization as a Part of Political-economic Structure. Political economy of communications considers commercial mass media primarily as industrial, profit seeking organizations which produce commodities, but in addition to this, commercial media also have another and equally important role. The mass media disseminate ideologies – ideas about economic and political structures – because it is impossible to totally separate ideology and information from each other. This does not mean that all media content necessarily support or are even biased (only) towards the dominant ideology, but because the mass media have these two dimensions, they should be analyzed both in terms of politics and economics. (Murdock & Golding 1974, 206–207, 226–227; Garnham 1990, 34)

Unlike neoclassical economists, political economists refuse to concentrate on analyzing markets. Mosco (1996, 64) argues that “economics tends to view markets as natural products of individual interaction instead of one among several sites of social activity” exaggerating the “marketness” of the society. This means that all transactions in the society do not happen under market conditions, and they are not motivated solely by the pricing system.263 On the other hand, real markets are driven to generate profits, and this is why they produce also harmful externalities and social inequality. (Mosco 1996, 64–65; Streeter 1996, 203–205; McChesney 1997, 46–47) Instead of markets, political economy deals mostly with macro-level economic structures and power relations.

Political economy of communications is a useful approach for studying economic structures and political systems, but as political economists have admitted, it is not the best tool for analyzing cultural or audience commodities (Meehan et al. 1994, 348). Political economy offers no separate theory of media quality, either. However, its conception of commercial mass media as industrial commodity production is very useful for explaining and understanding what are the motives and objectives that ultimately define its productional and other qualities. To some extent, the political economy approach argues that the (social) quality of commercial media output is determined by the economic base of the particular medium (McQuail 2000, 82–83).

263 There are social limits on commercial activities. For example, it is illegal to buy or sell votes (Power 1988, 60).
Especially in the US, political economists have been worried about media ownership concentration and its effects on media quality, as well as decreasing media diversity. For example, Robert McChesney (2001) has argued that, because of ownership concentration, “the quality of radio has plummeted”, and suggested that the quality and diversity of radio would increase if each owner would be allowed to own only one station. Although McChesney did not offer a definition of quality, it could be easily identified as social quality in relation to the public interest, political communication and democracy. (McChesney 1997, 5–8; McChesney 1998) Consequently, diversity in political economy is understood as the number of different voices, while neoclassic economics tend to equate program diversity with number of competitors, and production quality with the size of program budgets. (Mosco 1996, 185)

Political economy of communications also disagrees with media economics about the primary product of the commercial media. Smythe (1977) has argued that instead of the media product or content, the audience is the primary commodity of commercial media, and that advertisers actually buy audiences instead of just advertising space or time. (Mosco 1996, 148–150) The idea of audience commodity has importance for the wider understanding of commercial media quality. When the audience is the primary product, media content becomes a byproduct, subordinating internal production resources, values and choices to the goals of audience production.

Political economists also argue that social facts cannot be properly understood outside of their historical and present contexts in social totality. In addition, political economy is a normative discipline with a strong moral philosophy about social values. It aims to reveal the moral positions of the different economic and political economic perspectives and make normative judgements about them. This moral concern motivates political economists to understand research both as work and as social intervention. (Mosco 1996, 27–38; Meehan et al. 1994, 349–350) On this basis, it is understandable that political economists argue that neoclassical economics is more or less an ahistoric, asocial and immoral science, which tinkers with statistical analysis and mathematical models without any solid connection to social reality. (Babe 1990; Mosco 1996, 47–52)

*Political Economy vs. Media Performance Studies.* Mosco (1996, 247) defines policy studies as “an amalgam of pluralistic political and neoclassical economic approaches whose goal extends beyond explaining behavior to a normative interest that recommends policy courses of action”. This definition overlaps partly with McQuail’s (1992, 95–96) idea and definition of media
performance studies. However, Mosco (1996, 253, 264) concentrates mainly on economic policy studies in the US, and aims his critique towards the proponents of the public choice theory, which explain all collective activities in terms of markets, individual choice and self-interest. Even the policy arena is explained as a marketplace of buyers and sellers. As a result, McQuail’s (1992) basic idea of media performance studies “in the public interest”, to inform the policy and create a normative quality criteria through analyzing historical data, is not in conflict with political economic approach.

**Political Economy vs. Cultural Studies.** Although critical political economy and cultural studies actually may share many meta-theoretical features and Marxian influences, there has been a dispute between these two research traditions (Mosco 1996, 248; Skjerdal 1998; Meehan et al. 1994, 351). The political economy approach has been criticized for its reductionism, economic determinism and inability to consider the meanings of texts and practices. On the other hand, political economists have claimed that cultural studies are mainly celebrating the consumption of cultural goods and using cultural artifacts to explain the economic base (Storey 1998, 220–225; Skjerdal 1998). Mosco (1996) has tried to promote “a renewed political economy”, which consists of the most important parts of both approaches. However, the rejection of reductionism and the acceptance of the idea of active audiences, who in the process of consuming text that were produced for media may produce texts with their own, specific meanings, was not enough for scholars of cultural studies. According to Skjerdal (1998) even “renewed” political economy still suffers the tendency to reduce all analysis to class power alone.

**Political Economy vs. Total Quality Management.** For critical political economists, Total Quality Management (TQM) does not represent a way to improve working conditions or make work more meaningful for the workers. Instead, Menzies (1998, 92–93) argues that TQM is basically an extension of the commodification of work, a “cultural training” program, which encourages employees to adopt the management’s objectives for productivity and performance. Once people have been cut off from the original context of their work and put into a new digital context that has been defined by their management, TQM can be used as “training for compliance” to get people to identify themselves and the meaning for their work within the corporate values. (Menzies 1998, 92–93)

**Critique of Political Economy.** Despite it’s many strengths and useful perspectives, the political economy approach has at least three deficiencies. Although political economy offers a very clear perspective for studying the connection between the economic structure and the quality of media
output, it lacks theoretical ideas about quality in media production. The political economy approach has the danger of falling into economic determinism, which is directly connected to its limited understanding of culture. It is a good tool for analyzing the original motives and objectives of media production, but judgements and analysis of quality should not be based only on the mode of production. Finally, the strong normative tone or prejudice of political economy is also problematic for the analysis of quality in commercial media. The ideas of quality in production cannot be based solely on economic considerations, and the meanings of media products are not totally predetermined. They may actually have other kinds of (even beneficial) social effects than one could assume on the basis of the original motives of production.²⁶⁴

5.5. Cultural Economy

The concept of “cultural economy”²⁶⁵ refers to a rather new approach, which has been defined in Du Gay (1997a) and Du Gay and Pryke (2002). It is based on the British tradition of cultural studies and it has been marketed as “the beginning of the end of the strife between cultural studies and political economy” (Lawrence Grossberg in the back cover of Du Gay and Pryke 2002). On the one hand, the cultural economy approach would like to follow the example of political economy in opposing the ahistoric and asocial tendencies of neoclassical economics, but on the other hand it also directly challenges political economy for neglecting the cultural dimensions of economic activities.

Cultural economy suggests that all economic processes and practices are basically cultural phenomena. Economics works through language and signs: the markets and organizations are not only socially constructed, but they are also made up of the economic discourses of accounting, finance etc. In addition, cultural economy suggests that the production of culture cannot be separated from industrial processes and forms of organization, which means that it can not be understood only as an economic process. Finally, cultural economy refers to the increasing importance of culture in business. Large businesses producing cultural goods are among the most powerful

²⁶⁴ Cf. Herta Herzog and her early study on network radio soap operas (chapter 3.2.)
²⁶⁵ Paul du Gay has borrowed this term from John Allen, but is has been used before, and with a different meaning as well (Du Gay 1997b, 10; Negus 2002, 116–17) For example John Fiske has argued that cultural commodities circulate in a financial economy which is concerned with exchange value, and in a parallel cultural economy, which is concentrated on meanings, pleasures and social identities (Storey 1998, 206–207).
corporations in the world, while at the same time practically every product is marketed to its consumers by using cultural tools to shape meanings. (Du Gay 1997b, 3–7; Du Gay 1997c, 319; Du Gay & Pryke 2002, 2–12)

The Cultural Formation of Aesthetic Economies. Because corporate interests and government polices can evidently affect professional cultures and artistic activities, Keith Negus (2002, 117–118) appreciates the work that political economists have done in analyzing the effects of corporate ownership on cultural practices. At the same time, he argues that the conclusions of many political economists have been rather predictable. He also mocks political economists for abandoning their earlier commitment to enable change through revolution, and argues that the contemporary aspiration to “democratize” industries through regulation neglects the conditions within the culture that produces those industries.

According to Negus (2002, 116) many business decisions that may appear to be basically economic and commercial decisions are actually based on certain “historically specific cultural values, beliefs and prejudices”. Production does not happen just inside a system, which is shaped according the requirements of capitalist production, organizational and professional rules, and legislation, but it also takes place in relation to cultural practices, which may be out of the control of the organizations. Negus (2002, 119) argues that this is why the activities of organizations producing culture should be thought of as a part of way of life and meaningful practices that can be understood in different ways, instead of seeing them as primarily economic activities determined by the organizational structure.

In his example Negus (2002, 120) concentrates on the “criteria that guide the judgements which record company staff make about repertoire acquisition and the financial investments accorded to different types of music, performers and departments”: in other words, he analyses the quality culture and the conceptions of quality in the British commercial music recording industry. He argues that the ideas of qualities and “saleability” of the music are not directly based on business strategies or economic decisions. Instead, these value judgements are informed by certain “gendered and radicalized class divisions”. Because most senior executives of British recording companies are middle-class white males, Negus argues that the decisions of recording industry more often reflect the preferences of this small, well educated white elite instead of the real diversity of British music. However, he does not discuss the possible reasons why these white males had the power to make these decisions and why corporations have appointed such a homogenous group to handle these decisions.

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266 For example, the industry has promoted heavily very conventional all-male guitar bands like
Oasis and Blur, while the music of Britain’s black and Asian communities has been more or less neglected. (Negus 2002, 120–122)²⁶⁷

Negus (2002) also discusses the importance of culture within the US recording industry, which has created a specialized division for different genres of music (Black music divisions situated in New York, Country divisions in Nashville, and US Latin music divisions in Miami). According to Negus, this fragmented system is better, because now all musicians are managed by personnel with cultural knowledge and understanding of that particular music. He describes this process with following words:

> The working practices of staff are shaped by an unstable collision of commercial organizational structures; the activities of fan cultures; musician communities and historical legacies within broader social formations – all come together and inform the aesthetic economy of cultural production. (Negus 2002, 128)

In this way, one may assume that the ideas of good quality in commercial production are composed of several different ideas, and also influenced by factors which are not only connected to the corporate preferences or professional values of the trade, but to the personal cultural history of each employee and decision maker as well.

*Quality Management as a Corporate Culture Project.* For some reason, Salaman (1997, 245–246) failed to identify the theoretical roots and cultural history of the phenomenon that she calls the “Corporate Culture” approach. She has defined it as a movement that has had significant impact in the US and the UK (which were probably easy to analyze because of the language), but much less elsewhere in Europe, and almost none in Japan. This whole setting is more or less misleading, because the whole “Corporate Culture” approach is only a part of the quality management doctrine, which basic principles were originally invented in the US and further developed in Japan (see chapter 5.6.). The movement or discourse, which Salaman (1997) has analyzed, is not a separate phenomenon, but actually the Western reaction after the cultural innovations made in Japan had been introduced.

Although work has always been associated with structures of meaning, Salaman (1997) considers that recently the management approach has changed, because now management is trying to manage the culture of the organization. The Corporate Culture school assumes that organizational cultures play a major part in determining organizational performance. It suggests that these organizational cultures can also be “assessed, managed, constructed and manipulated” in order to improve the performance. In this way, the norms, beliefs and values of the employees can be changed or shaped

²⁶⁷ Cf. chapter 3.5.
so that they support the company strategy. The rewards for this work are significant, because the Corporate Culture approach promises better quality and productivity as a result of a culture where the employees can share the values of their organization and be committed to its goals. (Salaman 1997, 241–242)

It promises to increase workers’ co-operation and commitment, encouraging them to direct their intelligence and creativity towards the goals and standards set by management by managing not simply the distribution of rewards and privileges within the organization, but the normative framework within which they are employed and within which they work. (Salaman 1997, 252)

Salaman (1997, 253) argues that all Corporate Culture projects contain three basic narratives. The first one insists that organizations should be harmonious and the employees should share the key values. As a result, an individual worker is defined as a member of an organizational community and a sharer of a common value system. The second theme defines these shared values in terms of market and market values, while the third theme describes the organization as if it were an individual. After describing *In Search of Excellence* (1982) by Peters and Waterman as one of the key texts of the Corporate Culture school, Salaman (1997) challenges the scientific nature of these texts. She argues that these writings and “management witchdoctors” have been so influential primarily because they have appealed to American pride and the managerial standpoint, offering a heroic status to senior managers. (Salaman 1997, 240, 249, 261–263)

Corporate Culture programs have been criticized on the one hand for distorted and mistaken use of the concept of culture, while on the other hand they have been seen as highly ideological projects, which support exploitative characteristics of production (cf. chapter 5.5.). However, Salaman (1997) more or less rejects both of these critiques, when she argues that even if Corporate Culture programs may not be as effective a form of control as they have promised, they really have changed the way that management thinks about organizational structures and employees. Although the projects have not resulted in a totally new breed of docile and enthusiastic workers, they have changed the earlier conceptions about the relationship between an organization and its employees. (Salaman 1997, 264–268)

**Critique of Cultural Economy.** The cultural economy approach certainly has it merits in combining the aspects of cultural analysis with economic considerations. The basic idea is that all economic activities are thoroughly

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268 Peters and Waterman (1982) and the basic narratives of the “Corporate Culture School” have been criticized by other management theorists as well. (Griseri 1998, 67–70; Gummesson 1991, 93; Kekäle 1998, 27)
affected and informed by culture, and that cultural issues have assumed increased importance in all kinds of business operations. Despite these undisputed strengths, if cultural economy is assessed as a bridge or mediator between cultural studies and political economy, it is possible to agree with Sanghera (2003a and 2003b), who argues that cultural economy has several weaknesses. Just on the basis of the two previous examples, there is some evidence that cultural economy seems to identify the economy primarily with markets and celebrate consumer choice. There are also some hints of ahistoric tendencies, and these features together align cultural economy with the neoclassical economic paradigm, which happens to be in conflict with political economy.

5.6. Quality Management

Quality management theory is a part of production economics, but it has its roots in statistical research and pragmatist philosophy.\textsuperscript{269} Walter A. Shewhart developed the first statistical manufacturing control charts at Bell Laboratories in the late 1920’s, and the main principles of modern quality management were published in his classic book \textit{Economic Control of Manufactured Product} in 1931. The American science of statistical process control was an inseparable part of industrial standardization in Fordist production, which required the nearly perfect interchangeability of parts. The emphasis on controlling quality instead improving it, together with the effort to increase the volume of production, remained dominant in the US until the 1980’s. (Bowles & Hammond 1991, 37–39; Towns 1997; Thompson 1999, 359–362; Lillrank 1998, 11–12)

After World War II, the ideas of quality control were introduced in Japan as part of the reconstruction efforts.\textsuperscript{270} Subsequently, the next important innovation in quality theory – the idea of total quality management as company wide quality improvement – was made in Japan. The success and high quality of Japanese products increased interest in their management methods in Europe and in the US beginning in the late 1970’s, but the real breakthrough in the Western industrial countries was made in the 1980’s. TQM is also considered to be a part of the Post-Fordist, flexible system of production. However, there is more than one TQM approach, and Kekäle (1998, 135), for example, has suggested that an unbiased analysis of

\textsuperscript{269} Cf. Tamminen 2000, 15.

\textsuperscript{270} Shortly after the war General MacArthur wanted Japan to mass-produce radio receivers so that the Occupation authorities could quickly reach each village. Consequently, American quality control methods were first applied to vacuum tube production at Nippon Electric Company (Bowles & Hammond 1991, 39).

Managing Quality through Organizational Culture. Quality management theory offers no single correct definition of quality, but the cornerstone of the “quality philosophy” is the idea of quality as compliance with specifications or as meeting given standards. There is no absolute quality, because quality is always defined in relation to certain objectives. “Quality is that desired degree of excellence, which can be reached through directing and controlling the variation of quality, based on the customers needs and wants” (Malka & Danielsson 1988, 88). According to a more general definition, quality is the ability of one operational unit to efficiently fulfill the needs and expectations of the next operational unit. Quality can also be conceived of as a total measure, composed of several different quality components of the product or the service. The quality of these products and services can then be directed and improved, providing that the quality components can be identified, defined and measured. (Lillrank 1998, 11; Kekäle 1998, 15; Lipponen 1993, 47; Malka & Danielsson 1988, 20–27, 88)

According to Finnish quality management theorist Paul Lillrank (1998, 19), quality concerns only those products or services that are delivered through some kind of transaction. He defines quality as a “characteristic, which is visible in transaction and has an effect on evaluations and decisions made by the customer”, although many quality features are not obvious at the moment of transaction (Lillrank 1998, 22–23). This approach to quality is significantly similar to the notion of utility in neoclassic economic theory. Lillrank (1998, 24) also argues that it should always be possible to measure or assess quality in some way. If there is no acceptable way to tell a difference between a good and bad deliverable, the whole thing does not really matter. In addition, all transactions are in fact based on some measurement or assessment (Lillrank 1998, 19, 24). Consequently, the idea of quality in quality management is directly related to the notion of value in economic theory (Picard 1989, 35–36).

David Garvin originally presented the idea of different perspectives of quality in 1988 (Garvin 1988, 39–49). Paul Lillrank, who published his ideas of quality perspectives in 1990, further developed this approach (Lillrank 1990, 39–49, 245). In addition to “transcendental” quality, which was impossible to measure and identify except through personal experience, there were six measurable quality perspectives. Production oriented quality 1) assessed quality in term of the avoidance of defects in the manufacturing process. Product oriented quality 2) was interested in how well the product
or service met specifications. **Expense oriented quality** 3) evaluated quality in relation to the cost or price of the product. **Competition oriented quality** 4) recognized that the customer creates his own comprehension of quality by comparing the product to its competitors. As a result, the quality of the product is evaluated in relation to its competitors and the market situation. **Customer oriented quality** 5) was defined as the ability of a product or a service to fulfill the customer’s needs and expectations. Quality was a subjective and constantly changing variable. Lillrank’s addition was the concept of **society or environment oriented quality** 6), which measured the quality of a product by its total effects on society and nature. (Lillrank 1998, 28; Lipponen 1993, 34–37; Alm 1992a, 26) According to Alm (1993, 80), Lillrank was the first to note that these different quality perspectives did not exclude each other. Later, Lillrank changed his mind and argued that expense oriented and competition oriented quality do not belong to the framework, because they mix up quality, price and segmentation, causing confusion (Lillrank 1998, 28).

Each quality viewpoint represents a certain historical perspective, too. Production oriented quality is the oldest perspective, which considers quality as faultlessness. Product oriented quality is design oriented quality, where the functions of the product define its performance. These traditional perspectives of quality control are insufficient when the real competition begins: then it becomes necessary to study the customers as well. Customer oriented quality assumes that when the customer chooses and pays for the product, he or she accepts its quality (just like in economic theories of program choice, see chapter 5.3.). The customer is also seen as a rational economic actor, who aims to maximize his or her own benefit. However, following only customers wants and needs may lead to externalities or unwanted side effects like pollution. This is why society or system oriented quality concentrates on the total consequences of the deliverables. According to one definition, social quality exists in converse relation to the harmful effects that follow product delivery. However, the measurement of social quality is very difficult. The objective of good social quality – which is a combination of several components – was described by Lillrank with the words “common good”, which actually corresponds very well to the notion of the public interest. (Lillrank 1998, 28–38)

According to Lillrank (1998, 40), it is also possible to describe organizational cultures with relationship to the importance and value of these different perspectives to quality in different companies: each viewpoint has

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271 Lillrank (1998, 37) has also called this *system or interest group oriented quality*.  
its own proponents among different occupational groups. Although Lillrank would like to limit the number of quality viewpoints to four, the conceptions of an organizational culture and its product quality in a commercial organization become more comprehensive when they are examined in relation to competition and expenses, too. This organizational culture (within the context of national culture) provides a basis for quality culture, which will guide an employee in making the right decisions in relation to general quality objectives, even when there is no advice available (Lillrank 1998, 153–160).

Quality Management Theory in US radio. While the development of tightly controlled format radio in the 1950’s and 1960’s (see chapters 3.4. and 3.6.) can be understood as an extension of Fordism, statistical quality control and scientific management (Thompson 1999, 359–362; Sohn et al. 1999, 84–86), the most important effort to bring the quality management approach to the American radio industry has been the NAB project and book Radio in Search of Excellence, first published in 1985 (McGuire [1985] (1987). Because this book is discussed in detail in chapter 3.9, it is probably enough to point out here that it defined excellence in radio primarily in terms of audience share and financial results. Programming, as well as any comprehensive theoretical approach to quality in commercial radio, received very little attention in this management book, which described successful corporate culture in US radio.273 Despite the great success of this book and widespread use of quality management tools in other sectors of American society, the additional traces or references and literary sources about quality management theory applications in American radio remained very few.

The author was able to track down a study of a quality management project at a radio station in Fort Atkinson, Wisconsin, but ten years after its completion the status of this thesis274 was still confidential. However, a book based on a development project of Prism Radio Partners by Sheila Kessler (1994) gives an idea of how quality management theory has been applied in American commercial radio. Kessler (1994) argued that improved quality in programming, service and sales would result in better market share and increased profitability. Although the primary mission of this approach was “delighted advertisers”, she also identified listeners and shareholders as the external customers of a radio station, while the different departments of a station were each other’s internal customers. (Kessler 1994, 4–12) In this

273 Cf. Salaman 1997, 240
view, a radio station had at least three different external markets (advertisers, listeners and shareholders) as well as at least two internal markets (sales and programming).

The report does not offer any theoretical ideas of programming quality, or provide any relevant ideas on how to improve programming, but mixed programming was rejected as too difficult for the advertisers. Instead, it suggested creating partnerships with listeners and advertisers, as well as establishing special advertiser and listener advisory boards. All the different groups of employees were also supposed to establish for themselves the minimum standards of service in their areas. (Kessler 1994, 34–35, 49–50, 68–78) It remains unclear, how well these ideas worked and how long they were put into practice. Quite soon after the passage of the Telecommunications Act of 1996, Prism Radio Partners were sold for SFX Broadcasting, which later became part of Clear Channel Communications (Radio Business Report 25.10.2001).

Quality Management Theory and the case of Radiomafia. The development project of Yleisradio’s Radiomafia from 1990 to 1992 was a groundbreaking effort for Finnish radio in many ways. In addition to developing a new operational model and organizational philosophy for a competitive public service radio channel, it also produced new research on Finnish radio275 and new, innovative theoretical approaches. The theory of a new operational mode for public service radio approached radio primarily as a producational and economic activity by combining different elements of business management with industrial production methods that were originally developed for commercial radio. Quality management theory was used by Ari Alm for defining the new, expanded quality culture of Radiomafia in 1990 (see also chapter 4.8.1.) (Alm 1992a, 25–26, 37; Alm 1992b, 35–37; Alm 1993, 34, 67)

According to Alm (1993, 78) the cultural system of the business idea was the channel culture, which included

- everyday beliefs [concerning] how power is used on radio channels, of how work should be organized, of how program workers should take part in decision-making and development, how workers are rewarded, how a ‘good’ product is defined, etc. (Alm 1992a, 25)

Where the traditional public service radio approach offered more or less one-dimensional solutions for defining quality programming, the quality criteria of a good program product in the new channel culture was based on combination or “an integrated complex” of all six quality dimensions

275 For example Alm & Salminen (1992) and Lowe (1992c).
of quality management approach. Although this conception of expanded quality culture was published in 1992 in both English and in Finnish, a more thorough analysis of its theoretical context can be found only in an unpublished Yleisradio memorandum. (Alm 1992a, 25–26; Alm 1992b, 39–40; Alm 1993, 67)

According to Alm (1993) production oriented quality 1) in radio production meant consistency of programming product, which is created through profiling and formatting. Every listener should be able to identify the channel immediately after turning on the radio. Product oriented quality 2) meant professional use and development of new forms of expression in both content and form, including the rotation clocks and playlist. Resource oriented quality 3) was understood as the most efficient and flexible use of best available resources and professional competence. The success of this quality dimension could be measured to some extent in terms of listener appreciation. Competition oriented quality 4) was built on both music and journalistic strategies, and was measured directly in terms of success with building audiences in local and national audience markets – i.e. ratings. Customer oriented quality 5) was defined through two new concepts: listener orientation and recipient orientation. The idea was to concentrate on and connect with the interests and values of the target audience. Business environment orientation 6) was primarily a reinterpretation of the function of public service radio in the political market and, in case of Radiomafia, it was also about taking an active role in the popular culture market. (Alm 1992a, 25–26; Alm 1992b, 39–40; Alm 1993, 81–83) It should be noted that Alm (1992a; 1992b) also identified different dimensions of the new quality culture in relation to the success in different markets (the political market, the popular culture market, and the audience market).276 The quality management approach was widely adopted in the Yleisradio277 radio division, and at some point there was also an effort to create a wider quality system for the whole company.278

276 Cf. Lowe & Alm 1997, Hellman 1999 and Alm & Lowe 2001. However, the multiple market model in Lowe and Alm (1997) was not based on quality management theory. See also Alm 1992b, 36. The idea of multiple markets has been used elsewhere by Nukari & Ruohomaa (1997, 74) and by Ala-Fossi (1999, 20–22).

277 The TQM approach has been utilized in other European public service broadcasting companies like BBC and Denmark’s Radio for creating program quality criteria, but these cases have been left out of this discussion intentionally. (Alm 2003; Innovation, Change and Partnership 2002, 23).

278 The company-wide quality criteria project ended in 1994, but this theoretical approach was not abandoned (Alm 2003, Kaipiainen 1994). For example, the author worked on quality projects for Yleisradio regional radio in 1998–2000.
Critique of the Quality Management Approach. Quality management theory offers useful tools for analyzing the multidimensional nature of quality in media production, but so far the connections or links to any tradition in communications research have been almost non-existent. However, this separation can be overcome, because the quality management approach can be linked to economic theory and media economics. Another problem with this approach is in its relationship to society. The addition of the interest group or society-oriented quality perspective was a good start, but this concept remains quite vague, as Lillrank himself has admitted (1998, 38). Finally, although organizational culture is one of the centerpieces of the whole quality management approach, the understanding of culture in this model is limited, rather than comprehensive.

5.7. Towards an Integrated Theoretical Approach to Quality Culture in Commercial Radio

5.7.1. Four Markets and Two Arenas for Commercial Radio

An integrated approach provides a possibility to avoid or fix some of the most obvious problems with the theories discussed in the earlier chapters. The basic principle in creating this approach has been to accept such ideas, which have offered possibilities to build links between different theories and this way helped in forming the synthesis (see Table 1.). Perhaps the best starting point for this effort comes from Rosengren et al. (1996): the quality of media is not a characteristic, but a relation between characteristics and a set of values. This means that the same characteristics of media content can simultaneously represent high quality in relation to one set of values and low quality in relation to another set of values. This simultaneous existence of different qualities, and the relative nature of quality require a plurality or at least a multiplicity of values. However, this does not have to result in any sort of relativism, because it is still possible to make normative judgements between different values and the “qualities” related to them (Storey 1998, 199).
Table 1. Summary of Rejected and Accepted Ideas for Integrated Approach

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<thead>
<tr>
<th>Theoretical approach</th>
<th>Rejected ideas</th>
<th>Accepted ideas</th>
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<tbody>
<tr>
<td>Media system dependency theory</td>
<td>• Media system is only an information resource for other social systems</td>
<td>✓ The basic structure of the system</td>
</tr>
<tr>
<td></td>
<td>• Media ownership has no significant role in shaping media output</td>
<td>✓ Interdependent relationships between social systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Media system pursuits for financial stability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Culture as an external condition of the social system</td>
</tr>
<tr>
<td>Media performance studies</td>
<td>• Norms and values of the public interest are stable and unchanging</td>
<td>✖ Social quality of media can be assessed using McQuail’s (1992) framework</td>
</tr>
<tr>
<td></td>
<td>• Society standpoint congruent with the tradition of regulatory policies</td>
<td>✖ Different occupational and interest groups shape media quality</td>
</tr>
<tr>
<td>Quality assessment of broadcasting</td>
<td></td>
<td>✖ Culture plays different roles in media performance</td>
</tr>
<tr>
<td>Media economics</td>
<td>• All social interaction happens in markets</td>
<td>✖ Quality is always a relation between characteristics and a set of values</td>
</tr>
<tr>
<td></td>
<td>• Advertisers buy media space or time</td>
<td>✖ There is no absolute quality; instead, there are several different co-existing quality perspectives</td>
</tr>
<tr>
<td></td>
<td>• Consumption is an indicator of satisfaction</td>
<td>✖ High ratings, high program quality</td>
</tr>
<tr>
<td></td>
<td>• Bigger budgets, better programming</td>
<td>✖ Commercial media operates primarily for economic profit</td>
</tr>
<tr>
<td>Critical political economy of</td>
<td>• Mode of production determines the (social) quality of the media</td>
<td>✖ Economic structure affects media quality</td>
</tr>
<tr>
<td>communication</td>
<td>• Meanings of commercial media products are predetermined</td>
<td>✖ Media is both political and economic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✖ All social activities do not happen in economic markets and are not based on</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✖ Pricing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✖ Advertisers buy audiences from commercial media</td>
</tr>
<tr>
<td>Cultural economy</td>
<td>• Economy congruent with markets and commercial business</td>
<td>✖ All economic activities are thoroughly affected and informed by culture</td>
</tr>
<tr>
<td></td>
<td>• Historical context can be more or less neglected</td>
<td>✖ Cultural issues are more and more important for business operations</td>
</tr>
<tr>
<td>Quality management</td>
<td>• Consumption is an indicator of quality and satisfaction</td>
<td>✖ Quality is measured in transaction</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✖ There are at least six co-existing perspectives to quality which can be used</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✖ Each group has its own perspective</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✖ Consumer quality may lead into externality</td>
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</table>
Most of the approaches discussed earlier have supported the idea that the quality of media output is a composition of several different needs and wants. Some of these needs are internal, but the media have to shape their content for the needs and wants of other social forces as well. A commercial media organization operates primarily to generate economic profit. It has a strong internal motivation to be profitable, because otherwise it might cease to exist. DeFleur & Ball-Rokeach (1989) have listed several components of the media system with different wants and needs, which the commercial media try to satisfy in order to maintain the financial stability of the media. Interestingly, the owners of the media seem to have no direct role in their system, though both McQuail (1992) and Picard (1989) consider the owners to be among the most powerful groups affecting media quality (see Table 2.), and political economy is willing to explain media content quality primarily on the basis of the ownership structure.

TABLE 2. The Primary Interest Groups Shaping the Quality of Commercial Media Output

<table>
<thead>
<tr>
<th>DeFleur &amp; Ball-Rokeach 1989</th>
<th>McQuail 1992</th>
<th>Picard 1989</th>
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</thead>
<tbody>
<tr>
<td>Audiences</td>
<td>Audience</td>
<td>Media owners</td>
</tr>
<tr>
<td>Research organizations</td>
<td>Advertisers</td>
<td>Audiences</td>
</tr>
<tr>
<td>Distributors of content</td>
<td>Sources</td>
<td>Advertisers</td>
</tr>
<tr>
<td>Producers</td>
<td>Owners</td>
<td>Media employees</td>
</tr>
<tr>
<td>Sponsors (advertisers)</td>
<td>Government</td>
<td>Public wants and needs</td>
</tr>
<tr>
<td>Advertising agencies</td>
<td>Social / political institutions</td>
<td></td>
</tr>
<tr>
<td>Legislative bodies</td>
<td>Investors</td>
<td></td>
</tr>
<tr>
<td>Regulatory agencies</td>
<td>Pressure groups</td>
<td></td>
</tr>
<tr>
<td>External conditions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taste and morality norms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural norms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beliefs of cultural preferences</td>
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</tbody>
</table>
All these interest groups have interdependent relationships within the media organization. They need certain resources from each other to achieve their respective goals, and this is why these groups undertake transactions with the media organization. Although the nature of these transactions is not always financial, and the different groups are not always trying to generate profit, the transactions force these groups to assess media content quality in relation to their needs and wants, as quality management approach suggests. Media economics offers a way to present and explain these interdependent relationships by using the economic concept of the market. This is a very useful approach in those cases, where the markets really exist.

There certainly exists a media goods market, capital market and labor market, because all of these fulfill the requirements for an economic market. Media consumers in the media goods market are paying with money or time for a particular kind of media content to satisfy their subjective needs, while the owners and investors in the capital market evaluate the quality of the media content in relation to return on their investment. At the same time, media professionals in the labor market assess the quality of media output and production in relation to their professional and creative ambitions as well as their personal salaries.

However, as the political economy approach suggests, “the advertising market” is actually an audience market. Advertising-supported media firms are actually producing audiences through their media goods market. Media consumers spending time and attention on the consumption of media goods become the raw material for the audience commodity (Napoli 2001a, 66). They are described with ratings, and then sold as prospective audiences for the advertisers (Smythe 1977). In addition, “the marketplace of ideas” is not a market at all in the economic sense, and it should not be called as a market. This conceptual place is also known as the “the public sphere” (McQuail 2000, 147, 157–158; Napoli 2001b, 101), but in this context I prefer to define it as ideological arena. The same consumers of media goods are considered here as the raw material for a “public”, created by the political and ideological dimensions (Murdoch & Golding 1974, 206–207) of the media for the needs of the society and the state. Because both audiences and the public are produced through the consumption of media content, the media goods market is also vital for socially oriented purposes. In addition, these media goods are cultural artifacts, essential to the social role of the media in order to “portray the life of society to society” (Turow 1997, 18–19).
Finally, in this work I use the term *sociopolitical arena* to describe all the interactions and transactions between the media organization and the sociopolitical system. The media organization requires certain rights and freedoms, and in case of broadcasting, licenses as well. The government and sociopolitical institutions expect the media to enhance the democratic process by creating an ideological arena (a public sphere) in addition to serving social and cultural goals – in other words, to support citizenship and serve the public interest (McQuail 2000, 147; Napoli 2001b, 17, 99–105). Just as media system dependency theory and the social responsibility approach have suggested, in return the media organization may expect to retain its role as a public trustee with certain special privileges.279 The model of this complex socioeconomic system is described in Figure 1.

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279 In this way, licensing decisions have been made on a social and political basis, and not on the basis of the pricing system (Cf. Powers 1988, 60–61). Although it had also been possible to use money to obtain a license by simply purchasing...
The basis for the idea of multiple perspectives to quality in a commercial media organization can also be derived from the basic social and economic setting of the organization, relying on more than only the historical development of quality control and management ideas in commodity production (Lillrank 1998). Each market and arena in which the media organization has to participate produces different perspective on media content quality in relation to its own respective needs and goals. To ensure its economic viability and existence, a commercial media organization has to combine and compromise these sometimes controversial perspectives in media content production. Although this integrated approach concentrates more on the quality defined in transactions of the markets and arenas, all transactions and assessments are constantly affected also by the cultural and moral norms and cultural preferences and beliefs.

5.7.2. Six Viewpoints to Quality in Commercial Radio Production

Rosengren et al. (1996), McQuail (1992), Alm (1993) and Lillrank (1998) have all presented different conceptions of quality types or perspectives. The most obvious common denominator for all four is the idea of socially oriented quality. Lillrank’s society or system oriented quality and Alm’s business environment oriented quality are very closely related to McQuail’s idea of media performance in the public interest. This quality perspective privileges the social effects of the media and media content quality in relation to social objectives and the common good or the public interest. Although Rosengren et al. (1996) in their analysis of public service broadcasting connected the idea of sender use quality to the social functions of the media, the idea of the sender should be reconsidered here. Instead, their idea of descriptive quality can be connected directly to the dimensions of diversity and information quality as elements of socially oriented quality. This quality perspective reflects the wants and needs of the sociopolitical arena as well as the operational aspects of the ideological arena.
### TABLE 3. Comparison and Synthesis of Quality Perspectives

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Production oriented quality (consistency of programming through profiling and formatting)</td>
<td>Production oriented quality (avoiding defects)</td>
<td>Product oriented quality (correlation to product standards)</td>
<td>Production oriented quality Consistency Faultlessness No deviations</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Production oriented quality (avoiding defects)</th>
<th>Product oriented quality (correlation to product standards)</th>
<th>Production oriented quality (quality in relation to the costs)</th>
<th>Expense oriented quality Cost efficiency Return on investment Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product oriented quality (product quality) (occupational groups)</td>
<td>Resource oriented quality (efficient use of resources and professional competence)</td>
<td>Expense oriented quality (quality in relation to the costs)</td>
<td>Expense oriented quality Cost efficiency Return on investment Profitability</td>
</tr>
<tr>
<td>Competition oriented quality (quality in relation to audience share in local and national audience markets)</td>
<td>Competition oriented quality (quality in relation to competitors and market)</td>
<td>Competition oriented quality Quality comparable to competitors Right quality for the market</td>
<td></td>
</tr>
<tr>
<td>Customer oriented quality (quality in relation to the interests and values of the target audience)</td>
<td>Customer oriented quality (quality in relation to customer needs and choices)</td>
<td>Consumption oriented quality Consumer quality: Attractive content for the target group (cultural preferences) Customer quality: desired audiences for the advertisers</td>
<td></td>
</tr>
<tr>
<td>Media performance in the public interest</td>
<td>Business environment oriented quality (reinterpretation of public service radio in the political market)</td>
<td>Society or environment oriented quality (the quality of a product in relation to its total effects on society and nature)</td>
<td>Socially oriented quality Social objectives The public interest Cultural values</td>
</tr>
<tr>
<td>Freedom</td>
<td>Equality</td>
<td>Diversity</td>
<td>Information quality</td>
</tr>
<tr>
<td>Social order and solidarity</td>
<td>Social order and solidarity</td>
<td>Social order and solidarity</td>
<td>Social order and solidarity</td>
</tr>
<tr>
<td>Cultural order</td>
<td>Cultural order</td>
<td>Cultural order</td>
<td>Cultural order</td>
</tr>
<tr>
<td>(an active role in popular culture market)</td>
<td>(an active role in popular culture market)</td>
<td>(an active role in popular culture market)</td>
<td>(an active role in popular culture market)</td>
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</tbody>
</table>
Just as Lillrank (1998, 29) has suggested, the different quality perspectives are also connected to the historical progress of industrialization. Each and every quality perspective has its roots in a certain stage of development and in a certain historical layer. While the idea of socially oriented quality was not introduced in quality management theory before the 1990’s, it was already included in the early broadcast legislation, which supported the creation of established radio services for the public good. However, the sheer existence and proliferation of these services was not enough in the long run. In this way, the first real efforts to define and estimate the socially oriented quality of the media industry products were made in the US in the late 1940’s.  

In the case of commercial radio broadcasting, the needs and wants of the sociopolitical arena are usually reflected in broadcast legislation and license conditions as well as in their interpretations by government authorities and institutions in their operational policies, and in the decisions and actions of the different sociopolitical interest groups. As a result, the practical definitions of socially oriented quality may vary a lot – and this goes for public service broadcasting, too. However, if public service broadcasting does not meet the expectations of the sociopolitical arena, usually its financial (and political) position will quickly become difficult, if not impossible. At first sight, it may seem that the commercial broadcasters do not benefit financially from the sociopolitical arena. However, these private operators use radio spectrum that is a valuable public resource and are not typically charged for that use, per se. Theoretically, the operations of private broadcasters automatically benefit society, compensating the public for the use of the spectrum. This is actually a rather naive idea, because the interest of private operators is not necessarily identical with the public interest.

In its strictly original meaning, the idea of customer oriented quality in commercial broadcasting would define quality in relation to the needs and wants of the advertisers. After all, in most cases they are the only customers paying directly with money for broadcast services (Kessler 1994, Lillrank 1998). This would not be compatible with the idea of receiver use quality by Rosengren et al. (1996) or Alm’s (1993) idea of radio listeners in the target group as customers, but all radio listeners pay for the programming at least with their time.  

Basically, commercial radio may consider both the listeners and the advertisers as their clients, but in the end this quality viewpoint is primarily about consumption. Listener’s needs and wants have an instrumental value, because attractive media content is mainly a byproduct, and an effective way to produce the desired kind of audiences for

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280 See chapter 5.2.1.
281 See chapter 2.4.
the advertisers. This is why extensive market research is done to determine target group preferences, but ratings occupy the central role as measurement of media consumption. By targeting the media consumers, commercial media organizations are actually serving advertisers as their customers. In this way consumption oriented quality basically reflects the needs of the audience market (i.e. a market where audiences are sold and bought). The origins of the consumption oriented quality perspective in broadcasting can be traced to the early 1930’s and to the introduction of the first commercial ratings services in the US. Ratings were needed first and foremost to satisfy the needs of the paying customers – the advertisers.\(^{282}\)

As long as an organization measures its success in market shares and ratings, it is at least indirectly dependent on the amount of program consumption in the media goods market. As noted earlier, commercial radio operators emphasize consumption oriented quality and attractive content mainly for instrumental reasons keyed to audience production. However, nowadays public service broadcasting is also interested in program consumption, because consumption is necessary for creating the ideological arena (public sphere), and thus is arguably a precondition for serving the public interest. Perhaps surprisingly, then, the public and the audience are created basically in similar ways.

Competition oriented quality had a different meaning for Alm (1993) than Lillrank originally suggested. Alm (1993) argued that this form of quality could be measured directly as the shares of audience ratings in different markets.\(^ {283}\) This idea probably served a purpose for Radiomafia, but competition oriented quality originally provided a direct comparison between the own product and the competing products, and consecutive adaptation of the product quality for the market situation (Lipponen 1993). Competition oriented quality is in this way also linked to market structure and product strategy (McQuail 1992, 87–89). Consequently, competition oriented quality in commercial radio means market analysis of the media goods market and a comparison of the programming with the competing stations – or comparison of the audience product with those of competitors. In both cases, the possible change in competitive strategy will mean changes in the media goods product quality, too. As a result, competition oriented quality is mostly connected with supply and demand in the media goods market. It seems that the competition oriented quality perspective already played an important role both in the US and Finland in the late 1920’s when nationwide network

\(^{282}\) See chapter 3.2.

\(^{283}\) Cf. chapter 4.12.
radio replaced earlier local services. In the US it has remained important ever since, but in Finland before the mid-1980’s, it had only an occasional importance, mainly when obtrusive foreign operators entered the domestic market.²⁸⁴

For the commercial operators, the competition oriented quality perspective for programming may be of deeper and broader importance than for public service broadcasting which usually doesn’t have to compete for advertisers with program quality. But in any case, both commercial and public service radio productions are competing in the media goods market against each other for audiences as program consumers. In order to be successful in this competition, one must know the opponent. But an organization that only reacts and follows others will lose its identity and competitive edge.

Expense oriented quality originally meant offering a sufficient cost-benefit ratio for the paying customer (Lipponen 1993), but Alm (1993) has presented a slightly different interpretation by suggesting that efficient use of resources could also improve listener satisfaction, providing value for the license fee paid. However, it is obvious that internal cost-efficiency in production would satisfy the needs of the upper management and the owners of the organization rather than the listening audience, especially because the connection between the license fee and radio programming is not necessarily obvious.²⁸⁵ Because large turnover does not directly result in large profits, cost-efficiency is directly linked to the “business criteria” of performance, profitability and the amount of return on investment (McQuail 1992, 89–90). As a result, expense oriented quality can be connected to the wants and needs of the capital market. In the case of commercial broadcasting, the idea of sender use quality by Rosengren et al. (1996) also matches best with expense oriented quality. The cost-effective use of resources in content production is parallel to the needs of the owners of the organization, which are in this case also the senders of the message.

The expense oriented quality perspective is at least as old as the idea of commercial broadcasting, and it will remain highly important as long as broadcasting is a business. It has never been totally insignificant for public service radio productions either, but since the 1980’s its importance and weight have constantly increased. Superior cost-efficiency is one of the main dimensions of the new social responsibilities of public service broadcasting. The public funds collected via license fees have to be used as effectively as possible to reach as many people as possible. In this way, expense oriented quality in commercial and public radio productions are rather similar. The

²⁸⁴ See chapters 3.2., 4.2. and 4.4.
biggest difference is, that while commercial operators tend to concentrate only on such productions and production methods, which result in the highest cost-efficiency and best possible return on investment, public service broadcasting can and also should produce (cost-efficiently, of course) more risky and expensive projects.

*Production oriented quality* and *product oriented quality* are both primarily connected to the internal needs and goals of the organization. Product oriented quality is quality in relation to the product design and specifications, which in the case of commercial radio means quality in relation to the station format, and playlist and rotation clocks. However, the employees of the organization also assess product oriented quality in relation to their own professional values and personal ambitions (McQuail 1992, 83) and in this way *product oriented quality* is also linked to the labor market (Picard 1989). If the employees cannot accept the product standards or align their professional values with them, they probably want or need to find another job. Moreover, as Negus (2002) has suggested, decisions about product standards cannot be separated from the personal cultural history of the decision-makers.

Product oriented quality has been equally important for commercial and public service broadcasting since the early days of organized broadcasting, but the motives and values behind the product designs used to be rather different. For example, in commercial broadcasting the product design has always been somehow dependent on advertisers, while public service radio has always been more tied to cultural, political and social goals. However, product oriented quality doesn’t discriminate effectively between commercial and public service radio production any more. Public broadcasters have successfully adapted product standards and certain professional values that earlier were only typical for commercial operators. In addition, people aren’t born to be dedicated public service broadcasters with stable professional values, and the cultural, educational and professional backgrounds of commercial and public service broadcasters are not totally separate entities. Professionals move back and forth in the labor market and professional values transform over time. However, high product standards and traditional public service professional values may still have a special importance – especially for the production of news and current affairs programming, but also in entertainment production.

*Production oriented quality* in commercial radio can be understood in very much the same way as Alm (1993): it is primarily concerned with consistency and predictability. Unpredicted – or more exactly – uncontrolled deviations are considered to be unwanted characteristics, for rather obvious
economic reasons (Turow 1984, 156; see also chapter 2.4.). Although it might seem to be appropriate to connect or equate the descriptive quality of programming by Rosengren et al. (1996) with production oriented quality, this would be an incorrect interpretation. Correspondence between the message and the real world is not an absolute value in itself, or for a media organization, at least in every type and genre of programming. In this way, untrue or fictional messages are not necessarily defective. On the other hand, the relationship of media content and reality has a great social value, especially in news production. In this way, the idea of descriptive quality must be understood primarily as a part of socially oriented quality, as noted earlier.

The production oriented quality perspective became important as soon as the broadcasting organizations were properly established and the early, random type of programming was abandoned. Also, from the production oriented quality perspective, the differences between commercial and public service radio productions are not inevitable. For a while, the new format radio method emphasizing internal consistency and repetition was typical mainly for commercial operations, but this not the case anymore. Usually, both types of organizations strive for faultlessness in their productions and unpredicted deviations are not welcome. One could perhaps argue that the direct financial risk drives the commercial operators towards even more predictable, patterned, consistent and compatible productions than is typical within public broadcasting (cf. Turow, 1984). But patterned programming (e.g., program series) is cheaper to produce than the same number of unique productions. In addition, the ratings of a serial or formatted type of programming are easier to predict than the ratings of a single show. This is why cost-effectiveness, and at least indirectly market-dependency, also encourages public service broadcasting to favor consistency and predictability.

5.7.3. Three Hypotheses about Quality Culture in Commercial Radio

Each of these six quality perspectives has connections to the macro-level socioeconomic structure, but they are also directly linked to the micro-level organizational structure of a single media organization. It is possible to assume, that broadcast engineers probably concentrate on the technical aspects of production oriented quality, such as signal strength and stability. Media professionals with strong journalistic values probably emphasize socially oriented quality, while producers or middle management have to worry more about product oriented quality and meeting specifications. The advertising sales department values the competition and consumption oriented quality
perspectives and the upper management and the owners of the organization certainly appreciate expense oriented quality. Consequently, every quality perspective has its primary proponents inside the organization, according to the connections they have with different interest groups. (McQuail 1992, 79–80, 83; Lillrank 1998, 40) As Alm (1993, 78) and Lillrank (1998, 40) have suggested, it is also possible to describe the quality culture of a media organization with these six quality perspectives. It requires a description or definition of the basic value system for each perspective, as well as weighting and judging their respective importance for the organization.

Quality culture is based both on national and organizational culture (Lillrank 1998, 151–152). Each nation or organization has its culture of shared philosophies, traditions, assumptions, beliefs, values, norms, working methods and other factors. However, as already noted, even an organizational culture is not simply a single unified system: cultural variations or different subcultures may exist in different groups and departments even in small organizations. (Gummesson 1991, 94; Picard 2002a, 207) This is why organizational culture is not primarily about everybody simply sharing the same values, but it is more concerned with those values that really are shared in the organization. Some organizations are culturally less complex, and they may have high degree of cultural saturation, while others are more complex, with many subcultures and only a few common features (Griseri 1998, 70–71).

According to Schein [1985] (1991, 31–36), the culture of an organization consists of three different levels. The first level are artifacts and creations: art, technology and behavior patterns, which are all visible, but not always decipherable. The second level of organizational culture is values, which inform how things ought to be and what is seen as good or desirable. Many values are very conscious and explicit, but some values may also be transformed into underlying, invisible basic assumptions that operate on an unconscious level. In this way, the company culture of a media firm becomes visible through its organizational conduct, because it guides and predicts the processes and products of a media company. Sometimes it can also be found in written form in company handbooks or employee orientations. (Sohn et al. 1999, 36, 42–43; Picard 2002a, 207) Because of the unconscious nature of the third level – basic assumptions – the interpretations of an organizational culture are usually based on artifacts and values (Kekäle 1998, 29–30).

In this study, the quality culture of a media organization is understood as a structure of values, which is not a stable system. The idea of good quality – the relation between product characteristics and a set of values – is rather a result of a continuous process of transactions and assessments. All
changes of wants and needs in the surrounding social, political and cultural environment, as well in the internal situation of the organization, will affect the status of quality culture and the definitions of good quality. If media consumers change their habits of consuming media, the regulations on the media are revised, competitors redesign their products, advertisers become interested in different audiences, or the financial expectations of the owners become more demanding, it will be reflected in the quality culture of the media organization. The assessment of media quality is not connected to direct transaction or exchange alone, but more generally it is connected to the allocation of scarce resources in a system of interdependent relationships between media and other social groups or systems.

The quality culture is constantly redefined inside the media organization in relation to the development of other social systems (markets and arenas), which exist in interdependent relation to the media organizations.286 In this way, the quality culture and its conceptions of good quality is a relative, multidimensional, historical and constantly changing or evolving result of combining controversial, contradictory and competing perspectives of quality. There is no single universal or absolute idea of quality in commercial radio production. On the basis of the integrated theoretical approach it is possible to present three hypotheses of quality culture in commercial radio production for the empirical part of this research project:

1) Because the quality culture in commercial radio is relative, multidimensional, historical and evolving, the quality cultures of commercial radio in Finland and the US will somehow differ from each other. This is a result of different historical developments and different political, economic and cultural contexts.

2) The quality culture in a commercial radio organization can be described by using six different perspectives on quality, and their mutual relationship and weight. These quality perspectives are related to different sets of values, and to the different needs and wants of other social groups or systems.

3) In commercial radio production, the economic dimensions of quality culture are in the end determinant, but they are not always necessarily dominant. All modes of quality in commercial radio will ultimately support the maintenance of financial stability.

286 This basic idea is also consistent also with the theoretical model of value transformation in a multi-market environment of broadcasting, presented by Lowe & Alm (1997).
6. **INSIDE COMMERCIAL RADIO: HOW RADIO PROFESSIONALS SPEAK ABOUT QUALITY**

6.1. **The Main Objectives and General Setting of the Research**

The purpose of this qualitative empirical research is to examine how American and Finnish commercial radio professionals understand and interpret the different dimensions of quality in commercial radio production in general, as well as in their own personal work at the station. In addition to the basic understanding of commercial radio quality culture, the intention is also to compare Finnish and American conceptions about quality in commercial radio and identify similarities and differences in these two cultures. The author tries to provide an answer for the basic question of the nature of quality in commercial radio, and test the three hypotheses about commercial radio quality culture presented in chapter 5.7.3. How do the ideas of quality in radio differ in relation to historical or cultural contexts? In which way may the interdependent relations with other social systems affect the definitions of quality? Is the theoretical idea of six quality perspectives comprehensive enough to describe the quality culture(s) of commercial radio? To what extent are the economic considerations of quality dependent on cultural norms?

The material of this research consists of 24 separate interviews with commercial radio program directors and morning show hosts from the US and Finland. Program directors were interviewed, because they are usually responsible for all matters concerning program quality at the station (Carroll & Davis 1993, 176–184). On the other hand, the morning show is traditionally considered to be the most important program for creating the audience, and the morning show host, i.e. the person who is hosting the morning program, plays a very central role in the station’s programming, too. This selection of interviewees provided both management and employee perspectives on quality from each station. In addition, on the basis of earlier research, the selection of Finnish interviewees made it possible to examine the changes in their conceptions of quality during past five years as well.
6.1.1. Selection of the US Interviewees

My initial plan for selecting the US sample for this research project in August 2001 was to contact five or six of those 11 stations whose employees were interviewed for *Radio in Search of Excellence* in 1985 (see chapter 3.9.) (McKinsey & Co. 1987, 2). This would have provided an interesting historical perspective, but it would also have been rather time-consuming and expensive. However, the terror attack to World Trade Center in New York on September 11, and the mysterious Anthrax-mail campaign in the US during the autumn 2001, forced me to reconsider the strategy for selecting the sample and arranging the interviews. Domestic flights and letters in the mail were suddenly turned into tools of terror: extensive traveling inside the US and unexpected mail were not considered safe.287 A new strategy of concentrating on the West Coast stations, which would minimize the need of traveling from Eugene, Oregon, where I was studying at the time, soon seemed to be in many ways the most rational option.

However, the three states on the coast of the Pacific Ocean are not all alike. California is a large, densely populated state with a distinctive lifestyle, while the states of Oregon and Washington together form a culturally consistent region, which is known as the Pacific Northwest.288 (Levo-Henriksson 1994, 50–51) These western parts of the former Oregon territory are linked to each other in many ways, not least because Portland, the largest city in Oregon, is located just on the state border next to Washington. For this reason, California was omitted and the sample was selected only from Oregon (3 million inhabitants) and Washington (5 million inhabitants). The idea was that the radio markets of these two mid-sized, northern states could also provide better comparability with the commercial radio markets in Finland (5 million inhabitants).

After two preliminary station visits in Eugene, the plan for selecting the US sample of six stations was developed into its final form in December 2001. Two of the stations would be selected from Eugene, Oregon, which in the US context is a mid-size radio market, and the remaining four would be selected from the two largest radio markets in the Pacific Northwest: Portland, Oregon and Seattle, Washington.289 It was also taken

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287 I also learned that my typically South Ostrobothnian family name from Finland, was sometimes suspected of being an Arabic family name from the Middle East.

288 The idea of the Pacific Northwest as its own cultural region was later confirmed by many of the interviewees. For example, Andy Manuel and Alan Budwill made references to the musical taste and special mindset of the region.

289 In the fall 2001, Arbitron ranked Seattle-Tacoma area as the 14th largest radio market in the US with an estimated population of 3 013 200 persons over 12 years
into consideration that in American context, Portland is a town with an exceptional number of News/Talk stations, while Seattle is an important city for new music. Letters requesting permission for a station visit and a pair of interviews were sent in early January 2002 to program directors of KKNU-FM (Country) and KDUK-FM (Contemporary Hit Radio/CHR) in Eugene; KEX-AM (Full Service) and KXL-AM (News/Talk) in Portland; and KNDD-FM (Alternative Rock) and KUBE-FM (CHR/Rhythmic) in Seattle. KKNU was a locally owned station with the number one rating in the Eugene market, while KDUK was number two in the ratings and owned by Clear Channel Corporation. KEX was also a Clear Channel station and number two in the ratings in Portland, while KXL was a competing station owned by a regional company. All documents available at the time claimed that a Seattle company, Ackerley Communications, owned KUBE and it was number three in the ratings in its hometown, but in reality the Clear Channel Corporation had acquired it already in October 2001 (Bishop 2001). The station had shared a significant number of common listeners with KNDD, which was owned by Philadelphia-based Entercom Corporation. Both of these stations were known for their raunchy morning shows.290 (Arbitron 2001; RAB 2001, 43–46; Radio & Records 2001; Radio & Records 2002; Brenneman 1999; Pierce 1999)

The idea was to create as balanced and diverse a sample as possible, consisting of different types of commercially successful stations from a very large market and two smaller markets in the Pacific Northwest. However, three of the six program directors declined the request, either by simply ignoring all my messages and calls, or more politely by citing the lack of time. Oddly enough, both stations first contacted in Eugene were reluctant to participate. The third station to decline the request was KUBE. Despite of this setback, the author was able to locate another Seattle-owned music station, Fisher Communication’s KPLZ-FM (Hot AC), which had a totally different kind of morning show,291 and was very popular among female

of age. Consecutively, Portland area was 25th largest market with a population of 1 841 900 persons, and Eugene-Springfield was the 144th market with a population of 275 600. (Arbitron 2001, 10–12)

290 Actually, in February 2002 the FCC ordered KNDD to pay a $14 000 fine for indecency, because the morning show host Andy Savage had offered concert tickets to listeners, if they would be willing to appear in the studio and use their own penises to pull or lift objects. (MStreet Journal 2002, 14) The transcript of this particular show and documents concerning the FCC decision can be found at the FCC website (http://www.fcc.gov).

291 The other morning show host of KPLZ, Alan Budwill is a former police officer, who described the Kent & Alan show by saying that “we’ve been able to span the realm of being nice but also being silly” (Lai 2001).
TABLE 4. A Summary of the US Interviewees

<table>
<thead>
<tr>
<th>Station and the interviewees</th>
<th>Status in the organization</th>
<th>Date of the interview</th>
<th>Radio experience</th>
<th>Background information</th>
</tr>
</thead>
<tbody>
<tr>
<td>KZEL, Eugene (Classic Rock)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debi Starr</td>
<td>Program director</td>
<td>Feb 11, 2002</td>
<td>19 years</td>
<td>Worked practically all her career in different positions at KZEL in Eugene.</td>
</tr>
<tr>
<td>Mark Raney</td>
<td>Morning show host</td>
<td>Feb 11, 2002</td>
<td>25 years</td>
<td>Worked earlier as a morning man also in Anchorage, Alaska and Phoenix, Arizona.</td>
</tr>
<tr>
<td>KODZ, Eugene (Oldies)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andy Manuel</td>
<td>Program director</td>
<td>Feb 14, 2002</td>
<td>28 years</td>
<td>Worked also in Chico, California and Portland, OR before returning to Eugene.</td>
</tr>
<tr>
<td>Liz Kelly</td>
<td>Morning show host</td>
<td>Feb 14, 2002</td>
<td>4 years</td>
<td>Started working in radio as a professional voiceover for the commercials.</td>
</tr>
<tr>
<td>KEX, Portland (Full Service)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michael Dirkx</td>
<td>Program director</td>
<td>Feb 19, 2002</td>
<td>30 years</td>
<td>Programmed several stations in Seattle and Chicago as a radio consultant.</td>
</tr>
<tr>
<td>Bob Miller</td>
<td>Morning show host</td>
<td>Feb 19, 2002</td>
<td>33 years</td>
<td>Former KEX PD, since 1984 the third morning show host of KEX in 60 years.</td>
</tr>
<tr>
<td>KXL, Portland (News/Talk)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>James Derby</td>
<td>Program director</td>
<td>Feb 20, 2002</td>
<td>18 years</td>
<td>Worked earlier in the smaller markets in OR, been PD at KXL for about a year.</td>
</tr>
<tr>
<td>Steve Leader</td>
<td>Morning show host</td>
<td>Feb 20, 2002</td>
<td>32 years</td>
<td>Started first as a DJ, last 22 years in news and at KXL since 1986.</td>
</tr>
<tr>
<td>Rebecca Marshall</td>
<td>Morning show host</td>
<td>Feb 20, 2002</td>
<td>12 years</td>
<td>Worked earlier at news stations in Chico, California and Salt Lake City, Utah.</td>
</tr>
<tr>
<td>KPLZ, Seattle (Hot AC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kent Phillips</td>
<td>Program director</td>
<td>Feb 25, 2002</td>
<td>28 years</td>
<td>Owns a third of the second largest radio ratings company in the US, Eastlan.</td>
</tr>
<tr>
<td>Alan Budwill</td>
<td>Morning show host</td>
<td>Feb 25, 2002</td>
<td>29 years</td>
<td>Ex-police officer, worked with Phillips for almost 20 years, first in Portland, OR.</td>
</tr>
<tr>
<td>KNDD, Seattle (Alternative Rock)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phil Manning</td>
<td>Program director</td>
<td>Feb 26, 2002</td>
<td>14 years</td>
<td>Worked his entire career at Alternative Rock stations. Before Seattle in LA, CA.</td>
</tr>
<tr>
<td>Andy Savage</td>
<td>Morning show host</td>
<td>Feb 26, 2002</td>
<td>23 years</td>
<td>Worked earlier in big markets around the US, came to Seattle from New Orleans.</td>
</tr>
</tbody>
</table>
listeners (Lai 2001; Radio & Records 2001). Subsequently, a station visit and research interviews were easily arranged on a rather short notice. In Eugene the selection of remaining possible stations was smaller, but fortunately the people at KZEL-FM (Classic Rock), owned by Cumulus Broadcasting (a station where I had already visited earlier) and Clear Channel’s KODZ-FM (Oldies) were able and willing to find a time for research interviews. The only problem caused by this arrangement was that both of the Eugene stations in the sample were owned by large, nationwide corporations. On the other hand, this also reflected the concentrated nature of commercial radio ownership. All the research interviews in the US were undertaken between February 11 and February 26 in 2002. Consequently, though there was a plan that guided the process of choosing the stations, the actual selection was also affected by chance. As a result of the decision to concentrate on commercially successful stations in large and mid-size markets, most of the American interviewees were rather experienced professionals (Table 4.).

6.1.2. Selection of the Finnish Interviewees

The starting point for selecting the Finnish sample was my licentiate thesis (Ala-Fossi 1999, 65–68). The author interviewed a total of eight Finnish program managers or managing editors of locally operated commercial radio stations in the spring of 1998. My idea was to interview at least some of the people from the earlier sample again to get a historical perspective, and to find out how their opinions had possibly changed during the subsequent years. However, I was not able to continue full-time research until September 2003, about a year after returning to Finland. As a result, the plan for defining the Finnish sample was not finalized until late in October 2003, after I had contacted seven commercial radio stations by phone and asked about the possibility of visiting and conducting research interviews during November 2003.

Radio Rex in Joensuu, Northern Karelia was selected in the earlier sample in 1998 almost purely by coincidence (a business trip to Joensuu). Five years later, it was still operating as an independent, locally owned commercial station in that provincial town near the eastern border of Finland. Radio Simsiö 969 – or more currently, Iskelmä 969 – was also a locally owned station, which was programmed by a subcontracting company. The same company now operated five different commercial stations under one roof in the small town of Lapua, South Ostrobothnia, not far from the author’s home. Radio Vaasa on the West Coast of Finland was selected in the earlier sample mainly for two reasons: it offered bilingual programming, and it had ownership connections to nationwide Radio Nova. Although the former main
## TABLE 5. A Summary of the Finnish Interviewees

<table>
<thead>
<tr>
<th>Stations and the interviewees</th>
<th>Status in the organization</th>
<th>Date of the interview</th>
<th>Radio Experience</th>
<th>Background information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iskelmä 969, Lapua (Iskelmä)</td>
<td>Program manager/ Managing editor</td>
<td>Oct 30, 2003 (May 4, 1998)</td>
<td>18 years</td>
<td>Owns half of a company that runs four local stations and one regional station.</td>
</tr>
<tr>
<td>Kai Pöntinen</td>
<td>Program host, subcontractor</td>
<td>Oct 30, 2003</td>
<td>9 years</td>
<td>Former teacher, worked his entire radio career as a subcontractor at the same station.</td>
</tr>
<tr>
<td>Jyrki Yliniemi</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hippi Hovi</td>
<td>Program host</td>
<td>Nov 4, 2003</td>
<td>1,5 years</td>
<td>University student, started as an intern at Radio Vaasa, works only part-time.</td>
</tr>
<tr>
<td>Riitta Kujala</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio Salminen, lisalmi (Local/Adult/Mixed)</td>
<td>Managing editor, CEO</td>
<td>Nov 12, 2003 (Jun 4, 1998)</td>
<td>14 years</td>
<td>Since 1998 a shareholder and CEO in a company, which runs three local stations.</td>
</tr>
<tr>
<td>Hannu Ala-Pappila</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anssi Saarelainen</td>
<td></td>
<td>Nov 12, 2003</td>
<td>3,5 years</td>
<td>Started as an intern at Radio Rex, and studied communications in Outokumpu</td>
</tr>
<tr>
<td>Radio Rex, Joensuu (Local/Adult/Mixed)</td>
<td>Managing editor, CEO</td>
<td>Nov 13, 2003 (Apr 1, 1998)</td>
<td>15 years</td>
<td>Radio entrepreneur since 1995, also a second station in co-operation with SBS.</td>
</tr>
<tr>
<td>Seppo Mustonen</td>
<td>Program host</td>
<td>Nov 13, 2003</td>
<td>3 years</td>
<td>Studied communications in Outokumpu, started in family business after graduation.</td>
</tr>
<tr>
<td>Liina Mustonen</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hermanni Seppälä</td>
<td>Morning show host</td>
<td>Nov 18, 2003</td>
<td>10+ years</td>
<td>Started first at Radio City, worked for YLE R. Mafia until the launch of Radio Nova.</td>
</tr>
<tr>
<td>Ile Jokinen</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kiss FM, Helsinki (HotAC/AC)</td>
<td>Program director$^{295}$</td>
<td>Nov 24, 2003</td>
<td>15 years</td>
<td>Started his career in Joensuu, worked earlier as the executive producer [päätuottaja] at Radio Nova. Ex-music DJ, worked his entire radio career for Kiss FM since the launch of the station.</td>
</tr>
<tr>
<td>Pasi Pipponen</td>
<td>Morning show host</td>
<td>Nov 24, 2003</td>
<td>8 years</td>
<td></td>
</tr>
<tr>
<td>Timo Salonen</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
owner of the station had withdrawn from the radio business (see chapter 4.11.1.) (Journalisti 10.11.2000), the key people from the earlier Radio Vaasa owned and operated a new station under the same name with a new license. Radio Salminen in Iisalmi was selected in the earlier sample in 1998 because its employees had just recently bought the company. Despite the expansion of their business operations, the station was still operated by independent local owners. The four people on these stations who had been interviewed five years earlier all agreed to be interviewed again, and the repeated selection of these stations also preserved the eastern and western geographical extensions of the earlier sample. At the same time, the continuing existence (and expansion of the operations) of these stations was understood as a sign of certain commercial success at the local and regional level. In addition to these provincial commercial radio stations in local and regional markets, the Finnish sample of six stations obviously needed larger radio stations from the biggest cities of Southern Finland to be more balanced. I first contacted the pop and rock chain of SBS Finland, which operates local stations in all of the major cities in Finland, but unfortunately the newly appointed program manager of the chain could not find time for a research interview. However, the author was luckier with another SBS station, the semi-national Kiss FM (Hot AC/AC) as well as with the only nationwide commercial station in Finland, Radio Nova (AC/Hot AC). These two were also the leading commercial radio stations in Finland in terms of daily reach among Finnish-speaking listeners over 9 years of age. Thanks to their extensive geographical coverage, the number of their potential listeners and their market size can be compared directly with the Seattle market stations in the US sample.  

292 Kai Pöntinen owns a total of seven different companies with his business associate Hannu Harju. In addition to the radio business, their companies also operate in the information technology sector. Pöntinen is also the first vice-chairman of the town council of Lapua, representing the National Coalition Party. (RAB Finland 03.11.2003; RAB Finland 07.03.2003).

293 Hermanni Seppälä is also a partner in Opal Production Oy, a programming subcontractor of Radio Nova (Opal 2003)

294 In the interview Jokinen did not mention the exact year when he started his career in radio.

295 Piipponen uses English-language Program Director as his title on his business card, but on the Kiss FM website he presents himself in Finnish as ohjelmapäällikkö (program manager).

296 According to Finnpanel, Finland has an estimated population of 4 412 000 Finnish-speaking people over 9 years of age (Finnpanel 2003a). Consequently, about 3 455 000 persons of this population live in the Kiss FM coverage area (SBS Finland 2003a). The largest of the regional radio markets in Finland is the capital market (Helsinki, Espoo, Vantaa and Kauniainen) with a population of 805 000 persons over 9 years of age (Finnpanel 2003b).
In addition, these two stations had some other similarities\textsuperscript{297} with their US counterparts, which made the choice even more meaningful.

The process of arranging the interviews in Finland was much easier than in the US. Program directors or managing editors were rather easy to reach by the phone and their general attitude towards academic research on commercial radio was quite positive. An interesting detail was that where the American interviewees had a much more homogenous selection of titles, the people responsible for programming in the locally operated Finnish commercial stations used titles like managing editor or journalist, which are more typical of newspapers (see chapter 4.7.). These stations also did not have a regular morning show in the same sense as their US counterparts, and the host of the morning program could also have other kind of shifts. However, Radio Nova and Kiss FM had a special morning show with the same hosts every morning, and the people responsible for programming at these stations were also called program directors. As noted earlier, the tradition of commercial radio in Finland is not yet very long, and this resulted in at least two characteristics in the sample. Many of the local radio pioneers are still in business, but on the other hand, none of the interviewees had more than 20 years of radio experience (see Table 5.).

6.1.3. Thematic Structure and Questions for the Interviews

The process of the focused interviews began with a re-examination of the basic structure of questions that I had used in my licentiate thesis (Ala-Fossi 1999, 68). All questions from that were specific to the earlier project were set aside. After these items were deleted, there were 14 more universal questions about the organization and evaluation of program operations in a radio station, which were then translated into English\textsuperscript{298}. Another important resource for creating the structure of the questions was the 1985 survey questionnaire that had been made by the NAB in co-operation with McKinsey & Co. This survey used a list of 27 different radio management principles, which the respondents were asked to rate on a scale of one to five. (McGuire 1987b, 53–55). Based on these “principles of excellence” the author created 23 new questions to determine how the respondents identified or defined quality in their daily work and station program operations. Finally,

\textsuperscript{297} In 2000, Kiss FM had to give an official explanation to the Finnish authorities about an alleged live broadcast of a group sex act (cf. KNDD). On the other hand, Radio Nova is known as a nice, smooth station (like KPLZ) (Ala-Fossi 2001, 6–8).

\textsuperscript{298} Questions number 03 and 04 as well as questions from 12 to 23 are practically the same as in the interviews conducted in 1998.
all 37 questions were organized into seven different groups. The first group was mostly about the basic objectives and values of the station, while the rest of questions were organized into groups according to the six different quality perspectives of the quality management theory.\textsuperscript{299} The structures of questions for the interviews both in English and in Finnish are compiled in Appendices 1 and 2.

The linguistic correctness of the English version of the questions was carefully checked, but the translation still caused some misunderstandings in the US interviews. The problems were caused by the words program production, which are more or less direct translations of the Finnish word ohjelmatuotanto. However, in the US context the word production in radio can also be connected to in-house production of commercials or so called production elements – short bits of promotion or station identification.\textsuperscript{300} On the other hand, in the Finnish context all these additional program elements have often been called jingles (for example Ala-Fossi 1999, 142–143), although originally this American term designated a short station identification element performed by a singer or a group of singers. The difference between jingles and the other production elements became very clear in the first interview, but the original wording of the question 19 was not changed, because the questions were not repeated in exactly the same form in every interview.

When the English version of the questions was later translated into Finnish in October 2003, the most problematic word to translate was the word involved in question 35. The primary and direct translation for this particular word would have been sekäantumut, but this word has a rather negative tone or connotation in Finnish. On the other hand, involvement could be translated into osallistuminen, which in Finnish is the same as participation. After considering the options, the author came to the conclusion that these translations could have been somewhat limited and perhaps even misleading. Consequently, the idea of getting involved in the community was finally expressed with two different Finnish words – syventä (to absorb) and kiinnittyä (to attach).

The only question, which had to be especially adapted for the Finnish context was question 36, about how the station serves the public interest. In the US this requirement for private radio broadcasting licensees has been

\textsuperscript{299} All this was done in November and December 2001, almost two years before development of the integrated theory approach, which also includes quality management theory.

\textsuperscript{300} See Appendix 1, question 32. In at least in one interview (Budwill) this caused some minor confusion.
in the law since 1927 (see Appendix 3), but in Finnish law there has never been a similar requirement (cf. chapter 4.2.). However, certain general, and also specific, public interest requirements for private radio licensees have been a part of their licensing conditions (cf. chapter 4.7.), and they have been expressed in detail in the license document of each station (see Appendices 4–7). For this reason, the Finnish interviewees were not asked just about serving the public interest in general, but about meeting their specific licensing conditions.

6.1.4. The Methods and Settings of the Interviews

All the interviews were semi-structured, focused interviews, so that if necessary, I revised the order and the wording of the questions. The questions were originally addressed to the program directors, so that when the employees were interviewed, the form of each question was adapted to the situation. I also asked additional questions about the most interesting matters, which came up along the way, or certain things that were specific to that station or that person. Similarly, when they did not make any sense in the context of a specific interview, I omitted such questions: for example, people at the news-talk stations were not asked questions about their music policy and playlist. (Tuomi & Sarajärvi 2002, 76–80)

In Portland and Seattle I was able to observe the work at the studio in the morning before the interviews, and at KXL, Portland I was also allowed to observe an aircheck after the show.301 However, in order to ensure the availability of the subjects and schedule of the interviews, the original plan to observe the production of the show was cancelled before any of the Finnish stations were contacted. However, Jyrki Yliniemi and Riitta Kujala were both interviewed while they were in the process of hosting their shows. With one exception302, I also prepared for each interview by listening to the morning show or other available program of the particular station. The first four hours of the morning show of each station in the US sample were recorded on tape in order to provide material for possible program analysis, but in the end these tapes were used only to support the qualitative analysis of the interview material.

My basic intention was to create a similar, relaxed interview setting as I had in the 1998 research project. Practically all the interviews were conducted

301 In addition, while I was preparing the research interviews, I spent the morning of December 12, 2001 at the KZEL studio in Eugene and observed the making of their morning show.

302 It was practically impossible to listen Kiss FM on a train to Helsinki, and I live in a region where the station did not yet have coverage, even in the digital television network, at the time of the interview in November 2003.
by the author at the stations, with one exception, which was conducted by
the author partly in a car on the way to a bank and back to the station in
Seattle. Each person was interviewed separately, except the KXL morning
duo of Steve Leader and Rebecca Marshall, who preferred to be interviewed
at the same time. As a group, radio professionals are probably the least afraid
of a microphone and quite comfortable with an interview situation. The
recording equipment was placed in such a way that it was visible, but so that
there was no need to hold the microphone at any time. In most cases, the
interviews went smoothly, and the structure of questions worked as a useful
guideline for discussion. One cultural difference became clear already during
the station visits: in Finland, someone offered the author a cup of coffee at
each and every station. On the other hand, the US interviewees did not offer
anything to eat or drink, but they were eager to give away some promotional
gifts like t-shirts.

In it’s shortest form, a research interview lasted about 30 minutes, and
the longest single interview lasted 1 hour and 13 minutes. The average
length was approximately 45 minutes. The estimated total length of the 24
interviews was about 18 hours. The interviews were recorded first on C-
cassettes or Digital Audio Tapes (DAT). They were subsequently re-recorded
on a computer hard drive and saved as WAV -files. In this form, the material
required about 6 gigabytes of disk space. The author (who transcribed all the
US interviews) and research assistant Tiina Pauhu (who transcribed all the
Finnish interviews) then turned these audio files into almost 400 A4 pages of
single-spaced text. When added to the transcriptions of the 1998 interviews,
the total text material for the research consisted of 436 single-spaced A4
pages.

The primary goal of the transcription process was to document as
accurately as possible what was actually said in the interview situation.
There were several reasons why the manners of speaking and non-verbal
expressions of the interviewees were not transcribed with similar detail. First
of all, I took a factist perspective approach to the data, which means that the
interactive situation in which the words and signs were produced was not
considered to be useful material (Alasuutari 1993, 80–94; Alasuutari 1995,
47–62). A different approach could have caused language problems. I am
Finnish and I speak English as a second language, but probably not well
enough to transcribe all the non-verbal nuances of the American interviews.
Because I was mainly interested in the manifest content of the speech of the
interviewees, there were no practical reasons to include all possible details
in the transcription, and so I asked my research assistant to keep the Finnish
transcriptions fairly simple as well. This is why, for example, the emphasis
and pace of the speech, as well as intonation and voice volume, were left out of the transcriptions. However, all variations of laughter, wavering, stammering, and pauses in the speech were transcribed from both the American and Finnish interviews.

6.1.5. The Methods of the Analysis and the Structure of the Report

As mentioned earlier, I used quality management theory in the early stage of this study to inform the multi-perspective approach about quality conceptions in commercial radio, and as a tool for creating the structure of the research interviews. This theory was later merged into the integrated theoretical approach presented in chapter 5.7. These theories together provided a general framework for analysis and offered important suggestions about which matters would belong to each quality perspective. Moreover, I was especially interested how the interviewees themselves conceptualized quality issues and expressed these ideas. That is why I also used a grounded theory approach for the analysis of the interviews (Alasuutari 1994, 83; Tuomi & Sarajärvi 2002, 102–104, 111–112), so that the typologies and categories for issues that were pre-selected for each quality perspective (on the basis of the theory) were developed on the basis of the data — the spoken responses of the interviewees.

Briefly, the transcribed material was next compiled into detailed notes and analyzed using the methods of qualitative content analysis (Tuomi & Sarajärvi 2002, 111–115; Alasuutari 1994, 75–79; Alasuutari 1995, 42–46). In practice, I started with reading through the transcriptions of the American interviews. It was easier to start the process with the earlier material, because I had just transcribed those interviews myself. After this preliminary reading, I read the answers for the first group of questions from each transcription separately. At this stage, I identified the most essential part of the each answer and wrote a detailed summary of it. I processed the transcriptions this way in the same order as the interviews were originally made. In this way I compiled a condensed version of the answers given to the first group of questions into a separate document, where the answers were organized according to the interviewee: the answers given by each person to the same group of questions were placed one after another. During this process, I usually got a feeling or an early idea about the conceptual patterns of the answers. I also made a special a note of those answers, which seemed to be especially illuminating. In addition, if an answer clearly contained references to the topics in the other questions, they were mentioned in the summary document with a separate note.
The next stage was to compile all the answers given to the same question into text document. This was done by cutting and pasting the text documents on the computer screen. The answers were again organized according to the order of the interviews. In an ideal case, all 12 answer summaries could be fit into one or two pages, which were then printed out. I then re-read these summaries and marked the key words in each summary with a yellow highlighter pen. After identifying the key words and concepts, I looked for similarities and differences between the keywords of different answers. Whenever I found a connection between the concepts, I marked that by drawing a similar geometric figure (circle, triangle, square, etc.) over the highlighted words with a black pen. Finally, I connected all the similar figures with lines. In this way, I was able to produce a simple visual presentation of how the different interviewees had conceptualized the issues, and what different sort of lines of thought could be found.

During the process, I analyzed all the answers given to the same group of questions concerning a specific perspective on quality in a similar way, and tried to discover all the typologies and perspectives emerging from the data. At the same time, I was also looking for certain aspects of quality conceptions, which the integrated theory suggested to be typical for each quality perspective. After identifying all my findings, I started to write and organize the analysis into the form of a report. At this stage I also went back to the original transcripts to read them again and find those eye-catching excerpts that had earlier aroused my interest.

In the very first round of this analysis, I noticed that the first four questions of the interview structure (basic objectives and values), which were also supposed to be the “warm-up” questions, provided information concerning the ideas of socially oriented quality (question 01) and product oriented quality (questions 02 and 04, to some extent also 03). That is why the answers to these four questions were not analyzed separately. Instead they were associated with the quality perspectives mentioned above. The structure of the following chapters (from 6.2. to 6.7.) was then organized according to the six quality perspectives presented in chapter 5.7.2., so that each of the chapters concentrates on one quality dimension. I tried to finish the analysis of one perspective, before I started with the answers to the next group of questions and the next perspective to quality. However, now and then I also had to return to my earlier text as well as write something in advance, because for the interviewees the different theoretical dimensions of quality overlapped many times.

Because there were 37 questions in seven different groups, I produced seven documents containing condensed summaries of the American
transcripts, as well as 37 documents about the key words and central concepts of the interviewee responses. I first worked my way systematically through the American material, and I wrote all six subchapters about the American interviews before starting with the Finnish material. Then I repeated exactly the same procedure as described above with the Finnish transcripts, which meant again writing seven summary documents and 37 separate documents of the interviewee responses, as well as their analysis. After finishing the Finnish subchapters about each quality perspective, it was time to do some comparison. First, the answers of the four Finnish interviewees, who had also been interviewed in 1998, were compared with their earlier answers, which were analyzed basically in a similar way as the other interview material. After writing this analysis, the Finnish results were finally compared with the American results. In this way, every chapter was divided into three parts. The American answers and conceptions are examined before Finnish ones, and at the end of each chapter these two are compared and analyzed together more closely to find common trends as well as cultural differences. The final part of the chapter also contains the Finnish comparison between the earlier and later material.

6.2. Production Oriented Quality

6.2.1. Counting on Consistency, Preparation and Control

American commercial radio professionals appreciated consistency of programming as a very important value, but the relation to consistency was also complicated. While on the one hand “radio is all about consistency” and the programming should be as consistent as possible to be successful, on the other hand there should always be a certain amount of change to keep things fresh. For example, Mike Dirkx and Bob Miller were both very proud of the heritage of their station KEX, which had been doing basically the same type of programming for a very long time. Miller had been their morning show host for almost 20 years, and he was only the third morning man at the station during the past 60 years. This kind of external consistency as *longevity* was also understood to be a part of their success, and an important reason for the continuing existence of the station. However, Dirkx had just recently revised all the format clocks of the station to make it sound more fresh and interesting, trying at the same time not to make changes that were

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303 However, in May 2003, Bob Miller left KEX and moved to a competing station KPAM in Portland, which offered him a better contract. It was estimated that Miller’s earlier contract with KEX was worth of $ 250 000 annually, which made him one of the highest paid radio personalities in Portland. (Strom 2003)
too radical. Although the program flow still offered internal consistency as compatibility in its elements, James Derby at KXL was quite sure that these recent format changes were going to have a negative effect on KEX.

I mean programmingly – they’re nice and easy on the air. It is an easy station to listen for, but all the changes they’ve made recently will hurt them eventually, because change does hurt. People think change is good – well, it is good, but it is also disruptive. And in radio you don’t want to be disruptive. I mean, you have to sometime, but it is a process to build it back up again. They know they’ll go through that now.

The simultaneous need for consistency and continuous change was obvious at the music format stations, too. Even stations playing a basically unchangeable selection of already proven music – like popular hit songs of the past decades (Oldies) or so called classic rock – were researching their music with a test audience in order to fine-tune their playlists: which songs should be played more often in the future, and which have now worn out their attraction among the test audience because of excessive airplay. On the other hand, it was more difficult for these stations that play old music to keep their sound fresh. Consequently, the idea of consistency always includes the element of constant and strictly controlled change within the original, consistent framework.  

The most important means of avoiding defects or uncontrolled deviations in programming at every level was preparation. This was just as true for programming a whole music radio station as it was for planning a single morning show, because preparation was a part of a general professional approach. On the one hand, there was an effort to meet the target audience expectations, while on the other hand there was an effort to meet personal professional standards. According to Kent Phillips, on a station level it first meant selecting the most popular music for the target demographics through research, finding the right kind of personalities and targeting the promotions. On a personal level preparation was mostly about planning, checking and rechecking as well as really finding out about things what you were going to do or talk about on the air. Rebecca Marshall had a rule of thumb, “proper preparation prevents poor performance” and this kind of emphasis was especially strong among news-oriented interviewees. However, despite of all the precautions, mistakes and technical difficulties did still happen on the air, but the damage was minimized by moving on to the next item in the show, and getting back to it later, if necessary. This was probably the main defensive system against defects in news programming. It was easier for the

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304 Cf. MacFarland 1997, 14. See also chapter 2.4.
305 Cf. Tuominen 1992, 109. See also chapter 4.7.3.
hosts of other types of shows to consider a few mistakes to be just a natural part of their human activity. Moreover, they made fun of their own obvious mistakes on the air, like Alan Budwill. Consequently, even the “defects” may increase the entertainment value of the show. If the errors were unconscious or unnoticed by the program hosts, a program director could bring them up after the show or in an aircheck session – a quality control meeting, where the show was discussed afterwards.306

In practical assembly of programs, different digital pre-recording and editing systems were constantly used to edit the content and cut away unnecessary stammering or other unwanted elements. At every station, each and every phone call that was played on the air in otherwise live morning show, was prerecorded and edited. A live listener phone call in a live broadcast would have been an exception. The practice of filtering and editing listener responses certainly helps the program hosts maintain a certain pace, but it also gives them more power to control the content of the show and the live situation. The ultimate control could have been achieved through voice-tracking the shows in advance, which totally wiped out the unpredictability, and flexibility of the broadcast content, where both the music selection and DJ have been recorded on a hard drive in advance. However, the primary reasons for extensive use of voice-tracking, for example on KODZ and KZEL, were obviously more about reducing the costs than increasing the control over content.

Although computers and other kind of digital devices were very important in maintaining and controlling the carefully planned sound of a station without a risk of human error, the increasing reliance on computers may have actually magnified the difficulties in a problem situation. A computer system does not understand by itself what would be the proper reaction in a particular situation, and that is why with the computer it may take longer to fix problems, when compared to a human DJ. These systems are also vulnerable to many sorts of problems, from power outages to computer viruses. When the system crashed, the station was suddenly not only without its music database, but also without the voice-tracked personalities who had prepared their show on the computer hard drive. Computer problems were not rare, and every station had music CD’s as a back up. However, the records will not be played by themselves. This is why Andy Manuel and Mike Dirks, for example, defined their approach to defect prevention as a combination of computer systems and human professionals taking care of their duties. Computers may be the tools of quality control, but the program director and the department directors also can be seen as a part of a control

306 See chapter 6.4.1.
system. They are expected to supervise their employees and let them know how to do their jobs right.

None of the stations in the sample did not use such precautions as delaying the live broadcast signal, which would allow them to prevent broadcasting unwanted words or expressions in live situations. KNDD morning host Andy Savage reported that they used digital editing to delete swearing from their listener calls, and the station also avoided broadcasting any names of human reproductive organs as well, mostly because the FCC had just given the station a $14,000 indecency fine. This incident had produced certain double standards. On the morning before the interview, the station had promised free concert tickets to a female listener, who would make a “booty call” through the radio station to their unsuspecting husbands or boyfriends. In other words, the idea was to provoke the female callers to have phone sex with their male partners in public. The call was pre-recorded off the air, and subsequently it was played over the air on the morning of the interview, so that all the risky words had been replaced with beep-sounds. Although this probably did not violate the FCC standards, from an ethical standpoint it could be considered sexist and an insulting approach to women.

In general, the bigger stations in the larger markets were better prepared to continue operations during unusual conditions than the smaller ones. A transmitter failure at most of the sampled stations would go almost unnoticed by the listeners, because a back-up transmitter would be switched on automatically. A power outage was not going to silence KPLZ, for example, because the station was prepared to operate for a week using its own propane generator, if necessary. It seems that the level of corporate investment in the technical back-up systems of the radio station was the result of a rather simple input-output analysis. In the larger markets, the financial risk of losing advertising income when the station is off the air is bigger, and so it makes sense to ensure that the large stations can stay on air. The both large and small news stations also had another reason to stay on the air: a news station that is not available when it is needed most, is in great danger of losing its credibility. In terms of advertising income, the stakes in the smaller markets were not so high. Even a longer period off the air would not result in such a high degree of financial loss, because the price of advertising is lower. And when a smaller market music station may not be taken seriously as a source of information anyway, the owners are not interested in investing in “insurance”. For example, KZEL in Eugene had absolutely no back-up equipment, and just few days before the first interviews a strong windstorm

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307 This detail was later verified through a recording of the KNDD morning show, made that morning by the author.
caused a power outage that knocked the station practically off the air (running with reduced power only) for about 40 hours.\textsuperscript{308}

Under normal conditions, the overall technical quality and broadcast sound of the stations was so stable\textsuperscript{309} that most of the complaints from listeners were usually about the program content. On stations with less controversial or opinionated programming, the number of complaints was usually considered to be rather small, although they also got complaints about quite unexpected or surprising matters. Consequently, on stations with conservative talk shows or a more daring morning shows, the majority of complaints were about these programs.\textsuperscript{310} Listener complaints in general were not considered to be a very negative issue, because it was seen impossible to please everybody. Some of the respondents even said that if the station did not get any complaints, there probably would not be any listeners, either. The interviewees also said that it was important to answer all complaint calls, and clear up possible misunderstandings immediately on the phone, if possible, so that the listener would not be too upset – or contact the authorities instead. Although one letter of complaint by a single listener to the FCC had been enough to trigger the investigations about indecency in KNDD programming, no program director was really willing to adapt or change their program policy after just a few complaints, because the listeners could always choose another station. Phil Manning put it this way:

> It is not advisable to become antagonistic with a listener – [the] listener is a customer, and in a service world the customer is always right. You know – as much as you want to pop them in the nose, they have the right to say what they want to say and it is in my best interest to frankly coward in the corner – and say: I understand your concern. I will address it or look into it. And you have to be very vague and generic – you know – and if you’d like to check back in with me to see what action if any I have made, feel free.

\textsuperscript{308} The windstorm in Eugene on February 7, 2002 was actually the strongest in the area in last 40 years. (NWS 2003)

\textsuperscript{309} Cf. Carroll  & Davis 1993, 188.

\textsuperscript{310} In June 2002, a Portland-based organization called The Coalition Against Hate Radio protested against a conservative talk-show on KXL claiming that it regularly promotes racism and hatred towards minority groups. Program Director James Derby argued in a newspaper interview that everybody has a right to protest, but if the ratings remain good, it shows that the majority of listeners like the program. (Dunn 2002)
6.2.2. Fostering the Live Tradition, Directing Formatted Regeneration

There were two main differences in the approach to consistency among the Finnish interviewees. The first approach was mostly concerned with external consistency in programming, relative to the station’s past performance (consistency as longevity), by continuing the tradition and established ways of doing things, and less concerned with the internal consistency of daily programming content (consistency as compatibility). The general idea was that a certain degree of diversity and variety of the content was not only tolerated, but also encouraged as a part of consistent operations.\(^{311}\) Perhaps the most typical example of this first approach was Radio Vaasa, which tried in many ways to be “an old-fashioned local radio” where differences and a certain amount of variety were accepted. A primary manifestation of this tolerance was the fact that the station was bilingual: all the DJs used both Finnish and Swedish on the air whenever necessary.\(^{312}\) Traces of this kind of traditional approach were found in all of the smaller stations in the sample. For example, people at Radio Vaasa, Radio Salminen and Radio Rex were eager to emphasize both the musical variety of their playlist and the variety of different forms of local programming they offered. However, the importance of staying externally consistent and true to what the station had done before had not always been obvious, even for the local stations. For example, after 1998 both Radio Vaasa and Radio Rex had taken part in the unsuccessful semi-national Radio Plus-network.\(^{313}\) Moreover, when Radio Salminen was able to buy its neighboring station, Oikea Asema from Kuopio, they decided to try something totally new in programming. According to Hannu Ala-Pappila, this proved to be a bad strategic mistake.

It was a big blunder, which we did not really understand at that stage when we started the experiment. We thought that lets do this in a cost-effective way and take a full advantage of everything – at that time we had two production teams, Kuopio and Iisalmi – and we thought that if all these skilled people are set to produce the same program flow, we’re going to get as much content and color as possible. And we tried to make regional Radio Salminen, which did not work. We got that feedback from the listeners, but also from the advertising clients that it was not a proper operations model for a local radio station. And now, afterwards I have to admit that it really was not suitable for us. [Translated from Finnish by the author]

\(^{311}\) Cf. Lowe 1992b, 143.
\(^{312}\) Cf. the programming practices of Radiola, see chapter 4.1.
\(^{313}\) See chapter 4.11.1.
At Kiss FM and Radio Nova, the primary emphasis on consistency was more on the internal consistency and compatibility of programming and the production of program flow. For example, Kiss FM had deliberately departed from its original idea of being a station primarily for young people, but at the same time it was prepared to stick to the given playlist even during a computer failure. In this categorization, Iskelmä 969 with Iskelmäradio Pohjanmaa was an interesting hybrid. They offered a very consistent selection of mainly one genre of music, but the airplay of that music was controlled through listener requests and DJ selection, instead of a “normal” pre-programmed playlist.

In a similar way, there were two different main approaches to avoiding defects, which could be called the pre-industrial and industrial approaches. At the smaller stations, the most important ways of avoiding defects in production were the shared, but unwritten professional tradition, a common way of doing things and a mutual trust in each other. In a way, the number of defects was also kept low with a rather permissive approach: there was more than one way to do things right. In addition, human errors were prevented through keeping the things as simple as possible, and by using computers. Doing an aircheck and preparation in advance were both mentioned in the smaller stations, but only as means of personal defect prevention, not as a station-wide approach. At the same time, most interviewees at the two larger stations mentioned the station’s written “on air policy” as a means of maintaining and teaching the right procedures. For example, for Hermanni Seppälä the on air policy was a “pretty strong” system for preventing any errors. On the other hand, both morning show hosts Timo Salonen and Ile Jokinen felt that any small mistakes or blunders in a live show were actually new possibilities which they should be able to turn to their own benefit. Salonen argued that you could say anything, if it’s entertaining: and if you make a mistake, you should be able to throw yourself in and make the most of out of it, instead of cutting them off from pre-recorded interviews.314 Jokinen also said that he had been joking about deliberately mispronouncing the names of any French or Italian songs in order to get the listeners to advise him on how to pronounce them right. Both larger stations also monitored their morning shows using air check sessions. At Kiss FM, they were done for every DJ once a week, while the morning team of Radio Nova had two airchecks a week.

Depending on the station, digital pre-recording and editing systems were used primarily either for defect prevention or controlling the broadcast time and space. Listener phone calls were an interesting case, because at Radio

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314 Preparation was not separately mentioned as a means of avoiding defects, but Kiss FM, for example, used pre-written scripts for their morning show.
Nova and Kiss FM they were practically always filtered. During its first three years Radio Nova took listener calls only in one special show, but the amount was increased after revisions in programming in 2000. According to Hermanni Seppälä, Radio Nova DJ’s pre-recorded and edited listener calls only if no (operative) producer was available to pre-interview the callers before putting them on the air with the host (cf. chapter 4.11.2.). Kiss FM had some live phone calls in the morning show, but otherwise all listener phone calls were prerecorded. The basic reason for this was that putting the listeners on the air were seen as a risk to the internal consistency. Filtering, recording and editing the calls was a way to make the calls shorter, and also to keep the possible “semi-lunatics” off the air, as Pasi Pipponen put it. Otherwise these larger stations were running a live broadcast throughout the day. For example, Radio Nova’s morning show host Ile Jokinen emphasized the importance and value of a live broadcast and the real time presence of the host.

However, Radio Salminen ended up with exactly the opposite solution. Most of the DJ speech, interviews and other spoken elements were voice-tracked or prerecorded, although the DJ was also at the studio during the morning show, while the listener contests and listener calls were always live and unfiltered. Anssi Saarelainen argued that he personally preferred doing a live broadcast, and even if he used voice-tracking, he usually never edited any of the mistakes in his own speech unless there was a factual error. The idea was that a little stammering or wavering would make it sound more natural or live. The same principle was in use at Iskelmä 969, where absolutely everything was voice-tracked in advance on a computer hard drive. Kai Pöntinen instructed his hosts to continue to consider the broadcast to be live, and not to re-record or edit their speech unless there was false information. The main reason for this total voice-tracking and broadcast delay that it made it possible to digitally create two non-simultaneous versions of one program flow with different commercials. As a result, voice-tracking and digital recording techniques at Radio Salminen and Iskelmä 969 were used more as methods of just time-shifting, rather than defect prevention.

The belief in the absolute or added value of a live broadcast when compared to a voice-tracked show was also strong elsewhere. According to Hippi Hovi, having live shows with a live DJ was an essential part of making traditional local radio. – However, Radio Vaasa used also voice-tracking to take care of the weekends. Radio Rex had no voice-tracked shows at all, partly because it’s on air system did not have that option available. Seppo Mustonen said that their present system offered a lot of possibilities for using pre-recorded programming elements, so voice-tracking was actually not that
important. For example, the weekends at Radio Rex were hosted live by his
daughter Liina Mustonen, who thought that voice-tracking would have been
a bit like cheating, without any added value for the local listeners.

Most stations in the Finnish sample did not have any backup power
systems, other than a UPS (Uninterruptible Power Supply) system for the
computers. This was seen as a sufficient level of preparedness, because
power outages were not very common. For example, Seppo Mustonen said
that he could not remember a single blackout in the Joensuu city center for at
least nine years. On the other hand, Radio Rex had many small transmitters
in the area, so the investment for a complete backup generator system would
have been way too massive in comparison to the risk. The structure of the
distribution network of all stations except Radio Vaasa was composed of
several, or at least more than one transmitter, and on smaller stations they
were usually not backed up, either. As a consequence, if something happened,
smaller stations usually had no means to get on the air by themselves. In
2003, a single windstorm caused a lot of damage to trees in Lapua, knocking
Iskelmä 969 and all of its sister stations off the air for six hours. Later in that
same year, the regional version of Iskelmä 969, Iskelmäradio Pohjanmaa,
was silenced for 8 hours because a power shovel accidentally cut the only
optical cable connection between their studio and the transmitter. However,
the two largest stations in the sample, Radio Nova and Kiss FM in Helsinki,
were prepared to keep broadcasting during a power outage. Alma Media
has its own backup generator system for all the MTV3 units in Pasila, and
according to Hermanni Seppälä, Radio Nova was continuously on the air all
the time during the capital region blackout in August 2003. Radio Nova
also had a second on air studio in reserve in their own building, in addition
to the possibility of moving their broadcasting unit into the nearby building
of the distribution company, Digita. SBS Finland was prepared to generate
power for its two stations in Helsinki, Kiss FM and Radio City, which were
located in the same building.

Failures of the computer systems were common technical problems for the
Finnish stations. Practically all stations had CD’s and CD–players, and were
prepared to use LP-records and record players in the studio in an emergency
if the digital system went down. For Radio Nova and Kiss FM staying on
the air despite any computer problems was not enough. They made sure that
the DJ would be able to continue the show with the same playlist and the

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315 Helsinki and Vantaa were left without electricity because of a short circuit for
about forty minutes in August 23, 2003. Yleisradio had problems with its
generator systems, and even YLE Radio Suomi, the main radio channel for
official announcements during emergencies, went off the air for eight minutes.
(HS 2003)
same elements as usual, so that the listeners would not probably even notice the difference. While all the other stations used well-known commercial computer programs and on air – systems like Selector and Dalet, Iskelmä 969 had created its own computer system to handle the on air production and music airplay of all its cluster stations. According to Jyrki Yliniemi, his primary goal had been to create as simple, reliable and cheap a system as possible, which could be easily maintained, but also enhanced if necessary. Additional reasons for developing a system of their own were the unique needs of the station: first, because about 60 percent of their daily music was paid listener requests, which had to be handpicked for the airplay, and second because they had to simultaneously produce two versions of the same program flow with only local and only regional advertising, respectively. Kai Pöntinen agreed that the system was really “ramproof”, but it had also some weaknesses, for example, in the control of song rotation frequency.

Because most of the smaller stations had many transmitters without any backup, listener complaint calls about technical problems of reception served a special function, because the stations were not able to monitor all their transmitters by themselves. According to Seppo Mustonen, listeners were very conscious about the quality of radio sound.316 For example, one listener helped them to find a problem in the high-power modulation of the transmitter of their sister station. Moreover, listener expectations for technical sound quality were becoming higher and higher. Radio Rex had just improvised a broadcast via a telephone line from an important game of local basketball team that took place in Espoo. Despite the fact that five years ago they used to broadcast hockey games every week using similar equipment, now they got a lot of nasty feedback about the sound quality. Kai Pöntinen and Hannu Ala-Pappila also counted on listener feedback in content matters: if there was music or other content on the air, which was not interesting, the listeners would not hesitate to let them know. People at Radio Nova were also closely monitoring listener feedback, but in programming matters the station counted more on its own research department. None of the stations in the Finnish sample had any really controversial or opinionated programming, so it was not a surprise that the number of complaints about programming content or DJ manners and mistakes was claimed to be rather low. Some interviewees reported that nowadays, most of the negative feedback comes via e-mail instead of by telephone. A typical complaint to Radio Nova was about why the station was playing the same songs over

316 It should be noted here that all commercial radio stations in Finland have operated exclusively on the FM dial since their introduction in 1985. During this time there have been no (legal) commercial AM stations in Finland.
and over, while Kiss FM got most of its listener complaints about factual mistakes or false statements made by the DJs. All the stations had a similar kind of approach towards factual mistakes, and they usually tried to correct them as soon as possible.

6.2.3. Common Trends and Differences in Production Oriented Quality

The ideas about consistency among the American and Finnish interviewees were slightly different. The Americans put a lot more emphasis on both the long-term external consistency of the programming (or longevity) as well as on continuous change inside the consistent framework\textsuperscript{317}, while the internal consistency or compatibility of the elements was considered to be more of an obvious or integral aspect of consistency. In the Finnish sample, consistency was loosely equated with longevity, as in the locally oriented stations, or primarily as compatibility, as in the stations with tighter formats. One explanation is that the history of commercial radio in Finland is much shorter, and the value of longevity and external consistency in commercial operations is yet to be discovered. The need for renewal of content is also lower when the number of the operators is smaller and competition is less tight. In addition, unlike the Finns, the Americans value change per se as a sign of improvement (Levo-Henriksson 1994, 64; Tamminen 2000; 153). Also, the idea of compatibility or internal consistency of programming, which is a crucial part of format radio method (see chapter 3.4.), has not been very widely used in Finland for more than 10 years. Although it is the dominant programming strategy in contemporary Finnish radio, it is certainly not the only one.

The American interviewees had a more uniform idea of avoiding defects in programming through preparation, though it was practically the same with the Finns at the two largest stations. Moreover, Radio Nova and Kiss FM were using digital recording and editing for filtering and polishing listener calls in a very similar way to all the American stations in the sample. People at smaller Finnish stations were not investing so much in avoiding defects. On the contrary, they were sometimes seeking to create a less slick and “home-made” sound, with certain amount of human error. In this way, there was a conflict between “industrial preparation” and “artisan spontaneity” in

\textsuperscript{317} MacFarland (1997, 14–15) argues that the words “consistent quality” do not belong together at all in radio. Quality programming always needs to have some amount of inconsistency, because sheer consistency leads to boredom. However, it can also be argued that intentional and controlled inconsistency is only one part of a larger, consistent framework.
the Finnish sample. Live broadcasts as such in Finland were highly valued by practically all interviewees, while in the US they were appreciated most by those people who had to deal with extensive voice-tracking. The number and range of different technical back-up systems proved to be a very limited indicator of the quality orientation of the station. In both countries, the level of technical preparedness of the station was more directly related to the size of the financial risk for losing advertising in comparison to the investment needed for back-up systems, as well as to the available resources of the station, rather than any programming objectives.

The main types of the listener complaints, and the uses of this negative listener feedback, were also different. While the Americans got complaints about politically or morally controversial programming, these sorts of complaints were totally lacking in Finland, where the stations were mostly avoiding the risk of upsetting any listeners. On the other hand, in Finland, where all radio has operated on the FM dial for a long time, listeners complained about sound quality, uninteresting content, or too narrow playlists, and factual mistakes. For the Americans it was most important to clear up the complaints on the phone as soon as possible, but in general, direct, negative listener feedback was not used to support any programming decisions. The larger stations in the Finnish sample had the same approach. However, some of the locally operated Finnish stations based their programming decisions rather heavily on direct listener feedback.

When the differences of the American and the Finnish ideas of consistency are taken into consideration, it becomes much more understandable that, although none of the program directors of the four locally operated Finnish stations supported the free networking of local stations in 1998 (Ala-Fossi 1999, 151–152), every one of them had tried to utilize the possibilities of networking after removal of the restrictions in 1999. In particular, Hannu Ala-Pappila and Seppo Mustonen tried to utilize networking, but because the results of their experiments were severely disappointing, they returned to a more local orientation. At the same time, the unsuccessful Plus-network project of the former employer cost Hippi Hovi his job and made him an entrepreneur, but it seems that this experience only strengthened his belief in local radio. On the other hand, Kai Pöntinen was more consistent in his programming strategies than his local Finnish colleagues, but he also sacrificed his preference for live broadcasts when voice-tracking made it possible to achieve the business vision he had back in 1998. Similarly, other quality perspectives were abandoned in order to pursue better profits.
6.3. **Competition Oriented Quality**

6.3.1. Competing with Intensity of Service, Personalities and Promotion

The relationship to competition clearly revealed the differences of thinking between the two American occupational groups (cf. chapter 5.7.3.). In general, the American morning show hosts had quite different ideas of competition, and of their station’s main competitors, than their program directors. Altogether, four of seven morning show hosts argued that they don’t think that much about competition, and the rest had either totally or at least partly different ideas about their main competitors and the competition strategy than their supervisors. For example, Liz Kelly assumed that an oldies station playing basically the same music for years and years has to be personality driven at least in the morning, but her co-host and the program director of the station, Andy Manuel, thought that the already proven music was much more important than anything else.

But for us the number one thing is the music we play. Because we have the people that are coming to us are not just going to listen to a disc jockey, you know. We all disc jockeys wish that it was a truth, but it is not. You know, we’re proven from 7 [p.m.] to 5.30 in the morning – I don’t have a lot of disc jockeys – we got nobody – just songs and jingles and sweepers – and we got a hell of a good rating in the nighttime. It is great for ratings, but it seems that it proves that we do not really need a disc jockey to get them! That is not a great thing when you are a disc jockey, but you know – I think that it is a good thing that way.

The interviewees offered five different definitions of competition. The first views all the radio stations in the same market are competitors, primarily because they are all after the same pool of listeners. The second way considers all commercial stations in the market as competitors, because they are all fighting for the same ratings and advertising dollars. The third way to define competition is to understand it through the selection of music. If the two stations play similar or exactly the same music, they are direct competitors, no matter what their actual formats might be. The fourth way to understand competition is to look at stations, which probably have different kinds of music or other content, but which are used for the same purpose or in the same way by the listeners. Also if these stations are targeting the same demographics or sharing a significant part of their audiences, they are seen as competitors. Finally, the fifth sort of competition is a very general level competition with other mass media (or even with cell phones) for the listeners’ time.
Ownership concentration in radio had radically changed the competitive environment. KZEL used to compete for the same audience with the same music as KEHK, but now the both stations were owned by the same corporation – Cumulus Broadcasting – and their playlists had been adjusted to be different. Instead of station against station, large corporations are now competing with cluster against cluster. At the time of these interviews, the situation was changing constantly. For example, Clear Channel was just about to move a classic rock station from the nearby town of Albany to Eugene, and the same corporation had also just arrived in the Seattle market through an acquisition. According to Phil Manning, in a new market, the Clear Channel managers were at first going to look at the quality of programming in Seattle, and then they were going to look at how much money was spent on the stations. Manning was not too worried, because he suspected that their main competitor KUBE was going to suffer from harsh cost-cutting, personnel reduction and changes in programming under the new owners. Another younger generation program director who was also competing against a Clear Channel station, James Derby in Portland, was confident that a better working environment and better salaries provided the competitive edge for his station. As a result, he thought they were able to hire better people than Clear Channel, and as a consequence of this they could produce a better program product.

In direct competition, where both stations were doing essentially the same thing, the sheer intensity of the service was usually seen as a competitive edge. For example, Debi Starr asserted that if the competing classic rock station came to the Eugene market with a longer playlist and a wider selection of songs, KZEL would not add more songs. On the contrary, the consultants would advise the station to cut back and play the most established hit songs even more frequently. This approach resulted in other strictly genre-bound ideas of product quality, too. For example, James Derby thought that conservative talk shows on KXL were better than the competing talk shows, because they were even more conservative. In a similar fashion, the host of KNDD’s raunchy morning show, Andy Savage, felt his competitors were better at doing “raunchy sex stuff”. For example, Savage claimed that he personally was not too comfortable with doing similar kinds of tricks such as bringing strippers into studio, as Howard Stern had done. Although

319 Cf. chapters 3.10. and 3.11.2.
320 Interestingly, the concept of counterprogramming (Webster, Phalen & Lichty 2000, 42, 239; Orlik 2001, 117) was not mentioned by any of the interviewees. It seems that in cluster competition this practice of channel competition would not be such a viable option any more, because each station has a certain role inside the corporate cluster.
Savage thought that he had a disadvantage in producing sexual content, he also considered his own show to be “more intelligent and more balanced” than the competing shows, offering a wider variety of content than just sex. Interestingly, at the same time Bob Miller thought that his show was rather exceptional in contemporary American radio, because he, unlike so many others, did not tell any dirty jokes.\footnote{Even the family-oriented KODZ used some sex-related humor in their morning show. However, the hosts claimed that the kids would not understand those ambiguous stories.}

More generally, the most important differences in programming between one’s own station and the competitors were based on the trinity of music (or content), personalities and promotion. According to Kent Phillips, if a station counts on only one or two of these areas at the time in a changing market, success will not last for long. In tight competition, continuing success requires that all three of these factors be balanced. Even KNDD, with its almost unique selection of new music was seeking a special, characteristic attitude and a way of delivery, which would be compatible with the content. In addition, stations without music had the same basic approach: both program directors at the news-talk stations primarily emphasized the importance of the news content and local information, followed by the human component of programming. While Derby relied on the output of skilled and satisfied personnel in general, Dirkx gave more weight to on air personalities and presentation. Interestingly (but not surprisingly), the program directors on both of the old music format stations (KODZ and KZEL) relied primarily on their music, while their morning show hosts thought that, although their music selections were both unique in the market, the music was more or less predictable, and required more creativity from the personalities, as noted earlier. People at KZEL were painfully aware of the lack of money at their station, but they were able to find other strengths. Mark Raney appreciated the permissive and creative working environment, while Debi Starr counted on the proven music and experienced staff.

Once again, I think the music, and people and the combination. We really don’t have jocks that are annoying, we don’t have anybody as a tune-out factor. I think that Ken may be a little low-key for instance in his middays, he is kind of low-key, but he does not make you go. Gosh, I wish he’d speak up more … he is just kind a part of it. I think that people know that they are going to get – something similar – like a Portland station without all the money, but still pretty solid. I think competitively, you could take this station and put it in any town and give us little money – and we could compete against somebody, because – we know what we are doing.\footnote{Cf. McKinsey & Co. 1987, 47–48. See also chapter 3.9.2.}
Promotions were considered to be the top of the three-layer programming pyramid, which would guarantee success in competition. However, doing promotions in the wrong way was seen as more dangerous than not doing promotions at all. Money was not necessarily the most important element in promotions, but for the smaller market stations it was still a problem. Without spending any money on TV advertising, or getting enough visibility in other ways in the competitive environment, the radio station would end up, as Mark Raney put it, “preaching to the choir”, because it could reach only those people who are already listening to them. Another common form of station promotion was contests. A successful and exciting contest did not always require large sums of money to given away as prizes, but still Kent Phillips was quite worried about the new, national contests with large prizes that were being offered by the corporate stations. As a local station, KPLZ could not offer as much money, so they started to remind listeners all the winners in their contests were local. For new music stations, one of the most important forms of promotion was connected with the bands whose records were played on the air. Although the record companies were actually paying KNDD for promoting their bands, Phil Manning claimed that the competing stations would fight over the exclusive rights for special promotions and interviews whenever the bands on their playlist came to town. Because the stations had no means to stop their competitors from playing the same songs, they tried to get the competitive advantage by monopolizing the band’s promotion.

In Eugene, three out of four interviewees mentioned KKNU, a locally owned number one country station, as an example of a successful and well-managed station. This competitor was “doing everything right”. For example, KKNU was respected and envied for creating consistent programming, spending money on top on air personnel, and buying TV advertising. The competitive relationship of KXL and KEX in Portland was also interesting. James Derby saw that KEX had always been KXL’s main competitor. Moreover, Derby appreciated that the competitor’s programming had been more consistent over the years when compared to KXL’s. At the same time, Mike Dirkx at KEX did not mention any of the other commercial news-talk stations in the town by name as competitors. It seemed that he wanted to somehow underestimate all commercial competitors, because he claimed that Oregon Public Broadcasting was their main competitor with the largest

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324 According to James Derby, Portland had 7 or 8 news-talk stations while in the US average was only 2 or three news-talk stations per town.
listener base in Portland market, although it was non-commercial and not even included in the Arbitron ratings. Dirkx said that OPB was offering a quality broadcast and doing a good job, however KEX would be interested in getting their listeners.

People at Seattle stations were also interested in learning from stations in other markets, as well as their local competitors.\textsuperscript{326} For example, KPLZ used outside consultants to get feedback or playlist references from other markets, in order to control and develop their programming quality. Alan Budwill described how he also made observations about radio shows in other markets during his travels. KNDD also used a kind of benchmarking system in the process of creating their playlist, by studying the playlists of certain “respected” alternative rock stations in other markets in addition to those of their local competitors. Although Phil Manning believed that it was useful to examine other markets, he thought that there was no sense in trying to create a station in Seattle that was as good as a station in Chicago, for example. The listeners in Seattle would not be able to appreciate it, so in the end all efforts should be undertaken in relation to each market independently. Manning admitted that he also picked up some programming ideas by listening to other stations, and challenged also his staff to analyze how different stations were doing different things.

The most common explanation for reasons that listeners abandon one station for another, competing station were music and commercials. Songs that have been played too often, or were simply unpopular, were both considered to be tune-out factors. Commercials were burdensome to programming at least in two ways: the sheer load of commercials at KZEL, for example, came to a total of 14 minutes in every hour, and some individual commercials were also considered to be noxious.\textsuperscript{327} The personalities or the actual substance of the show were considered as a risk factor only in more controversial or daring forms of programming. On the other hand, the constant turnover of listeners seeking information or other kinds of content was seen as a natural phenomenon, which would turn into a serious problem only if the listeners did not return to the station after a while.

6.3.2. Standing out with Localism, Fine-tuning Images and Music

In the Finnish sample, there were no obviously conflicting ideas about competition strategy or competitors between the program directors and the

\textsuperscript{326} For example Carroll & Davis (1993, 177) consider this as one of the most important responsibilities of the program director.

\textsuperscript{327} Cf. Carroll & Davis 1993, 180, 248; MacFarland 1997, 20, 88–89. See also chapter 3.3.3.
morning show hosts at any of the stations. In particular, people at the smaller stations with a local orientation had very consistent ideas about what was the most important thing for the station in relation to the competition, but the two occupational groups had a reached basic consensus and mutual understanding about their strategies and strengths at the other stations, too.

The Finnish interviewees discussed four different forms of competition. First of all, every radio station in Finland could be seen as a competitor for the audience of a national operator. Second, the regional radio stations of national public service YLE Radio Suomi were considered to be very important competitors for the local audiences, although not for advertising. Third, Radio Nova and different semi-national commercial networks in the market were considered as competitors for the audience as well as for national advertising. Finally, three of the program directors and two mornings show hosts at the smaller stations also considered the local or regional printed media as their competitors. These program directors described how their local stations were competing in the local audience markets with other radio stations, primarily with YLE Radio Suomi and Radio Nova, but in the local advertising markets they were competing mainly with the regional dailies and local free distribution papers. While the smaller stations considered YLE Radio Suomi to be almost direct competitor, Hermanni Seppälä was also interested in its audience, though the real competition for Radio Nova was actually elsewhere.

How should I say this to you, so that this would not sound like stupid bragging or something, because I would not like to do that. But we defined our competitor some time ago – and in a particular way it has been Kiss FM (...) Actually [Radio] Suomi could be a very interesting competitor for us, but their format is so terribly different, so that does not really work so well as in the light of the figures (...) Of course we are always competing over listeners and in that sense there are two million delicious listeners, which would be nice to be able to share, but – otherwise we don’t in that sense, but we follow [the competition] with interest of course, and we have been quite surprised that Kiss, for example, has become so similar to us and plays so much similar type of music, and sounds quite a lot like us. [Translated from Finnish by the author]

However, all this became much more understandable when Pasi Piipponen confirmed that also Kiss FM considered Radio Nova to be its main competitor, and their station was now targeting at least partly to the same audience. Although the station originally started as “youth radio” or “teenager radio” (see chapter 4.9.), the changes in the competitive environment led to major changes in their strategy, and resulted in a repositioning of the station. Kiss FM was the only station in the sample that did not mention YLE Radio
Suomi as a potential competitor of any kind, but Pasi Piipponen said that major changes in YLE channels might also affect positioning of Kiss FM.

Two basic and different competition strategies could be identified in the sample. The three smaller stations, Radio Vaasa, Radio Salminen and Radio Rex, counted primarily on local orientation, local content, and a wider selection of music than most of the other stations. Spatial or geographic localism was understood as their natural strength and their competitive edge, mainly because anybody else was not local in their market. Consequently, it was possible to establish a difference and to counterprogram against all the others just by being local. While Radio Rex and Radio Salminen emphasized mostly local news, services and talking about local current affairs, Radio Vaasa connected itself to the local culture of its hometown also through its bilingual programming. The second common aspect of the local approach was to offer more musical variety than the other stations, and to cover more than one genre of music. For example, Hippi Hovi assumed that the more mature audiences in Finland in particular had learned earlier to appreciate certain musical diversity, so that when all the other stations tightened their music policies, his local station was able to offer a different choice with more than only 400 songs. This was seen as a competitive edge against Radio Nova in particular, and also against YLE Radio Suomi, which had reformed its music policy in 2003. At the same time, the program directors of these local stations were ready to admit that other stations with more resources provided a better example for producing smooth sounding program flow, fresh and targeted music formats, and other varieties of entertainment besides music. This was also the reason why they did not even try to imitate these other elements of style and content. According to Hippi Hovi, “there is no sense in doing an inferior version of Nova.” For this same reason, Radio Rex did not actually have a morning “show” at all, but just an uncomplicated morning broadcast.

On the contrary, the second competitive strategy was based on deemphasizing spatial localism and building a community of listeners mainly through rather targeted or even narrow music selections. Iskelmä 969, and its regional version Iskelmäradio Pohjanmaa, were interesting examples of this approach. Iskelmä 969 used to be the local station of Lapua called Radio Simpsiö 969, but it has been playing mainly Finnish iskelmä-music already since 1997. When the programming company was also given a new license for regional operations, it became possible to broadcast the same music program locally with local advertising through Iskelmä 969,

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328 Cf. chapter 4.7.
329 See chapter 4.11.3.
and regionally with regional advertising through Iskelmäradio Pohjanmaa. However, the remaining local features of programming had to be cleared away, and now the program hosts even avoid using any dialect or references to local weather. They made also an intentional decision not to have any kind of news and only a minimal amount of spoken programs, but according to Jyrki Yliniemi, this can also be seen as competitive advantage. This same principle was used on the other stations in the cluster, too. Kai Pöntinen’s company was able to gain control over most of the other local stations in the region, and in this way he had been able to keep competing networks like SBS Iskelmä out of these local markets. Now, the former local stations were all located in the same building in Lapua, and their new competition strategy was based almost solely on a targeted genre of music. However, the earlier local image of the stations was now a disadvantage in marketing, like Kai Pöntinen described:

Well, I don’t know. Quite often it seems that choices are made – because we have a lot of small companies here, so the choices are made according to which is the personal favorite channel of that boss, who is in charge of advertising – as far as he or she likes radio. And we have tried intentionally to develop it towards a direction, where people and clients would not choose their radio station according to the district but according to the music. And there we have hell of lot of work. Anyway, they have already gotten used to the idea that Paitapiiska is a radio station for Kurikka, Simpsiö is a Lapua station and Radio Seinäjoki is the radio station for Seinäjoki. And the most grotesque thing is that, for example, the transmitter of Radio Seinäjoki is there on Simpsiö butte, on the same tower as 969. But we cannot raise a fuss about it. Really, it does not matter anything else except that we have already saved so much money that we have almost paid our own hundred meter tower – and I mean on the highest spot in the whole region. [Translated from Finnish by the author]

At the same time, Helsinki – based Kiss FM and Radio Nova were trying to hide or dilute their geographical locality and any local identity. Although Kiss FM intended to be an even more urban station than Radio Nova, both Pasi Piipponen and Timo Salonen described how the station was certainly not Helsinki-oriented, and tried to get visibility in other larger cities, too. In the morning show, all references to the capital region or local Helsinki weather, and even the use of capital region slang were avoided, while in other programs this purpose was served by concentrating mainly on music. In this way, semi-national Kiss FM tried to be an urban station only in a very general sense. Although Radio Nova had better coverage in the countryside than Kiss FM, according to Hermanni Seppälä, since the program reform
in 2000 also their primary target group lived in the largest cities. At the same time, the capital Helsinki played no special role as the sole location of programming operations or the hometown of this national channel. While the both stations were oriented towards urban audiences, and the actual differences between their presentation styles and musical content were not very obvious, images became even more important. Kiss FM tried to represent itself as more unpredictable, challenging and daring than Radio Nova. Correspondingly, Radio Nova tried primarily to represent itself as the more intelligent, elaborate, smooth and safe choice. One interesting point, mentioned by Hermanni Seppälä, was that the station would not talk much about sex. Although Kiss FM was trying to be a station with an attitude, and they had earlier taken some risks by broadcasting sexually explicit content, now as a sign of their new strategy Pasi Piipponen argued that being more daring would not mean having sex on the air anymore.

Consequently, locally oriented stations thought that they were better than their competitors mainly in offering local content and more diverse music. Because Iskelmä 969 has practically no local content, and it has also concentrated mainly on one genre of music, there were few options but to excel with the music. Both Yliniemi and Pöntinen thought that in practice, the music would be the only possible reason to choose their station. However, 969 had one rather unusual characteristic for a specialized music station, which Kai Pöntinen considered as their special strength. In the daytime, all the songs on Iskelmä 969 and its sister stations were handpicked for the playlist by a live DJ, and not pre-selected by a computer. Although every song was selected from a carefully designed and limited selection, Pöntinen argued, just like five years earlier that this was a more humane way, which made it possible to catch also the spirit of the moment. However, because these broadcasts were not really live, but voice-tracked, the most important motive for this arrangement was perhaps that it made it possible to continuously play listener requests for money.

By any standards, Radio Nova was the number one commercial radio station in Finland. Ile Jokinen, Hermanni Seppälä and former Radio Nova employee Pasi Piipponen all agreed that the research department of Radio Nova was better and larger than any other commercial station in the industry. Radio Nova conducted research especially on music as well as on the perceptions and images of the station and its programming among the listeners. All three interviewees also agreed that both the human and material resources of this station were larger than elsewhere, and that one of

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330 Cf. chapter 3.10.2.
331 See chapter 3.12.
the strengths of Radio Nova was better technical delivery – not only larger coverage, but the clean, strong, identifiable sound. Seppälä even argued that any song would sound better on Radio Nova. One of the additional strengths of Radio Nova was the news service, though it was not mentioned at the top of the list. Even Timo Salonen gave credit to the positive news image of Radio Nova, although he claimed that Kiss FM actually had at least the same amount of news in the morning. Interestingly, when Hermanni Seppälä was asked if Kiss FM was doing anything better than Radio Nova, Seppälä did not actually answer the question, but argued that Kiss FM would certainly be able to do something better, especially things that Radio Nova was not doing. On the other hand, although Pasi Piipponen was quite satisfied with the means and resources of Kiss FM, he did not mention anything else except their bolder attitude and pioneering spirit as their competitive advantage when compared to Radio Nova. Kai Pöntinen and Timo Salonen thought their competitors primarily had better visibility and more money for promotions and marketing. And if the same corporation like Radio Nova’s Alma Media happens to own a newspaper and a television channel as well, you can spend your money elsewhere.

The locally operated stations in the sample had no competing local stations to monitor, but they were aware of what was going on at the national and semi-national stations. However, the programming decisions of the larger competitors were usually not imitated. Instead, the local stations tried to differentiate themselves by offering another option. For example, Anssi Saarelainen said that Radio Salminen got advice about their music policy from the complaint letters of listeners concerning the new music policy of YLE Radio Suomi, which had been published in a regional paper. Seppo Mustonen reported that Radio Rex had also received some positive feedback from listeners, the effect that Radio Rex was not being pompous like Radio Nova, which claimed to be playing “the best music in the world”. Kai Pöntinen even characterized Radio Nova as “the culmination of the fake briskness in the whole world”. Pöntinen also said that although he personally appreciated listening news on YLE radio, his own channel did not have to offer any news. In this way, both Radio Nova and YLE Radio Suomi provided inverse examples for the local stations.

Radio Nova and Kiss FM closely monitored each other, as well as NRJ and also the YLE channels, but their expectations of finding something new or learning from their competitors were generally not very high. Both Timo Salonen and Pasi Piipponen claimed that Kiss FM had so far been the pioneering station, which the other stations in Finland had been imitating. Salonen and Hermanni Seppälä actually suggested that the real models of
good radio could be found in the US and the international markets. At the smaller stations, attitudes towards the American or international ideas about commercial radio were more mixed. People like Seppo Mustonen respected the American heritage of radio, while Pöntinen and Hovi, for example, were rather critical.  

Although Ile Jokinen described how Radio Nova’s morning show team was regularly benchmarking the morning shows of the other channels, he also wanted to emphasize that they would never change their show just because of what others were doing. Moreover, he said also that he did not listen to the others that much, and that so far he had not heard anything that he would have liked to try on the air. Correspondingly, Timo Salonen argued that he had never really listened to the morning show of Radio Nova – he was only keeping an eye on them to avoid having the same contests.

More than half of all interviewees thought that music would be an important reason for choosing their station. However, only two of them thought that it could be the only reason. People at the locally oriented stations emphasized the combination of the local approach, the right music, and a particular mutual commitment between the station and its listeners. People at Radio Nova mostly counted on their sound, news service, personalities and program content, as well as their trustworthy image, but both Timo Salonen and Pasi Piipponen saw the choice of their station primarily as a lifestyle question: in the target group it should be socially more acceptable to listen to Kiss FM than Radio Nova. According to Piipponen, image will make the difference because so many stations have the same music. Salonen saw an analogy in tobacco marketing: people buy Marlboro because of the brand image and the nicotine, and not so much because of the taste of that particular tobacco.

The interviewees had several different explanations for why listeners would abandon their station. Most often these were connected to the DJ or the program host. The personality of the DJ as such was seen as a dividing factor. Moreover, if the same person was on the air all the time, people would get bored. On the other hand, the loss of a DJ could result in people leaving the station. Too much talk and too many errors with listener requests were also cited as DJ-related reasons to switch to another station. Only two respondents thought that playing the same songs too often would make the

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332 On its website, Iskelmä 969 claims to be to most Finnish radio station in Finland – operating only in Finnish. It also claims to be the only commercial station that has the right to use the official emblem of Finnish production [suomalaisen työn avainlipputunnus]. (Iskelmä 969)

333 Jokinen actually used this English word instead any Finnish expression.
listeners seek other stations, and only one mentioned commercials as a risk. Too clumsy editing or the controversial nature of the content were mentioned as possible reasons only once, but a total of three respondents said that it would be quite obvious that people would abandon the station, if they were looking for something that the station did not have.

6.3.3. Common Trends and Differences in Competition Oriented Quality

The Finnish interviewees had a better mutual understanding between the program directors and program hosts about the competition strategy of the station than their American counterparts. There is probably no single explanation for this difference, but it seems that the Finnish program directors had perhaps been more successful in communicating their strategy to the employees. Cultural differences may also partly explain this, because Finnish culture emphasizes consensus and interdependence more than individualism (Levo-Henriksson 1994, 62). The definitions of the different forms of competition in the two samples were not especially divergent, but they both reflected the special characteristics of the market structures, such as the number of commercial stations in the US markets or the importance and role of national radio operators and regional printed media in Finnish markets.

Although the idea of competing through sheer intensity of the service against a direct competitor, rather than counterprogramming was much more obvious in the US sample, it was not missing from the Finnish sample either. Perhaps the best examples were Radio Nova and Kiss FM, which had defined each other as their main competitors and were now offering very similar kinds of programming, imitating each other in music as well as in style and presentation. This has happened mostly because Kiss FM wanted to get a part of the audience of the commercial market leader, but also because Radio Nova had hired management personnel from Kiss FM and adopted similar operational strategies and practices. The intensity of the service can be an aspect of quality when the stations are competing in the same market within the same genre. On the other hand, the locally oriented stations in the Finnish sample were actually counterprogramming the national or semi-national stations. It can be also argued that the locally operated Finnish commercial stations, which emphasized local orientation, were in many ways different from the rest of the stations. It is possible that perhaps their closest counterparts in the US would have been the non-profit stations or non-corporate commercial stations located in much smaller markets than in the sample (see also chapter 6.6.2.).
The American interviewees argued that continuing, long-term success must be based on content, personalities and promotions, which were understood to be an important part of good and competitive programming. On the contrary, people at the Finnish stations counted more on the plain music than personalities, and at the smaller Finnish stations in particular promotions was almost unknown as an aspect of programming. However, Kiss FM and Radio Nova used all three of these elements, though promotions were not necessarily understood to be anything other than just a supporting function, not a part of programming.

It is understandable that localism as such was not viewed as an important competitive advantage for any of the stations in the American sample, because practically all their terrestrial competitors were also locally operated (if not locally owned). However, in Finland the interviewees and their stations were sharply divided into two different groups, according to their the relationship to localism. While the locally oriented stations were trying to utilize localism as their competitive advantage, the others carefully avoided this. The strategy of de-emphasizing of diluting localism and all references to the surrounding physical world was most characteristic of the largest Finnish stations in the sample, as well as Iskelmä 969, but it was by no means unknown to Americans, either (see 6.6.1.) if the idea was to increase the coverage of programming. However, the American interviewees had no trouble with the origin or locality of their station, and nobody was trying to hide the geographic location of the broadcast station. Instead, some of them actually utilized a sort of inverse strategy, where syndicated or voice-tracked, non-local programming elements were marketed as local programming.

It seems that both the Americans and the Finnish interviewees were constantly monitoring and benchmarking the other stations, but the US stations were better able to learn directly from their competitors and utilize information from other markets. This was partly because of the nature of the Finnish market, where the number of large commercial operators was rather small, and where on the other hand the local operators did not view the larger ones as their models at all, or used them as inverse models. For example, in 1998, Hippi Hovi and Hannu Ala-Pappila thought that the consistent channel sound and the smooth production of Radio Nova were worth studying, but they were already critical about the content and perspectives of the new national channel (see chapter 4.10.3.) (Ala-Fossi 1999, 148–151). During the

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334 Also Teinilä (2001, 49–57) noted that the soundscape of Radio Nova had practically no references to the outside world, and none of the stories ever revealed where they were made. This was against traditional conventions of Finnish radio programming.
past five years the situation had changed. Although all four of the Finnish local program directors still compared their stations to Radio Nova, they were no longer looking for any sort of positive models to adopt, but rather for new ways to stand out in comparison. Interestingly enough, during the past 10 years, Kai Pöntinen had invested less in localism than his colleagues in the sample (Ala-Fossi 1995, 91–92; Ala-Fossi 1999, 152–154), but he has also continuously been the most critical towards the larger operators and their methods.

The American and Finnish interviewees also had very different ideas about why people would abandon their stations. While the US interviewees thought that the main reasons to switch channel would be the wrong kind of music or the amount or content of commercials, the Finnish interviewees thought that the greatest risks would be related to DJ performance. On the other hand, this is quite understandable if the station is counting much more on the attraction of the plain music than the talent and brilliance of the on-air personality. However, respondents in both countries thought it was also quite natural that some people would want to switch stations occasionally.

6.4. Product Oriented Quality

6.4.1. Relying on Standards, Professionalism and the Rules of the Game

Practically all US program directors measured their professional success with the ratings and the revenues of the station: if there were lots of listeners and the station was making money, this was a sign that the product was “pretty decent”. In addition to these quantitative indicators, direct listener response in its different forms was also seen an important way to identify success in day-to-day operations. For the younger generation program directors, James Derby and Phil Manning, the satisfaction and professional development of their employees were also important aspects of success in their jobs. Although the ratings system and Arbitron were widely criticized by both occupational groups, morning show hosts like Andy Savage also based their criteria for success partly on ratings, in addition to listener response and personal satisfaction.

335 Here it should be noted that, while US commercial stations have suffered from advertising excess already in the 1940’s (chapter 3.3.3), the Finnish commercial stations have suffered more from the lack of advertising (for example, see chapter 4.7.2.).

336 According to James Derby, because of inferior ratings information, in small markets the station revenues were an important indicator of professional success.
Yeah – I feel that we had a good show today – and everybody that does a show knows whether or not it is good – or it was good. Of course, you are measured by ratings – there is nothing you can do to get around that. The Arbitron ratings tell you how well or not you’re doing – that doesn’t mean that the ratings are right. If you’re ranked number one, it does not mean that you have the best show necessarily – it just means that the most people were listening to you. If you were ranked fifteenth, it does not mean that you suck – you can still have a good show (…) Let’s say you’re on a radio station that does not have very good signal – well, you are not going to get real high up in the ratings. But it does not mean that you have crappy show. But yeah – you’re measured by ratings – although every disc jockey know how well or not well he did every day – based on just the emotional feeling.

Another external sign of personal success for both occupational groups was the size of the market. Getting “higher up in the markets“, to the bigger stations in the larger markets was generally seen as progress and advancement, while it also meant more income and better resources. However, at the same time it was also considered possible that a really talented person could work in a smaller market radio, if that person placed more value on the lifestyle and environment of a smaller community. This aspect was mentioned especially by people who had worked previously in larger markets than they did at the time of the interview. In addition, half of interviewees argued more or less seriously that radio was not “real work” at all, but primarily a fun thing to do, but they were also paid for that.

Despite the big differences between the morning shows of the sample stations, there were a few common principles or characteristics. The most important aspect was to be able to arouse the listeners’ interest in programming. Even the news people, who considered informative content to be the most important element of programming, emphasized listener interest and the entertainment value of the content offered. The second aspect was a careful preparation and planning, combined with the flexibility to suspend earlier plans and follow the flow of event, if something even more interesting for the audience comes along the way. Some hosts like Liz Kelly and Bob Miller emphasized interaction and intimacy, arguing that a host of a good morning show will ultimately become part of the family, sitting at the same coffee table with the listeners every morning.337

In local stations like KXL or KPLZ, program directors may have supervisors like general managers, but usually the PD was the ultimate authority in matters directly concerning programming issues.338 On the other hand, in corporate radio, local program directors had all the responsibility

for the program product or “everything that comes out of the speakers”, but their power in making programming decisions was more limited. Both Clear Channel program directors claimed that as long as they are able to deliver ratings and revenue, the corporate brand management just offers them new ideas and more resources to keep up the good work – but if not, then the station would get more attention. However, at least in the smaller markets, corporate radio program directors in practice had only little influence on music selection. Debi Starr described how she had to put certain “wimpy“ songs on their classic rock playlist just because the corporate consultant had forced her to do so. However, she was happy because she had been able to keep Billy Joel off the air.

In addition to the procedure for selecting music, daily staff meetings and discussions over the product, airchecks were also mentioned as an important method of controlling and directing the sound of the station. The word aircheck was usually understood to be the recording the DJ’s live announcements only, without the other elements of the program. Airchecks provide the basis for later analysis of the DJ’s announcing skills. However, most program directors were not too eager to use this method for several reasons. First of all, it was hard to find time to review the airchecks, and if the people on the air were already voice-tracked, or they were experienced professionals doing a live show, full-scale airchecks were not considered necessary, just as Kent Phillips described:

We do aircheck sessions, but not a lot, because they’re pretty professional here. I find the aircheck sessions are effective with beginners. When you’re an established talent, it is more I listen to their show – and then we’ll have a conversation about it. Airchecks I don’t like because it takes the show out of its context. You might hear things that don’t sound quite right – but in the context of the whole show with music and all the other elements sound fine. But if you are just taking the voice out of it – well, man – they’re talking too much. Well, maybe they’re not. And so I really prefer to listen to the whole show and then having a conversation.

The only stations in the sample with a regular airchecks for their morning shows were KXL and KNDD: the morning show was such an important part of programming that it was considered worth of this effort. Just by a chance, the author had an opportunity to take part in an aircheck session during the station visit at KXL. The basic system was the same as described above: James Derby first listened the whole show live and made notes about what went wrong and what went well. The overall atmosphere of the session was quite relaxed, and afterwards both Steve Leader and Rebecca Marshall argued that they liked this system of weekly feedback. In addition, all
program directors reported that if they heard something on the air that didn’t sound right, they would let the person know about the problem as soon as possible to avoid future mistakes.339

The use of separate written instructions to direct program production was more typical at the larger market stations, while smaller stations only relied on staff experience and the computerized program and music logs of their on air system.340 None of the stations had a really comprehensive guidebook for operations, and different sort of stations emphasized different aspects of programming in their written instructions. KEX prepared some printed material for all new air staff to explain how “the station comes together”, while at KXL e-mail was used to create and deliver written instructions for day-to-day operations. KPLZ had some written rules, but most things were considered to be obvious for the experienced staff. KNDD created separate imaging guidelines for the production elements, which were constantly revised, updated and changed, apparently to maintain a certain consistency in these rapidly circulating elements, at least on the image level. In addition, three of the program directors spontaneously mentioned that they maintained very strict rules and very detailed scripts for the station identification and call letters. In order to create a brand image for the station, there were only one or two acceptable ways of saying the call letters with a certain phrase. This was seen as an essential part of making the station sound solid and consistent.

When the program directors of the music stations were asked to define the music policy of their stations, none of them stuck only to their format name, but tried to explain their conceptions of music selection within a certain genre, and what sort of approach they used.341 In addition, the size of the playlist and the categories of the music rotation were not a secret at any station. According to the basic principles of the top 40 format, they were all playing primarily 32 to 40 songs, and they all had about 600 titles in the overall rotation. The only exception was KPLZ with an oldies library of only about 200 songs. KNDD had the most categories in its music rotation, with eight different ways to position the songs on the playlist. The actual procedure of selecting the music for airplay was basically similar at all the music stations, but stations with older music in smaller markets had much slower cycles.342 While KZEL and KODZ tested their songs in a local

340 In the early 1990’s it was still common to have a picture of the format hot-clock posted to the wall of the control room for the on air personalities (Carroll & Davis 1993, 238).
341 Cf. chapter 3.9.1.
342 Using Ahlqvist’s (2001) categorization, the main emphasis on these procedures was on the rational approaches, research and industry (see also chapter 3.11.3.).
auditorium perhaps only once a year, and revised their playlists only a few
times a year, KPLZ based its weekly choices and music rotation on weekly
call-out research. Though KNDD revised its playlist on a weekly basis, but
research was not conducted every week. Instead, they collected additional
information about local record sales and concert audiences. Local call-out
research was conducted afterwards to find out which of the recent records
they should keep in a tighter rotation and which should be dropped.343 In their
call-out research, both stations also asked a few perceptual questions about
how the respondents saw the station and its competitors. The final decision
for picking the songs was then made in a meeting of department directors
(with the exception of the sales department), so that the choices would not be
directly dictated by a single person and all the available useful information
could be analyzed and taken into account. Both Seattle stations also used
research from other markets, and KPLZ had even a consultant from another
market that provided some extra input.344

The influence and importance of record companies was most obvious
at KNDD, a major market, cutting-edge new music station. It is no wonder
that the issues of payola and pay-for-play were very delicate matters for Phil
Manning, who described how record companies were constantly trying to
“sell” their music to KNDD – not financially, but by providing all sorts of
information about music. Despite all the research and information available,
Manning emphasized the importance of passion or gut feeling, and argued
that all decisions about music are always subjective.345 However, while
personal preference was perhaps the most appropriate reason for choosing
a song, these preferences were supposed to be in line or based on the needs
of the audience and not on the suggestions of the record companies. At the
same time, these record companies were also paying the station large sums
of money to promote certain bands and their records. Manning strictly denied
that there was any possible connection between the promotion money that
was flowing into the station and the decisions that were being made about
music airplay.

Efforts to refresh the programming elements, as well as the playlists and
music rotation – took place more often at the bigger stations, and they were
most frequent at the large music stations. Alan Budwill said that they were
trying to “reinvent” their show every six months to keep it fresh, though
they had been doing a contest called “Battle of Sexes” for 16 years. They
had tried to drop it, but after listener protests they had to bring it back again.

343 Cf. chapter 2.4. and chapter 6.6.1.
While KPLZ and KODZ were using and refreshing their singing jingles as a part of their program rotation, most respondents at the other stations considered jingles in general to be either old-fashioned, hideous or at least not suitable for their format. For example, Mike Dirkx had just replaced all of the jingles at KEX with “identifying sounders”, partly because jingles did not make much sense at a news-talk station. While also smaller stations created other production elements in-house, the best and perhaps the only way to get quality jingles was to have them made by an expert company in the larger markets.

All stations in the sample planned the placement and the length of commercial breaks to be as favorable for programming goals as possible, within the limits of the budgeted commercial load. The general idea was to keep the listener tuned in as long as possible, but at least 15 minutes, in order to reflect that listening in the ratings. In addition, all of the music stations tried to modify commercial breaks to sound as good as possible and consistent with the program content by starting each break with a station promo. At KZEL, KODZ and KNDD all commercials were also rated or coded, and placed in to the commercial breaks according to these codes. For example, KNDD had based its code on lifestyle, pace and tempo. This made it possible to play “best sounding” and the most interesting commercials for the target group first, in order to hold the listeners’ attention, like Mark Raney describes.

Probably everybody does it because it is in their best interest, because – you know – when you are at home watching television, or you are in your car listening to radio – when do you get up to get something to eat or got to the bathroom or when do you switch station in your car – generally it is when the stations starts playing commercials – and almost all stations play a lot of commercials in a row and you hardly ever wait until the very last commercial. So by then, someone has either changed the station or punched the dial or what ever. If you lead with your best production, maybe the hottest sounding commercial, a concert spot or something fun we’re doing, you have better chance of keeping the person’s interest. If you start with anti-cigarette smoking commercial and work you way up to the good stuff, chances are that they are already gone somewhere else.

However, certain spots could not always be buried at the end of the break. As result of programming policy or complaints from other advertising clients and listeners, the sample stations had rejected or redone commercials,

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347 According to US industry practices, also commercials are supposed to be “programmed” and their messages should be “compatible” with the overall format and the surrounding content (Carroll & Davis 1993, 180–181, 248; MacFarland 1997, 89–90)
especially about sex related issues (strip clubs, adult stores, condoms), while a few stations placed these ads closer to midnight. Another delicate issue, and an even more direct threat to the stations, was advertising for digital satellite radio. KNDD and KZEL had decided to keep such ads off the air. In addition, there were occasions when KZEL had not taken any political advertising. This was done not to avoid political controversy, but mostly because it was not good business. According to Mark Raney, if you took one, you had to take them all and at the lowest rate – obviously in order to support the democratic process – but for the station it could mean that all the commercial breaks would be filled with repellent political jargon, without the station making much money out of it.

At three stations, the morning show hosts also did some commercials. Liz Kelly started in radio as a professional voice-over talent, and although she was now working full time in programming at KODZ, she still had to do also commercials for three Clear Channel stations in Eugene. She was not too happy about the situation, because she was not paid extra for this, and she felt that having her voice in random commercial spots during her own show could sound “cheesy” and also deteriorate her credibility. At the same time Bob Miller, Kent Phillips and Alan Budwill had no moral problem with doing live commercial spots in their shows. However, these major market professionals were able to independently select what they advertised and they were also paid an extra talent fee for the spots. Miller saw no problem with this arrangement, because advertising paid his salary anyway, and all three argued that they would not advertise anything that they did not trust or believe in. In addition, at KXL all the voices of the on air staff except news people were available for commercial use. The line between programming or journalism and advertising was very thin or even non-existent elsewhere as well. Phil Manning described how a record company had paid the station $25 000 to promote a band. Instead of placing an advertisement in their electronic newsletter, End-Mail, KNDD created “content – so it does not look like an ad”. Under these circumstances, it is hard to believe that the records published by the companies that are making such payments would be evaluated for airplay solely on the basis of artistic merit and market research, without any additional bias.

A “cheating” DJ, playing records outside of the playlist, or an on air staff member deliberately breaking the format rules without an obvious, acceptable reason, was not an unknown phenomenon for most program directors. However, they all emphasized that they have seen this happen earlier in their career, but not in their present jobs, mostly because they now have such a mature and professional staffs. Most of the present deviations were
seen by the program directors as unintentional mistakes, while deliberate deviation would have been unprofessional behavior and a direct insult to other professionals responsible for the format.348 The basic idea was that true professionals would be able to act against all their subjective preferences, as long as that will make them successful in what they are doing, and it was mentioned in different forms in several interviews. Although repeated deviations would not have been tolerated at any station, no station had totally prevented DJs from making changes to the computerized logs. However, the increased use of voice-tracking and the possibility of controlling all actions on air afterwards from the system files has effectively eliminated the autonomy of the DJ. This loss did not seem to bother any of the DJs very much. For example, Liz Kelly was just as happy to have someone else pick the music, because now there were other, even more demanding or even impossible creative challenges for the DJ, like building a live-sounding, energetic and up-beat four hour show by pre-recording it just in twenty minutes.

Finally, the American interviewees had three basic approaches to the idea of improving the quality of programming. The first one was a more theoretical approach: both Clear Channel program directors supposed that they should first find out what was wrong with the present programming in relation to the target audience or its preferences. The quality could then be improved by removing or changing the defective parts of the programming. This was also a very “professional” approach, in the sense that the respondents did not reveal any subjective preferences in relation to the present programming of their station, although they were encouraged to do so. However, most of the interviewees were more subjective. Most often, they thought that they could improve the quality of their programming primarily by adding more resources – more money to do things or more personnel to assist with programming or production. The second of these subjective approaches more directly emphasized abstract elements and content issues, such as more compelling guests and wider playlists. It is hardly surprising that the program directors tended to be more resource oriented than the morning show hosts, but there were also exceptions in both occupational groups.

6.4.2. Permissive Confidence, Detailed Instructions

The most important measures of professional success for the Finnish program directors were the ratings information and listener figures. All six directors and one morning show host mentioned primarily ratings, and it was interesting that most of them also considered the ratings reports to be very reliable, incorruptible and practically unproblematic information for

evaluating their personal success in the field of programming. Only Hippi Hovi did not have much use for KRT\textsuperscript{349} reports anymore, because these reports now neglected the bilingual and Swedish-speaking population that was important for a bilingual station in a bilingual town. The four program directors or chief editors, who were in dual roles as entrepreneurs or CEOs, were also using sales reports and earnings information to measure their general success outside programming. In addition, Seppo Mustonen, Hermanni Seppälä and Pasi Piipponen said that they also monitored the working atmosphere and employee satisfaction. Only one of the directors, Hannu Ala-Pappila, mentioned here listener feedback, which he considered problematic because usually when you are successful, you don’t get that much feedback and vice versa. However, for all morning show hosts, listener calls and other sorts of audience feedback were very important measures of success: actually, no-one except Ile Jokinen even mentioned ratings or feedback from their supervisors. Their idea of being successful was based mainly on direct listener responses and personal satisfaction, as Riitta Kujala described.

Feedback from the listeners, yeah. And also, I don’t know – I mean, you are able to know it somehow if you have had a good day and all. In a way, I like that sort of day when you have really lot of things to tell – you got a feeling that you have been able to inform people well and still offer some lighter things in between, so that the whole show was not just really heavy. I mean at least I like it. And then, days like that when we had that bomb incident at the marketplace there, it was like, Hippi went there straight away and I was at the studio here, and then it was like we put everything else aside. At least at that time I had the feeling that this was important – to know that people are tuning in Radio Vaasa and they have it right now. That it is in a way, like, that we are there on it, straight away. [Translated from Finnish by the author]

The idea that professional success could be measured by moving upward into the bigger markets was not characteristic of the Finnish interviewees.\textsuperscript{350} First of all, like Ile Jokinen admitted, you cannot get higher up in Finnish radio than Helsinki and the national markets – and there is only one national commercial station. Consequently, Jokinen actually had no better options in sight as a commercial radio morning show host. Second, a large share of the Finnish interviewees were local entrepreneurs, and people who apparently preferred their present lifestyle in smaller communities. In addition, the DJs

\textsuperscript{349} KRT is a Finnish abbreviation for Kansallinen Radiotutkimus, National Radio Research. These reports are produced for both Yleisradio and commercial stations by one company, Finnpanel (Sandell 2003). See also chapters 4.7.2. and 4.8.2.

\textsuperscript{350} Cf. Levo-Henriksson 1994, 69.
of the national stations were not especially respected or even envied by the local hosts. The salaries at the larger Helsinki stations were obviously higher, but Finnish income tax policy and the higher cost of living in the capital region probably balanced the possible wage disparities. On the other hand Jyrki Yliniemi, for example, worked for Kai Pöntinen as a subcontractor and a private entrepreneur, and this gave him the chance to earn more than as a wage-worker somewhere else. Although most of the interviewees at the two larger stations had started their careers in smaller stations, Pasi Piiponen was the only one who had came from outside of Helsinki.

In the Finnish sample, there was no single or consistent conception of a good morning show or a good station sound. While Radio Nova and Ile Jokinen tried to get “up to the same coffee table as the listeners” with carefully researched music and smooth transitions from element to element, Iskelmä 969 counted on listener requests, DJ selections and intentionally played every sound element separately, so that speech or jingles never overlapped with music. Kai Pöntinen argued that, after the reform of 2003, even YLE started to imitate the sound of Radio Nova and international style of producing radio – while they had still kept their own “fur-hat” style, which was “pretty simple, but warm” and now made them different from the others.351

The program directors in the Finnish sample had the responsibility and the power over the programming decisions at their stations. Four of them were owners of their stations and local entrepreneurs, who were not dependent on any corporate owners or consultants. Hermanni Seppälä and Pasi Piiponen got their goals and general guidelines from the upper management group, but they still had relatively broad power for putting these goals into practice and making decisions about music selections, for example. All owners / program directors at the smaller stations had also delegated some of their responsibilities to their employees. Bigger changes and revisions were usually discussed as a group, although the owners /chief editors naturally had the last word. Three of them were also listening and controlling the output of their stations when possible, and they were also ready to go quickly into details with the DJ if necessary. For example, Kai Pöntinen constantly reminded the hosts not to mention where the broadcast came from, because listeners in Kokkola would not want to know if it is raining in Lapua. Liina Mustonen described how his father sent her an e-mail about the order of news bulletins during her broadcast early on a Sunday morning. Separate air checks were

351 For example Lowe (1992b, 142) paid attention to large amount of “dead air” in Finnish radio before 1990 and considered it disturbing and old-fashioned, at least from an American perspective.
not made at any of these stations. Hippi Hovi, who was not a program
director in the strict sense, claimed that nobody really controlled program
hosts at Radio Vaasa: he personally tried to do air checks on himself in order
to improve his performance. At Radio Nova the practical responsibility for
controlling the output had been delegated to the producers. Each day-part
had its own producer, who was usually present at studio during the broadcast
of his or her team. In addition, the producer had also an aircheck session
with the team twice a week, where they listened to some clips of previous
shows and discussed if they had met their goals. The programs of competing
stations were also examined at these meetings. Pasi Piipponen had airchecks
with every program host of Kiss FM once every week, but they listened only
the DJ breaks, without music. Both larger stations also had weekly meetings
for the whole staff.

The two largest stations, Radio Nova and Kiss FM had developed
the most advanced written guidelines or instructions. According to Pasi
Piipponen, the idea of a written “on air policy” was already in use at Kiss
FM in the late 1990’s. In 2000, when both Pasi Piipponen and Tomi Yrjölä\textsuperscript{352}
had moved from Kiss FM to work for Radio Nova, that idea was successfully
used to revise the earlier, more general program policy instructions at Radio
Nova (Hyttinen 2003, 57–65). The present Kiss FM on air policy was written
in the form of a slideshow of about twenty slides, consisting mostly of
guidelines and general philosophy of their operations. This was used when
new employees were trained for their jobs, for example. The on air policy
of Radio Nova was apparently much more comprehensive and detailed – at
least Hermanni Seppälä called it a “bible” and Ille Jokinen claimed that their
on air policy totally defined what sort of radio they were producing. This
printed document had just recently been updated in two different versions,
one for producers and another for all other on air personnel. It was used
not only for training of new employees, but also as a reference during the
aircheck sessions. Iskelmä 969 also had some detailed written instructions,
which were placed visibly on the studio walls.\textsuperscript{353} The reason why this station,
which had absolutely no rules on paper in 1998, now needed these guidelines
was partly technical. Their tailor-made on air system had no other manual,
and some programming routines like the control of song rotation frequency
had to be taken care of by the DJ. Radio Rex had some written training
guidelines for new sales people, but otherwise the smaller stations with very
small staffs still counted on common professional experience, tradition, oral
agreements and the logs of their computer systems. For example, Seppo

\textsuperscript{352}See chapter 4.11.2.
\textsuperscript{353}Cf. Carroll & Davis 1993, 238.
Mustonen wanted to personally take care of the training process of new program-makers, just to make sure that they learned how Radio Rex was put together.

Only two of program directors identified the music policy of their station with an international format name. Both Pasi Piiponen and Hermanni Seppälä explained that their stations were now somewhere between AC (Adult Contemporary) and Hot AC, although Radio Nova had started as a Soft AC and Kiss FM had first been a CHR (Contemporary Hit Radio) station. Although some of the smaller stations like Radio Rex and Radio Salminen (and to some extent also Radio Vaasa) were actually playing much of the same music as Radio Nova, the other program directors did not want to use any English-language format names. The most commonly used expression was “music for grown-up taste.” An exception was Iskelmä 969, which played only Finnish music, mostly iskelmä but also some local music. Jyrki Yliniemi argued that they were not playing only the songs of a one record company, like the SBS Iskelmä-network. All the smaller stations had a rather large selection of 2000–4000 songs available in their system, while both Kiss FM and Radio Nova decided not to reveal the actual size of their playlists. However, Radio Nova was now playing a significantly smaller selection of songs than earlier. Kiss FM had nine categories for music rotation, and always less than ten songs in the tightest four-hour rotation. Every station added some new music weekly. In all cases, the additions were everywhere made more or less on the basis of gut feeling and the playlists of competitors, while only the two largest stations used their own market research when they were choosing which songs to keep and which songs to drop. Again, Iskelmä 969 was an exception, because their music selection was composed directly on the basis of the paid listener requests. Every month about 50–100 songs were taken off the air if they had not been played enough. In this way, the station was getting information about their listener tastes without investing any money on market research.

Several interviewees argued that earlier they had thought that there should be different rotations for different seasons, but now they had abandoned that idea and their station sounded more or less the same in the summertime as well. Iskelmä 969 had also abandoned the idea that the station should sound different at different times of the day, but other stations still counted on different rotation clocks throughout the day. Every station had some basic rules about the use of jingles and other production elements, which were

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354 Cf. chapter 3.9.1.
355 Using Alhqvist’s (2001, 345–346) categorization, this could be called an audience-oriented approach to music programming.
also expressed in the computer logs, but Radio Nova had perhaps the most
detailed rules. For example, if the DJ changed a song on the playlist, he or
she also had to make sure that the jingle before a song was in the same mood
as the song. The frequency of refreshing the programming and production
elements was not too hasty. Hermanni Seppälä believed that constant renewal
was part of radio, but even Radio Nova intended to use the same jingles and
the same basic programming structure for at least two years. A few stations
had some of their production elements like jingles made elsewhere, but most
of the other elements were made in-house. Although Kiss FM had a sister
station in Denmark with the same name, they could not use any of the same
production elements, because Kiss FM had a much older target audience and
a different music policy in Finland.  

There were two quite different main strategies for placing and measuring
the commercial breaks. While Kiss FM in its daytime programming wanted
to offer 40 minutes of non-stop music from the top of the hour before the first
commercial break to keep the listeners tuned in, Iskelmä 969, for example
had five commercial breaks every hour round the clock. This latter strategy
was typical for smaller stations, with the idea to keep the breaks as short as
possible and increase the potential attention value of every commercial. In
most cases, the main purpose of the station identification at the beginning and
at the end of a commercial break was to meet legal obligations by indicating
and emphasizing the separation between the program and commercials,
not to keep the sound consistent or promote the station. The order of the
 commercials was usually dictated by the traffic department. The rules of the
trade were that there should not be two advertisers from the same branch of
business in the same break, or two commercials in a row with the same voice.
Program hosts in general had very limited rights to alter the order, but usually
they were able to assure that these basic rules were not violated. In addition,
Radio Nova charged extra for the first or last spot in any commercial break.
The practice of modifying the commercial breaks to improve the sound was
actually not familiar to anyone, and for example Ile Jokinen totally rejected
it.

Well, that must be an unskilled organization in a several different sectors, and
it is like just tinkering. You know, we have such commercials – I remember

356 In this way, the differences between the two national radio markets had resulted in
a situation where a transnational Kiss FM- strategy could not have been applied
as such without further adaptation.

357 For example in 1997, the Market Court of Finland conditionally imposed a fine of
100 000 Finnish marks (about € 16 820) on Kiss FM, in order to make the station
separate the commercials from the programming with distinguishable signals.
(Journalisti 29.05.1997)
that some commercials are even – if you say, that people call in and ask us when they are going to be on the air the next time. Plus, there will be commercials, but one of the most important tasks of the program host is to sell the forthcoming show so that people have something to wait for.\[358\] [Translated from Finnish by the author]

The importance and influence of the commercials for the program flow was well understood at Radio Nova, which had since it’s early years supported the development of radio advertising in Finland.\[359\] Radio Nova had certain production requirements for each and every spot, and they tried to make sure that no poor or uninteresting commercials would ever get on the air in their programs. In addition, the prices of national campaigns effectively eliminated problems with some advertisers. After some unpleasant experiences with advertising for erotic phone services, Radio Nova decided to reject all commercials related to sex and pornography. In addition, Radio Vaasa and Kiss FM had adopted similar policies. At the same time, Iskelmä 969 was running porn magazine commercials without any concern for hurting their image. However, these commercials were usually not played on Sunday mornings, when the station broadcast Evangelical-Lutheran services from one of the churches in the region. On the other hand, Iskelmä 969 was also the only station that had had troubles with political commercials during the parliamentary elections in 2003. According to Kai Pöntinen, one commercial spot for a parliamentary candidate had to be rejected, not for political reasons, but because the spot connected the candidate to a well-known liquor brand.\[360\] However, other spots from the same campaign were different, and they were used on the air. In general, the range of quality of the commercials was still rather wide especially in the smaller stations, but pulling commercials off the air was quite rare.

The use of the voice of regular programming personnel of a radio station in radio advertising was strictly prohibited in Finland before 1999 (Normo 2003). Although the law and the licensing conditions of commercial radio now allowed it for those other than news and current affairs personnel\[361\],

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\[358\] On the other hand, excessive “pre-selling” of stories was also considered to be one of the weaknesses of Radio Nova (Ala-Fossi 1999, 148; Hyttinen 2003, 95).

\[359\] See Ala-Fossi 1999, 36; also chapter 4.10.2.

\[360\] A parliamentary candidate of the True Finns party, alias singer William Korvenkoski had by accident gotten the same number (13) as a candidate in the elections as Finnish Koskenkorva -liquor had in the Alko (national liquor monopoly) sales catalog. Pöntinen argued that the rejected spot, which utilized these common denominators, was simply tactless and improper. (RAB Finland 07.03.2003)

\[361\] The Broadcasting Act of Finland requires that radio advertising should be “readily recognizable as advertising” and kept separate from other parts of the programme
the idea of using program hosts in commercials was not accepted at all. Hermanni Seppälä said that when he first saw and heard program hosts reading commercials live on the air while visiting in the US in the late 1980’s, it felt cheap, but he also understood why it was actually worth more money for the advertiser. However, Radio Nova had an internal policy not to allow the use of their on air personnel in radio advertising. In general, the respondents were also against using programming voices in advertising. Even Kai Pöntinen argued that, although they sometimes had to use the program host of their youth station as a voice-over in commercials for Iskelmä 969, they tried to avoid that if possible.

The possibility that the program hosts would deliberately break the rules of program making was considered to be rather unlikely for two very different reasons. First of all, there were stations like Radio Nova, Kiss FM and Iskelmä 969 where the level of DJ autonomy was rather low. Playing songs outside the playlist was not allowed, because the channel was not the place for “self-expression”, but for professional work. At Iskelmä 969, Jyrki Yliniemi was allowed to fill in music for airplay from their music library after listener requests had been placed, while Timo Salonen and Ile Jokinen could drop certain pre-selected songs in order to keep their show within the time limits. Hermanni Seppälä argued that most DJ mistakes were unintentional and related to interaction with the listeners on the air – but deliberate deviation from the clock at Radio Nova would undervalue the work of the other professionals who designed the system. At the other extreme were Radio Vaasa and Radio Salminen, where it was difficult to break the rules because there were few rules to break, and the level of DJ autonomy was so high. Playing songs off of the pre-selected playlist was allowed and even encouraged, especially when it supported a local story. In addition, different and personal ways of doing things were usually accepted, like Anssi Saarelainen described.

At one time we used to have a newspaper review, and Hannu mentioned that I could perhaps condense more of what I tell about those papers on the air. But usually, there has not been anything that would have made Hannu to tell me, with his face all red, that now, ‘Saarelainen, you will not get on the air for two weeks’ (…) Perhaps it is just good that now your hands are not tied, about what you are able to do. That you are allowed to express your own personality when you are on the air, that it is not a cute sounding yummy – yummy babble like Radio Nova, which I cannot listen to, because all of it is

with “optical or acoustic means”, but the law strictly prohibits the use of the images or voices of only news or current affairs personnel in advertising. (Laki televisio- ja radiotoiminnasta 744/1998)
always sounds the same, despite who is on the air. [Translated from Finnish by the author]

According to Liina Mustonen, most of the employees of Radio Rex were also shareholders, and not very eager to take any unnecessary risks on the air. Seppo Mustonen also believed that the culture of their station simply was to discuss first, before trying something new and different on the air, and for this reason most of the deviations were just careless mistakes.

The Finnish interviewees also had three different basic approaches to improving the quality of programming. The only person with the most theoretical or “professional” approach was Hermanni Seppälä, who argued that quality should always be first defined according to the target audience, and personally avoided taking any position about improving their current programming. Although Seppälä denied that the lack of resources could be a problem at Radio Nova, Ile Jokinen felt that he was actually short on time, especially when the minutes in the morning show were almost literally worth of gold, and a few more minutes for the show could have improved the quality of the program. Five other respondents thought that they could have improved their program quality primarily by hiring more people to do certain things for programming, or by spending more money on branding and marketing: three of them were program directors or chief editors. The remaining five concentrated on the content issues and changes in present programming, as well as on personnel training. For example, Seppo Mustonen was convinced that smooth and polished production was not as crucial for program quality as the know-how and ability to manage programming content.

6.4.3. Common Trends and Differences in Product Oriented Quality

Both the American and Finnish program directors used ratings and station revenues as the main indicators of their professional success. However, the Americans were much more critical of the ratings as measures of the professional success than the Finns. Why would Finnpanel’s KRT reports be considered to be absolutely reliable measures of professional success, especially when the Finnish interviewees were also well aware of the deficiencies of the ratings in describing the audiences? One possible reason could be that, in the US, public and non-profit broadcasters are usually not listed in the same ratings books as the commercial stations, while in Finland all the Yleisradio channels are constantly measured with ratings against their commercial competitors (see chapter 4.8.2.) Consequently, the whole field of professional radio is always ranked according to the same principles, which does not leave much room for any alternative definitions of professional
success. In addition, the long history of ratings in the US, and the unique, monopolistic position of Arbitron may have decreased the American confidence in the ratings as an indicator of professional success. Finally, most program hosts in both countries appreciated listener feedback, as well as their own feelings as indicators of a successful work performance.

Although the Americans were more reluctant to measure professional success with ratings than the Finns were, they widely accepted the rather straightforward idea of professional success as advancing to the bigger markets, which is perfectly in line with the economic principles of the market economy system. However, the Finnish interviewees did not generally identify success with larger markets, and the big market DJ’s were not especially respected in smaller markets (see also chapter 6.6.3.). There are probably more cultural, historical and socio-economic reasons for this difference, but the size of the Finnish radio market, the ownership structure of the remaining local stations and the Finnish tax policy cannot be neglected.

At the same time it was very interesting how two morning show hosts on the different sides of the Atlantic (Liz Kelly and Ile Jokinen) described their professional goals with almost exactly the same words and images, explaining how they were trying every morning to sit down to the same coffee table with their listeners. This suggested that their general approach towards their listeners and the standards of good programming were not that much different. However, there were also clear distinctions: for example, the smaller Finnish stations in general did not give that much weight to the smoothness and slick continuity of their sound, and Iskelmä 969 had actually developed a sort of brand out their traditionally Finnish sound and style of presentation. One additional clear difference between the two countries was the strict rules about the station call letters in the US, which were virtually unknown in the Finnish sample.

Just as one could have expected, the operation methods of the two largest stations in the Finnish sample, Kiss FM and Radio Nova, were very similar to the US music stations. In particular, the systems for selecting the music and controlling the sound with air checks, as well as the English-language trade vocabularies were basically similar. In both countries, written and detailed instructions were more typical for large stations, but the obviously very comprehensive on air policy document of Radio Nova was clearly exceptional, and it could probably be considered as the manifestation of the station quality culture, and the basis of a wider programming quality system (cf. Ala-Fossi 1999, 136). There is also probably more than one reason

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362 Cf. also chapter 3.9.1.
363 Cf. the style of Radio Nord (chapter 4.4.)
why this sort of a station wide programming quality approach has been
developed in Finland, although American stations in much more competitive
environments have been able to manage without such comprehensive policy
documents. First of all, the tradition of format radio in Finland is rather
short (see chapters 4.8.2. and 3.9.), and many radio professionals are also
familiar with the earlier traditions that emphasized creative freedom (cf. Alm
1992b and Tuominen 1992). The whole idea of professionalism and good
quality in Finnish commercial radio is not as established and homogenous
as in the US, and this is why very detailed instructions have been needed
to meet the high market expectations for the large operators in commercial
competition (cf. Hyttinen 2003). Also, the disintegration of quality cultures
has probably made it easier for experienced professionals to accept the
idea of a guidebook. Finns in general are much more uncomfortable with
uncertainty and ambiguity than Americans (Levo-Henriksson 1994, 65–67),
and detailed operating plans and long-term planning are actually not as
significant to the American business approach as one might have expected
(Tamminen 2000, 15, 153–154). At the same time, the music system of the
Iskelmä 969 also represented an exception in the Finnish sample. The station
had clearly adopted some of the basic principles of the format radio method
by concentrating on a certain genre of music, but it had also borrowed some
ideas from more traditional Finnish radio and created a unique hybrid system
with some totally new ideas.

The reasons why the American and the Finnish interviewees had such
different ideas about commercial breaks are probably numerous, but one of
the most obvious is that the commercial load in the US stations is generally
heavier and the strategy of keeping the breaks short would not work.364
Moreover, none of the US stations had such a monopolistic position in their
markets, like Radio Nova in Finland. When the number of commercials
gets higher, and station has less power or authority over the production and
quality of the commercial spots, more sophisticated methods of rating and
placing the commercials become increasingly important for the sound. The
fact that sex related ads proved to be a very delicate issue for many stations
in both countries was hardly surprising, because association of certain ideas
can easily hurt the image of the station.

One of the clearest cultural distinctions between the two national groups
was connected to the boundaries between advertising and programming.

364 According to a US study, 66 per cent of in-car listeners tune out during
commercial breaks. 33 percent of them tune out at the very beginning of the break
(MacFarland 1997, 89) See also Clear Channel 2004b.
Live advertising spots by the station personnel are part of the tradition of American commercial radio, and the program hosts seemed to have no problems with their self-respect, at least when they get special monetary rewards for commercial spots. It is interesting that, although most of the earlier regulations and restrictions have been stripped away, the idea of the program hosts doing live spots or other radio advertising still seems to be a sort of a taboo in Finland. However, this probably will not guarantee that the line between programming elements and commercial messages will not be blurred in Finland in other ways.

Again, the ideals of a professional DJ at Kiss FM and Radio Nova were rather similar to the music stations of the US sample. A DJ was supposed to be creative, but by no means an artist. A true professional would respect the skills of the other members of the team, and carry out the tasks despite any personal preferences, in order to make the station successful: it was not about design, but execution. When compared to these ideals and their practical interpretations, it seems that the program hosts or DJs at some of the locally operated stations in Finland still had more latitude inside their formats. They represented a slightly different definition of professionalism, which allowed some amount of freedom, individuality, unpredictability and inconsistency. This kind of approach was actually missing from the US sample, where the main difference between the stations was their size rather than their operational philosophy.

The ideas about improving the quality of programming by adding or taking away something were surprisingly similar among all the respondents. It was possible to identify the same three basic approaches among both the American and the Finnish interviewees. However, it seems that the Americans gave slightly more emphasis to the role of money and resources for improving their program quality. Interestingly, in both groups the respondents with the most theoretical, non-subjective approach were the smallest minority, also representing the program directors of the largest operator.

Three of the four Finnish local program directors had not significantly changed their working methods since 1998. However, Seppo Mustonen, who claimed in 1998 that he did not control the sound of his station was now much more personally involved in both directing and controlling the editing of the stories, as well as the performance of the program hosts (Ala-Fossi 1999, 135–137). Since 1998, no written instructions about programming had been created at these locally operated stations except the guidelines for

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365 For example, the first NAB code in 1929 suggested that sponsored or paid-for material should be clearly identified, but the use of on air personnel in advertising was not excluded (Kahn 1984, 72)
the new computer system of Iskelmä 969. It should be noted here that even Radio Nova did not adopt and create its present written on air policy until 2000.

It also seems that the basic music policies of the four locally operated stations in the Finnish sample had not changed very dramatically (Ala-Fossi 1999, 138–139). However, the selection of music available for airplay was generally a little larger than it had been 5 years earlier. The exception was Iskelmä 969, where the computerized music library of 4000 exclusively Finnish songs might be narrower than the selection of Finnish songs available in 1998 (when Kai Pöntinen argued that they had no playlist at all). Otherwise, Pöntinen had not changed his ideas: the target audience of the station was not defined according to age, paid music requests had an important role, and music was not pre-selected for airplay (Ala-Fossi 1999, 138–140; Ala-Fossi 1995, 87). Although the traditional Finnish presentational style of playing every sound element separately was not used at Simpsiö 969 in 1993 (Ala-Fossi 1995, 67, 83), this style was adopted before 1998 and it has remained the same ever since. At Radio Vaasa, Hippi Hovi allowed the program hosts to play music outside of the playlist already in 1998, if it supported a local story. Because now the DJs at both Radio Vaasa and Radio Salminen were allowed to independently pick some other music for airplay, it is possible that they were now given even more latitude than five years earlier, when both stations had more employees.

The practices of playing jingles and other production(al) elements have apparently not changed very much since 1998 except at Iskelmä 969, where the new on air -system provided much more flexibility to place and play production(al) elements than earlier (Ala-Fossi 1999, 140). Similarly, the practices and goals of placing the commercial spots and composing the breaks have remained the same (Ala-Fossi 1999, 143–145). For example, Radio Vaasa had rejected commercials of erotic phone services already in 1998. In 2003, none of the interviewees remembered those problems with advertisements to which they had referred in 1998.

6.5. Consumption Oriented Quality

6.5.1. Balancing Between the Customers and the Clients

The debate over the primary products and the primary customers of commercial radio continues inside the industry. There was some evidence of constant disagreement between the sales department and programming people about this matter (cf. chapter 5.7.3.). For example, just before the interviews, KODZ had a sales meeting, where this issue was debated, and
KPLZ had a “most interesting“ internal discussion going on about who is their most important customer. At the same time, while it is not surprising that all the interviewees thought that their primary customers were the listeners, almost all of the program directors and most of the morning show hosts did not forget to mention the advertisers as customers as well. The listeners were needed first to get the advertisers, or as James Derby put it, without listeners they would not have jobs, and without advertisers they would not get paid. One possible reason why the sales department had a tendency to underestimate the importance of programming was that only very few advertisers were direct clients, who still decided their advertising buys based on what the station sounded like. According to Liz Kelly, about 80 percent of advertising in radio were now bought by media agencies, which based their decisions solely on the numbers in the ratings book. These different perspectives of the two departments were not a real problem for Mike Dirkx, because it was the program director’s job to make sure that the overall approach was balanced.

Well, if you are program director, then the listener is your most important customer – without listeners, you’ll have no advertisers. Advertisers don’t wanna buy your radio station if you have no listeners. So for me the most important thing is the listener. Having said that – you also need to balance the needs of your own air staff and their abilities and needs and wants and desires – and [at] the same time you need also look at your other customer which is the advertising client and balance the needs and wants and desires of that particular audience – or that particular customer. So you’ve got a variety of different constituencies that you need to balance, but the most important thing from the radio standpoint – from the programming standpoint is the audience, your listener.

However, some of the listeners were more important than the others. Phil Manning used Arbitron’s categorization of listeners to explain that the station’s most important customers were the P1 listeners, who produced most of their ratings. Although it was not possible to serve this core group all the time with the right sort of music, the idea was to keep them tuned in with other means or elements of programming. The same categorization of listeners, according to the amount of time spent listening or the consumption of programming, came up in another interview. Moreover, when the interviewees were asked to describe their target audiences, all of the program directors except one used demographic age group definitions, which were based on the age scale in the Arbitron ratings. This describes

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how the ratings industry, or in practice Arbitron, has created the concepts and models for thinking about the audience, and how the listeners are constantly conceptualized in terms of the ratings system.

However, the idea of the audience described by Arbitron ratings was also challenged and questioned by some program directors and morning show hosts in several ways. Some considered ratings just as a “necessary evil” in their work – only Mike Dirkx counted primarily on ratings reports as a means of learning about the audience. Especially for those interviewees who themselves worked on the air, the actual interaction with the listeners, through phone calls or meeting them in person, was far more important than ratings, while most program directors emphasized other research than ratings, like call-out research, perceptual research, the use of focus groups and Arbitron’s analysis of listener demographics. Debi Starr noticed that corporate ownership had at least one advantage, because the new owners had resources to do local research too, and provide additional information for decision-making. The fourth approach to learning to know the audience was to belong to the audience. At its most modest form, people were using themselves or their colleagues and neighbors as an example of the audience demographics: if you think something is interesting, it may be of interest to other people like you. The other extremity of the scale was actually living the lifestyle of the target audience, like people at KNDD tried to do: in order to be on the cutting edge, they were going out to the concerts and events to do the same things as their listeners. Some of the interviewees had also used these various sources of information about their audience to create some models of average listeners. If a station had more than one type of programming, there were also more types of listeners. For example, James Derby described that they had two main types of people listening to KXL. The first one was a hard, blue-collar worker making about $35,000 a year and listening mostly to their news, while the second one was more wealthy and affluent, making up to $70,000 a year, listening mostly to the conservative talk-shows.

Most of the interviewees had no real doubts about understanding what their audience thought about their programming. For example, Mike Dirkx

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368 Kent Phillips even started his own ratings company, Eastlan to provide more reliable ratings in 1999 when he owned a group of small market stations. Arbitron had such small samples in the small markets that when they were divided into demographic groups, the numbers were no longer legitimate. For example, Carroll & Davis (1993, 177) have argued that interpreting the figures is the most important of the responsibilities of a program director – and an understanding of the limitations of Arbitron and other methodologies would be crucial in this.

369 This may be one of main reasons why there are so many conservative talk-shows: these programs have the ability to reach wealthier and financially more valuable audiences. Cf. also Long & Traudt 1999.
argued that because he had programmed several stations in Portland during last 20 years, he had a feeling that he now understood not only KEX listeners but some of his competitors’ listeners, too, and Kent Phillips considered their continuous success in ratings as a sign of understanding the audience. Interestingly, his long-time co-host Alan Budwill was quite convinced that as a 46-year old male, he was always more or less guessing and searching for the preferences of their mostly younger female target audience. Budwill had perhaps never had the advantage of living the lifestyle of the audience, because he started his radio career in formats appealing to older audiences, and when he got older, the formats got younger. Another skeptic was Phil Manning, who estimated that although he had a general idea about what their audience was looking for, there was no way to understand or please them all. At any given moment, the song they were playing on the air would not be liked by more than 70 percent of their listeners, and he would get a bunch of complaints about selection of bands even after a sold-out station concert. This is why Manning argued that programming was mainly about dealing with the majority opinion. Although KNDD was not playing anything other than alternative rock, they had to compromise within their own genre all the time to keep the majority of the listeners tuned in.370

Most of the interviewees’ thought that the listeners’ primary expectations for their programming were that the station would consistently offer a similar kind of programming than it had offered earlier. Only one interviewee suspected that people would actually like to hear a wider variety of music than their station was offering at the moment. For Bob Miller, the basic relation to the listeners and their expectations was built on dependability and intimacy.

[They expect] not to be offended on a daily basis – aahm – that they are going to learn something that they did not know before – and that I’m always gonna be there. People – people like dependability. They like to know when they turn it on that they’ve not going to be surprised with – there is not going to be another guy there next week –or what ever – and they got to know you. You become a part of their family – you really do. You become part of the family – I mean when I was growing up we had a guy that we listened every morning and he was one of us – I mean – you know. And my mom and dad they talked about him all day. Ronnie said this and Ronnie said that and whatever and hopefully, people are doing the same thing with me. They are talking at work [about] what Bob said, what Bob did, what phone call Bob made, what did he say to this lady when she called and that kind of stuff. 371

370 Cf. chapters 5.2.2. and 5.3.
Some of the interviewees even compared their programming services to public utilities. This was especially typical of the news services on the AM dial. Mike Dirkx described how some of their listeners use their station as a utility to get the news, traffic and weather, and then, after having that information, they may leave somewhere else. Rebecca Marshall argued that AM news is a service like the dial tone in the telephone: hardly anybody will ever thank you, but you are expected to always be there. Interestingly, Phil Manning compared his music station to the electric company – if you hit a light switch, you expect certain things to happen – and in the same way if you turn on that radio station, you have certain expectations. At music stations with older music formats, this kind of consistency was much easier to maintain. For example, Andy Manuel was very aware of this advantage when compared to new music stations. According to Phil Manning, the trick to adding totally new music was to fail quickly: it was important to find out as soon as possible if a record was going to become successful, or otherwise get it off the air. Because unfamiliarity is considered a risky thing that is not rewarded by the listeners or the Arbitron system, all the new records were placed in between familiar ones.372

At news-talk stations, talking about pop-culture was considered to be risky business that was not perhaps meeting the listeners’ primary expectations of local news and information. Pop-singer Britney Spears was spontaneously mentioned in three separate interviews as an example: Mike Dirkx claimed that a news-talk station should not probably waste a lot of time for talking about Britney Spears, but morning show hosts Bob Miller and Rebecca Marshall argued that talking about Britney Spears sometimes would probably not alienate the older listeners, but serve their younger listeners.

6.5.2. Knowing the Clients, but (Re)searching the Audience

More than half of the Finnish interviewees thought that the most important customers of their station were the listeners: some considered this to be the quite natural or obvious perspective, because they worked in programming. It was possible to recognize the basic disagreement about customers between the programming and sales, but there was no evidence about heated or continued debates between the departments at any station. At the same time, while only two of the interviewees mentioned listeners as their only customers, almost all program directors saw the listeners as their primary

372 Cf. chapter 2.4. Compare the KNDD approach with the YLEX music strategy (chapter 3.12).
373 This programming practice is called hammocking. Placing a hit song between two new songs would be tentpoling. (Orlik 2001, 117)
customers, and also mentioned the advertisers as their other customers, for whom the listeners were needed.

However, as many as five of the respondents had some difficulties with seeing the listeners as “customers”, or they were not able to prioritize their different sort of customers at all. Timo Salonen suspected that his most important customers might actually be the shareholders of SBS, while Ile Jokinen understood and identified customers solely as ad clients and argued that none of the advertisers limited his freedom of speech – although in the commercial business it was not wise to deliberately mock any of the advertisers. Interestingly, Jyrki Yliniemi at Iskelmä 969 saw their advertisers and the listeners paying for their music requests as equally important customers. This was understandable, because the income from the music requests was not a modest sum. If about 60 percent of the music between 6 a.m. and 12 p.m. (approximately 130 songs per day) was played for € 2,43 (at the time about $ 3) per song, the annual revenues from music requests could be about € 100,000. In this way, when he was on the air, Yliniemi was equally responsible of playing paid commercial spots and paid music. In addition, Seppo Mustonen felt that at the moment he was unable to choose whether the listeners or the advertisers were more important for his station.

Because my background is in journalism, I have not ever really participated in sales – only when our sales manager has changed, I have managed the sales department, and now I have done that for almost six months. So of course my world of ideas has turned a little bit in a direction that maybe it is even more important to have those paying clients. But it is a difficult question (…) But nowadays it goes this way, that you certainly have to have those listeners, and you must be able to prove that your channel is being listened to, before advertising clients become interested at all. For example, the launch of Iskelmä [co-operation with SBS] has been a much longer process than I ever thought. I imagined that we would make an interesting product out of it in six months, because it already had a national brand. But it did not have any value for the advertising clients. [Translated from Finnish by the author] According to Hannu Ala-Pappila, the situation was similar at their other station, Oikea Asema in Kuopio. In a big town, competition was tight and the advertisers wanted evidence about listeners, so the ratings reports were quite important. However, in Iisalmi, KRT reports were not that important for Radio Salminen, because most of their advertising was sold directly to the clients. This was also the case for Iskelmä 969 and Radio Vaasa. Actually, Hippi Hovi had recently canceled the KRT subscription, because bilingual and Swedish-speaking listeners were left out of the research. Although the ratings reports were considered to be quite unproblematic meters when measuring professional success, others criticized KRT for its
insufficiency in describing and reflecting the audience and its preferences. Jyrki Yliniemi and Seppo Mustonen were both aware of the small size of the regional samples, which for example made it impossible to compare regional listening in different income brackets. Mustonen complained also about the lack of qualitative dimensions, because perceptual questions about the stations were not included by KRT any more. One additional deficiency was that the local stations got their reports only once a year. Hannu Ala-Pappila argued that this was too seldom to effectively use the ratings information in their program development.\footnote{In 2004, Finnpanel increased both the sample size and the frequency of the reports. According to Sandell (2003) the radio networks especially need information about changes in the market as quickly as possible.}

Despite of their known weaknesses, KRT reports were an important means of learning about the audience for almost every station. Only the two largest stations also had significant amounts of other research about audience preferences and perceptions. In addition to music research, both stations were using some sort of trend meters and perceptual research. People at both of the larger stations also thought that this was important: for example, Ile Jokinen considered that a strong research department was one of the reasons “why Nova is what it is”. At the same time, the interaction with the listeners at these two stations was rather small. According to Pasi Piipponen, Kiss FM was a rather studio-oriented station, and the best chance to really meet their audience was the station’s annual birthday party. On the contrary, Iskelmä 969 relied almost solely on the direct listener feedback. The paid requests by the listeners actually dictated which songs were kept on the air, and at the same time the callers were able directly express their opinions to the program hosts. Radio Rex and Radio Salminen had also found that listener feedback had to some extent helped them to react and correct their strategy. There were also other ways to solve the need for information about listeners. For example, university students conducted some research for Radio Vaasa as a part of their studies and Radio Rex made its own surveys of the participants on their listener cruises. The only person who admitted that she was using intuition in finding out what their listeners might want was Liina Mustonen. She argued that she was able to do so, because she belonged to their target audience, and it was likely that she had similar interests as their ideal average listeners.

Most of the stations defined their target audiences primarily according to the age. However, Iskelmä 969 was again an exception. Both Jyrki Yliniemi and Kai Pöntinen argued that it was practically impossible to categorize their target audience with anything other than their music preferences. The
earlier division between the young and the old had been blurred, because the first generations of rockers were already retired. Actually, Pöntinen and Yliniemi agreed with Hermanni Seppälä that the development of the musical tastes of young people was different now than 25 years ago. There was no longer a certain age when people started preferring Finnish iskelmä- music instead of international pop and rock. However, their conclusions were quite different: while Seppälä thought that iskelmä was no longer needed to please young adults, Pöntinen and Yliniemi saw that this was the reason why a station like Iskelmä 969 had quite a lot of younger listeners. Pöntinen also denied that farmers or people in rural occupations would be more likely to prefer iskelmä. Radio Vaasa and Radio Salminen defined only the lower age limit for their geographically limited target audiences. Both were interested primarily in adult listeners, mostly people over 35 years. According to Hannu Ala-Pappila, commercial radio in Finland had so far undervalued listeners over 45 years old, but he was pleased to have the best numbers in that group. Radio Rex, Radio Nova and Kiss FM had abandoned their earlier, more general demographic target group definitions and replaced them with a more specific idea of an average target listener. Interestingly, all three of these imaginary average listeners had a lot in common. They were all well educated, young female adults in office work, living in an urban or densely populated area with a maximum two children. At Radio Rex, the average listener was approximately 35 years old, while at Radio Nova she was about 30 and at Kiss FM a little less than 30. At Radio Nova the conception and detailed description of the average listener – known with the name Pia – was also written into their on air policy document. Both Ile Jokinen and Hermanni Seppälä also referred to their average listener “Pia” and to her assumed preferences during the interviews.

Most of the interviewees were actually quite confident that they had a rather good idea of what the audience might think about their programming. However, Hippi Hovi and Seppo Mustonen disagreed. Hovi said that he had a certain general idea, but it was much too vague to identify a listener segment and create a real format for their station. Mustonen argued that listener feedback was too random, and the KRT reports were too narrow to offer a basis for a really good understanding of the audience. There were also some doubts at the larger stations. Timo Salonen questioned the whole idea of target audiences and argued that market research could be a double-edged sword, offering false security about knowing the audience. Hermanni

375 In a SBS Finland marketing brochure, Kiss FM provided not only a name “Anne” but also a pretty face for their average audience member. In addition, the leaflet described her values and consumption habits. (SBS Finland 2003b, 9)
Seppälä believed that he had a strong idea of what their audience thought, but he also admitted that his idea of their male audience was not as clear, because the research had concentrated on female listeners.

The most common idea about listener expectations for programming was that they were primary related to the music of the station. The majority of the respondents mentioned music as an important reason, but people at the locally oriented stations also emphasized the locality and local perspective of the content, as well as intimacy. For example, Hannu Ala-Pappila thought that people are actually flipping from station to station as long as they could find a good song: the moment of truth comes as soon as the song is over. If the station then offers something relevant and local, the listeners might stay tuned in – otherwise, they’ll go somewhere else to find good songs again. On the other hand, at Iskelmä 969 and Kiss FM the respondents trusted that listeners were primarily expecting to hear a certain kind of music that they were looking for, like Pasi Piipponen described:

Yes, I do believe and also know that it is music. In every case at this kind of station, which is based on playing music – we have more songs than speech – that is the starting-point. But most of all, nowadays more and more emphasis is on the packaging, in what kind of wrapping you are serving it and how the station is talking about its music. So that is the way it all comes together. [Translated from Finnish by the author]

Piipponen saw that the style and marketing of the station – the image of the station – was almost as important for capturing the audience as meeting the actual expectations of the target audience about the music content. Making a difference was more and more a marketing issue. Interestingly, Hermanni Seppälä and Ile Jokinen thought that the listeners’ primary expectation for Radio Nova was an entertaining companionship. Seppälä was also the only respondent who thought that the listeners expected dependability or consistency, especially in music.

6.5.3. Common Trends and Differences in Consumption Oriented Quality

The American and the Finnish interviewees had some differences in identifying their customers. It seems that most of the Americans did not have any problems in naming the listeners as their primary customers, because they practically had a consensus of opinion. At the same time, the Finns were split: almost half of them had difficulties seeing listeners as their customers – or at least as their primary customers – mostly because

the customers were supposed to have direct monetary transactions with the station.\textsuperscript{377} However, in both countries almost all program directors at all kind of stations recognized and accepted the basic idea of dual customers of commercial radio, where both the listeners and the advertisers are seen as customers. This kind of understanding is obviously needed to be able to perform in a key role as a program director on a commercial station.

The need for ratings information in advertising sales did not differ very much between the two countries: most of the clients and all the larger clients were planning their buys on the ratings more than anything else. Ratings books were less important only when the stations had some direct clients. This was typical for smaller market stations, especially when they had no direct local competition. The majority of all the stations defined their target groups primarily by the age. This also reflects how the audience has been primarily conceptualized in terms of ratings system. In addition, the majority of interviewees in both countries had no real doubts about understanding their audience. However, despite the absolute importance of ratings or perhaps because of it, the status of ratings books as descriptions of the listening audience were challenged by quite many interviewees in both countries. In particular, many Americans considered the ratings to be an inadequate means of learning to know their audience.

It was hardly surprising, that the larger stations in both countries conducted much more market research more often about their target groups than the smaller stations, but the larger stations also had a certain advantage in the use of less scientific methods, because of their larger staffs with more point of contacts. Some stations in both countries had refined this additional information as well as ratings data and created an average model listener. In addition to more general audience age and sex definitions, these imaginary persons were used to help to target the programming. Iskelmä 969 in the Finnish sample was an exception in many ways. The target group of the station was based only on the music instead any demographic definitions. Moreover, the station had a tight format, but instead of any kind of additional market research, Iskelmä 969 was counting on direct listener feedback. Usually this kind of interaction with the listeners was most important for the program hosts. In the US sample, KNDD was an exception. In addition to extensive market research, the station counted more on living the lifestyle of their target audience than any other station.

The ideas of listeners’ expectations among the Americans and the Finns were clearly different. This reflected their divergent ideas of consistency, as well as the differences of the market structures and competitive environments.

\textsuperscript{377} See chapter 2.4.
Most of the American interviewees relied on dependability to meet the listeners’ expectations: people would be pleased if the station offered the same kind of programming consistently, while in Finland the listeners primary expectations were most often related to music only. However, several interviewees in both countries considered that their listeners also expected a certain closeness and intimacy.

6.6. Expense Oriented Quality

6.6.1. Creative Talent, Money and Saleable Compromises

All the American interviewees agreed that it was possible to produce high quality programming with only low costs. Despite this seemingly mutual understanding, there were three different perspectives on this question that could be called the optimistic, conditional and pessimistic approaches. The optimistic approach argues that to a certain extent it does not take a lot of money to create good programming, as long as you are able to be highly creative. Some of respondents also suggested – more or less seriously – that their station or their show was a perfect example of this. Alan Budwill even told a story of how he and Kent Phillips had earned their reputation of being funny in Portland by inventing a silly contest called “Wheel of Meat”, although they had virtually no budget at that time. The conditional approach asserts that because good programming needs primarily creative, talented people, these people must be compensated or otherwise they will soon take their talents elsewhere. Andy Savage and Mark Raney used the old adage that eventually “you will get what you pay for”. Kent Phillips was more or less talking about the same issue, when he argued that in the long run, without money it is difficult to be successful against people that have money. The pessimistic approach – about one third of the interviewees – argued that it was certainly possible to make high quality programming at low cost by simply using automation and syndicating the whole station. Despite her relatively short career in radio, Liz Kelly already had first hand experience with this corporate practice of making cheap quality.

It is [possible]. And there is a trade-off. But there is – it changes from being local radio to be more music driven, we’re going to lose the personality part of it – but you can have a good sounding music station with the automation options which are available to the radio companies today. Clear Channel – their Prophet system is phenomenal in what it can do. It is little scary, it makes me wonder every morning when I am the next to go. I have already been a product of automation – lost a good paying job – a great show that had an enormous listener base – but they just did not want to pay the salaries for it – and the station is now off the air. So they suffered from it.
According to Debi Starr, cutting expenses through automation and voice-tracking was possible as long as everybody in the market was trying to keep their expenses down: for example in Eugene, none of the music stations had a live DJ during the nighttime. Consolidation had also opened other new possibilities to cut the price of quality production. Phil Manning said that they were able to use the production and programming services of their Entercom sister stations in other markets, especially the alternative rock station KNRK located in Portland, Oregon.

Only one third of the interviewees thought that spending more money or using more people would usually ensure better quality programming – either because you could hire top personalities and buy good equipment, or because you could have a whole team of people to take care of multiple tasks. However, the majority of respondents were much more skeptical towards the idea that spending more would result in better quality. Actually, one third were more or less directly opposed to the whole idea. Money could also be wasted, and just bringing a bunch of idiots together would not help much. Although more people would usually mean more ideas, it was more important to have the right people doing the right things than just having more people, and spending money on the right things was more important than just spending more money. Both Kent Phillips and Mark Raney told about stations that had tried to break into their markets with big money and talented professionals, but failed. Despite the heavy spending, these unsuccessful stations had not been able to get listeners really interested or to retain the confidence of advertisers. James Derby argued that, if a station had 50 hard working professionals under good management, they could have a better programming product than a poorly managed station with a 100 person staff. In this way, the success of the station and the quality of the programming output was not seen to be dependent only on spending and staff size, but also on proper management and mutual co-operation of all station departments. Good quality does not necessarily take much money, primarily it takes talent – but to get the talent you need, you usually need money, so the amount of available financial resources could to some extent predict the probability of producing a quality product.

Some of the morning show hosts were rather reluctant to evaluate whether or not it would be reasonable to invest on program production, if such an investment would cut profits, because it was obviously a management decision. However, few hosts commented on this question by emphasizing that just cutting expenses will not keep the station going. For example, Andy Savage said that the people should get the tools they need to be successful.

378 Cf. chapter 3.3.3. and chapter 5.3.
Although practically all interviewees agreed with another old adage, “it takes money to make money”, for most of the program directors the question of investing in program production was not that simple, but a fine balance. The most important aspect of spending more money on programming was not about improving the quality of programming, but how to make the investments produce revenues. Program directors like Phil Manning, Mike Dirkx and Kent Phillips saw that sometimes program quality and ratings did not go hand in hand. It was possible to spend more and to produce better quality programs, but if that did not lead to better ratings and increased revenue, there was not much sense in producing quality for quality’s sake. According to Phil Manning, the first problem was that it was possible to end up in a situation where you spend more money and improve program quality, but it does not improve your ratings. The second scenario was that you invest money and produce great programming for the listeners, but the advertisers would not be interested in those programs, or more exactly, those listeners. However this blind alley could be avoided if you get the sales department to test your programming ideas in advance with the advertisers. Kent Phillips also argued that the timing of investments was crucial: it was best to make investments when the demand for commercial time was high, because then you also knew that you were going to get a return. On the other hand, when the demand for advertising time was low, even the improved ratings that would follow from the investment in the show might not produce more revenues. To keep your competitive edge, you had to improve when the times were good, and continue to invest in to your product at some level to keep it competitive and fresh. At the same time when all this proved that there was an idea of program quality for the listeners, which exists independently or outside of the ratings, it showed that in practice, this sort of quality was also subordinated to the production of ratings and revenue. Production of program quality for listeners that would not have commercial sales value was more or less just waste of resources.

Almost half of the interviewees believed that big stations in the major markets as well as syndicated network programs usually, although not inevitably, had better overall programming quality. The simple reason why bigger was better also in radio was money: big market stations or syndication networks were able to charge more for advertising, and that was why they were also able to pay more and attract the better and more experienced air talent and production people. For example, Phil Manning claimed that it

380 For example Carroll & Davis (1993, 181) have argued that “the quality of production directors’ work determines whether many of the commercial messages
would be just great for the listener if a DJ who had made his way up to market number three could make a show for people in market number 95. However, he did not like the idea that a successful local show would “get bumped” and replaced by a syndicated show just because of cost cutting for the next quarterly report. A former big market DJ, Mark Raney also thought that big market radio usually represented better quality, although he personally preferred living in Eugene and enjoyed making a local show about local issues. Although making your way up in to a big market was seen as a sign of success, and the quality of programming in larger market stations was considered better because of their superior resources, there were also some attempts to demystify the magic of big market radio and make it more commonplace. Although the resources in the big markets were better, there were also higher expectations, because the stakes were higher. And despite all the money and talent available, all the big market programming ideas were not so brilliant, not to mention that “headphones break also at the big market stations” like Steve Leader reminded.

The other half of the interviewees were not willing to accept the simple equation of bigger markets as such, and they wanted to somehow challenge or question it. They either claimed that as long as you are able to find the talent who prefer a small city lifestyle, you can produce major market sound in smaller markets – or they argued that syndication does not always mean that you are good. However – especially when considering the long tradition

and other material interspersed with the music content enhance or detract from the station’s sound.”

Ironically enough, in 2003 Phil Manning was forced to shut down the KNDD local morning show because of cost-cutting measures. The station had reduced their on-air staff earlier, and in September they lost Andy Savage after 6 years at KNDD. The station could not afford to pay as much as Savage had wanted and he was let go (Virgin 2003a). The next month, the morning team of sister station KNRK was brought from Portland to Seattle, and The Marconi Show was broadcast from there to both cities for eight weeks until KNDD changed its music format in December 2003. The station concentrated more on older alternative rock, and the new morning slot was dominated by music instead of personalities. (Virgin 2003b, Virgin 2003c, Potterf 2003). In February 2004, Phil Manning participated in the Fixing Radio Forum in Seattle, which produced a document called Seattle Statement on Radio in order to suggest how to improve US radio (Lawson 2004).

In September 2003, the local “Cyd and Mark” show of Mark Raney and Cyd Salpino at KZEL was replaced by a syndicated show of larger market talents from Los Angeles, which was already on 12 different stations on the West Coast. KZEL had been slipping in ratings from number three in 2001 to number eight in 2003. Cumulus Broadcasting argued that the changes were not made because of the poor ratings but to “enhance the product” (Baker 2003)
of local radio in United States – surprisingly few people even mentioned the possible value of local programming about local issues, and moreover, the local origin of production seemed to have no absolute value in itself. Although James Derby strictly denied that a local show would always be better and claimed that the best show was the best show, no matter where it came from, he believed that a local show would always win in terms of immediacy. Another person speaking for local programming was Kent Phillips, who argued that a local show was better as long as it had local hosts talking about local people, otherwise national programming would sound better. Accordingly, Kent and Alan had also rejected offers to syndicate their show, because that would have forced them to reduce the local aspects in the show and compromise their local success.

6.6.2. Creativity and Devotion Surpassed Money and Size

Everyone in the Finnish sample agreed in principle that it was possible to produce quality programming at low cost. However, there were two slightly different perspectives, which could be called the optimistic and the conditional approaches. In addition, there were at least three different ideas about the quality of programming. The optimistic approach was typical for those interviewees who worked in smaller stations. They argued that producing quality programming takes creativity and good people more than money and suggested, like Hannu Ala-Pappila, that they were trying to do that, and being most of the time successful. In this approach, quality was considered as meaningful content for the listener and creativity, but not as much as great sounding production. On the other hand, Seppo and Liina Mustonen both shared this same idea of content quality, but their approach was still conditional. They saw that less money would mean a smaller amount of quality programming and no large productions at all.

Both of the big station morning show hosts, Ile Jokinen and Timo Salonen, thought that producing quality programming at low cost was possible, but it would be a really demanding task for the programming people to make that happen. Interestingly, both of their supervisors, Hermanni Seppälä and Pasi Piipponen, argued – with almost the same words – that basically it does not take more than “a one good guy “ to make quality programming. While Piipponen thought that it also takes good music, Seppälä claimed that a really good and charismatic person could get a lot of listeners, even without music. In this way, he identified program quality with a high number of listeners. Another issue was how long this situation could be sustained by just a one person. Seppälä argued that Finnish radio personalities were at least as good as those in the US in similar size markets, but the biggest
difference between the two countries was in resources for script writing and producing, in order to keep the show going and humorous 5 days per week. Pasi Piipponen observed that there was another option to create quality, or at least an image of it, with low programming costs. If the programming was appropriate and you spent more money on marketing rather than actually improving the programs, the image of the quality of your programming among listeners would be better. Hippi Hovi was also aware of this dilemma: the quality of radio programming was based more on image than the quality of any material products.383

Nobody in the Finnish sample supported the idea that spending more money or using more people in programming would usually result in better quality programming. Although Hippi Hovi and Hannu Ala-Pappila thought that the chances to produce better quality increase when there are more resources, Ala-Pappila also had the experience of investing in programming without improving the station’s listener figures or cash flow. Money could be wasted on programming if the number of listeners did not increase or the new programs did not bring in more advertising. Three other program directors and two morning show hosts argued that there was no direct correlation between the money spent on programming and program quality or listener satisfaction – the outcome was more dependent on what was done with the resources, than on their actual amount. Both Liina Mustonen and Riitta Kujala, the young females of the Finnish sample, emphasized the importance of the devotion and dedication of the employees. These values were even more necessary for quality programming than plentiful resources. Ile Jokinen, Jyrki Yliniemi and Pasi Piipponen were the most skeptical: they all thought that just pouring in more resources, especially more people, could make the programming even worse.

In addition, Piipponen argued that in music-oriented radio the basic program product – the music – would not become significantly better, even if you hired more people to work for the station. Similarly, spending a lot of money could be nice, but it did not necessarily change anything. Another program director who was obviously reluctant to invest in programming at the expense of profits was Kai Pöntinen. One third of the respondents thought that, before making any investments in program production, the possible risks should be carefully considered from a business perspective. An input-output analysis would be necessary in order to evaluate if the investments would make any sense. For example, Hannu Ala-Pappila described how, before hiring an additional person for programming, they would have to calculate if the person could help to generate more cash flow

383 Cf. chapter 4.11.2.
than was needed to pay his or her salary. *Investment in programming was in this way like any business investment, which was supposed to be profitable in a rather short span.* However, half of the interviewees were either looking further into the future or emphasizing other things than the station’s earning capacity, and supported the idea of investing in programming for various reasons. When Ile Jokinen thought that to certain extent investing would be reasonable, because one of the most important ways to keep the employees motivated is money, Seppo and Liina Mustonen thought the reason for continuous investing in programming, instead of paying dividends, would be a passion for journalism. For Hippi Hovi investing in programming made sense if the idea was to continue broadcasting at least until the end of the licensing term in 2006, but otherwise it did not. The tendency to spend more money on marketing and save on programming expenses, which Piipponen described earlier, was very familiar to Hermanni Seppälä and Timo Salonen. Although Seppälä believed that marketing was important, he argued that so far, especially the largest stations in Finland had not invested enough money and resources in programming. These stations had been primarily trying to achieve cost-efficiency and short-term success without any long-term planning, and for this reason the credibility of whole radio medium was now in danger. The best results could be achieved in the long run, argued Seppälä, through consistency and more farsighted investments in programming. He claimed also that Radio Nova had finally been able to create more long-term plans, anticipating that station would be on the air after the next five years. Timo Salonen had noticed a similar change at Kiss FM.

> It is so bloody short-sighted [to cut the programming resources] that I think that we have not until now – and I’ll say that others also – have found out that we cannot save so much, we cannot put the people on the air with heart-lung machines to burn themselves out. And we cannot take the risk that they’ll work for only two years and then quit because of exhaustion, because the listeners, you’ll get them hooked in four years, so in two years people are just becoming acquainted with you. Well, for example Juuso and Peltsi [at YLEX] are a terribly good example, because it is the only show, which is really together at the moment. Ile is there of course, have been for a while and I’ve been there a rather long time, too. But it takes at least that two years to get the show really rolling. [Translated from Finnish by the author]

Surprisingly, none of the Finnish interviewees believed that network programs or big stations in the larger market represented better overall quality. First of

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384 In this light it is questionable to what extent the remaining locally operated private stations in Finland actually are commercial stations – at least if the commercial stations are defined as stations striving for pure profit to be divided amongst the owners (see chapter 2.3.).
all, people at the local stations were ready to admit that network programs or programs of the larger stations were generally different, but not necessarily better: big was not always beautiful. A few people mentioned that the technical production in the larger stations have better technical resources, allowing them to put into practice ideas which cannot be achieved in smaller stations, but nobody said that the network or big stations employees were better talents or more professional in the task of producing better quality. This question revealed a certain dichotomy between Helsinki and the rest of the country. For example, Kai Pöntinen and Seppo Mustonen argued that the Plus network, and later the semi-national Sport FM, had both been failures at the national level, because they had been too Helsinki-centered. Pöntinen was rather convinced that programming that was made in Helsinki was not always better. He argued also that if your company was located outside of the capital, you had to be five time as good as an applicant from the Helsinki region to get your license. Although Mustonen was rather critical towards all networks, he also appreciated SBS as a commercially successful radio pioneer in Finland. However, the co-operation agreement with SBS Iskelmä for the sister station of Radio Rex was not made out of admiration, because Mustonen argued that it was most of all a strategic move. His daughter Liina was also of the same opinion about network programming. However, in her critique she did not mention any of the SBS stations operating in Joensuu (Iskelmä, Kiss FM).

Well, whatever happens, I would not listen to NRJ. Seemingly, in that case it has not guaranteed anything, although they have a transnational firm behind them. And SuomiPop has also had the kind of program hosts who made me to change the channel. Well, of course we are not talking about really big money here. And also in a way, that sort of totally polished and finished output can also be irritating, so I would not agree that big money ensures better quality. And big channels tend to be even more commercial, perhaps more than we are. It seems like every program had a sponsor – which is a bitter thing when ours don’t. Well, maybe not. But the money smells there now and then. [Translated from Finnish by the author]

All four interviewees who worked in the capital Helsinki at the two largest and wealthiest commercial radio stations in the whole of Finland asserted that they did not believe that big station or network programming was always better than local programs at the smaller stations. Timo Salonen believed that SBS probably had some advantage because of its size, but he claimed that there were true professionals making quality programs at the smaller stations as well, although they will never get any national awards like Telvis.

Seppälä argued that the size of the station was not simply a guarantee of quality – especially when the large stations had been investing in function other than programming. Jokinen claimed that there was also “an enormous amount of good local stations” in Finland, whose locality could be a real asset. Piipponen also thought that, although large stations in general had a better sound and production, there had to be good program makers or journalists at the local stations. Anyway, this kind of journalistic professional producing quality programming was not especially needed at Kiss FM, because “we have largely abandoned all feature or special programs”. There is reason to question to what extent these answers reflected collegial courtesy and Finnish modesty of the interviewees, and to what extent the answers reflected their true opinions. First of all, the history of commercial networks and big commercial stations in Finland is rather short. Second, these four interviewees from Helsinki did not have very convincing expertise in local radio in Finland – or in the US, either. For example, the number of local stations in Finland was wildly overestimated, and they were also unaware of recent changes in US local radio. Moreover, nobody actually named any local stations with any quality programs.

6.6.3. Common Trends and Differences in Expense Oriented Quality

All respondents in both countries thought that it is possible to produce high quality programming at low cost. The optimistic approach was rather similar in both countries, because it supposed that high quality programming was more dependant on the creativity and the quality of the people who were putting it into practice, than the amount of money available. The conditional approach, which was more typical for the Finnish interviewees, was easily identified also in the American sample, but the pessimistic approach, which identified low-cost high quality programming with station automation and voice-tracking was found only among the US interviewees. This was obviously connected to the recent structural change of US commercial radio, which had resulted in an increasing number of low-cost programming solutions, but it seems also that the American interviewees were also more willing to equate program quality with good sound and professional production than with the relevance of programming content.

Although the majority of the interviewees in both countries thought that more money or more people would not necessarily help to make better quality programming, there was still a clear difference between the two nationalities. The Americans had more confidence in the importance of resources, because one third of the US interviewees thought that spending more money or
using more people would usually ensure a better quality programming product, while in Finland nobody agreed with this statement. It was also very interesting that both the Americans and the Finns emphasized the importance of the talent of the employees and skilful management in producing quality programming, but the devotion and dedication of the staff as an element of producing quality was mentioned only by the Finnish interviewees. This fit well with the arguments of some people at the smaller Finnish stations, who claimed that they were not necessarily working in radio just for the money.386

It seems that the Finnish interviewees were also to some extent more eager than their American counterparts to both comment on investments in program production as well as support them at the cost of station profits. However, several program directors in both countries shared the idea of investments in programming as direct business investments, which should be able to generate higher ratings or more advertisement sales in a rather short span of time. This meant that it was unreasonable to produce more expensive quality for the listeners, if the new investments and added value of programming did not increase ratings or improve ad sales (the price or amount of the ads). As a result, there was an idea of program quality for the listeners, which was not possible to measure with the ratings, but for the station this kind of quality would have been a waste of resources. The connection of well planned and timed investments in programming with continuous commercial success were mentioned by several interviewees, but especially some of the Finnish ones saw that their industry had been suffering from the lack of consistency and long-term planning.

The question about the program quality of networks and major market stations revealed an important difference in the quality conceptions between the two groups. While the Finnish interviewees argued that they had no special respect for the programming quality of the large operators, almost half of the Americans were willing to believe that big stations and network programs represented better quality.387 This is especially interesting, when the history of local broadcasting in America is taken into account, but it is also possible that, when all stations are supposed to be local, the value of localism as such becomes inflated. Anyway, fewer Americans than Finns had a confidence in the value of local programming about local issues as an important aspect of overall program quality.

386 This non-monetary motivation (devotion) to radio work (see also 6.7.2.) was apparently not exactly the same as what the American interviewees (see 6.4.1.) had described (radio as fun thing to do).

387 In the US, the idea of quality service of the large networks has its roots in the 1920’s: see chapter 3.2.
From the general historical and cultural perspectives, it is perhaps not very hard to understand why so many Americans supported the idea that bigger is better also in radio programming. This philosophy has actually been very typical of the American culture for a long time, and for many citizens of the largest cultural and military superpower in the world it probably seems rather obvious. On the other hand, Finland is a nation of only 5 million inhabitants, which has succeeded in remaining independent and creating a very high standard of living despite its small size. In this context, it is easy to understand why the Finns in general do not accept the idea that bigger would always be better. One additional explanation for the Finnish approach is that since its beginning, commercial radio in Finland has been about challenging larger media units like regional newspapers and Yleisradio, and also more recently larger commercial radio operators. What is interesting, is that although there was a certain tension between the capital Helsinki and the rest of the country, the interviewees from the larger Helsinki stations were willing to appreciate the provincial stations – even without really knowing about them.

6.7. Socially Oriented Quality

6.7.1. Combining Charity, Journalism and the Public Interest

The American interviewees had three primary explanations for why their stations existed. First of all, most of them explained the existence of their station from a content or format perspective: the station was there primarily to deliver a certain kind of programming to the community or to the specified target audience. Another explanation for existence from a more historical perspective was the consistency of programming: the reason why the station still operated was that it had been successful for a long time by doing basically the same thing all the time. Only two program directors, Kent Phillips and Phil Manning, thought that the basic reason why their station existed was for the commercial purpose of making money.

However, at least three interviewees had some difficulties identifying or imagining what kind of social use or social value their programming could actually have. Finally, there where five different sorts of social uses for programming: the most common one was delivering and offering all sorts of information and news. For example, Steve Leader thought that KXL’s programming had social value through letting the people know what was going on and empowering them to make choices, but in practice this kind of social value was not necessarily the most important goal. On the morning of

Saleable Compromises

Marko Ala-Fossi

the interview, the KXL morning news team and their news director discussed whether to run first a story about the state budget or about a mysterious rash among schoolchildren. Steve Leader argued that because the story about the rash was considered more interesting for the listeners it was run first, while placing the budget story first would have perhaps impressed other journalists. The second kind of social use of programming was involvement in charities or volunteer work for the community. This was usually not directly connected to journalistic content or actual programming decisions. Instead, radio was considered more or less just as an instrument of reaching people and for fundraising. The third kind of social use was an entertainment function, to help people through their day by offering a place of escape from everyday life. In addition, the ability of radio to offer a forum for public discussion and to bring together a community of people with similar interests was mentioned in the interviews.

Community involvement of a radio station in general was highly appreciated by all the interviewees, but there were several rather different ideas of what the involvement could be. Although there were employees of two major news stations in the sample, the only person who thought about community involvement primarily as covering local community issues was a music station morning show host, Mark Raney, who also had professional background in news production. Another journalistic perspective on community involvement was to cover issues that were especially important for the community. Andy Savage was actually proud of how he and KNDD had covered the events of the World Trade Center terror attack. They had stopped being funny and playing music, and instead they reported the tragic news to those young listeners who had not changed KNDD for a news station. Some interviewees also referred to the idea of a license as a public trust, and to the broadcaster’s obligation to give something back to the community. Some people, like former policeman Alan Budwill said they were personally very concerned about community welfare. However, instead of any decisions concerning programming policy, most interviewees thought that the best way to engage in community involvement would be through volunteer work for charity organizations and participation in community projects. This kind of participation was actually not so unselfish: like Andy Manuel said, the idea was to make yourself look good, and perhaps help someone in the process. Helping the community was in this respect also an essential part of station promotions and imaging, which would also support the business. Another

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389 Using Eastman’s (1987, 120–123) categorization, the interviewees understood community involvement primarily as participation and visibility (see chapter 3.9.3.).
non-journalistic form of community involvement for people at FM stations was targeted more for just visibility and interaction, through joining local clubs, arranging public appearances and meeting the listeners, in addition to living the same lifestyle and visiting the same events. In some cases this kind of involvement was seen as absolutely crucial for success. It was the thing that would make your local show better than the non-local shows – or at least it would keep the show alive. Debi Starr put it in rather threatening way: “If you don’t go out and do things, so why don’t I just syndicate”. Some interviewees suggested that ownership concentration had changed the form of community involvement in US radio. Corporate owners in other states were not giving any money for local community-oriented purposes any more, as local companies had, and community involvement now depended more on the station employees and their personal activities.

Although the idea of the social value or social use of the programming was at times confusing for some of the interviewees, nobody had any problems defining what the station did in order to meet the legal obligation of the broadcast licensees to serve the public interest. However, there were at least two different approaches to serving the public interest, the official way and the other way, like Kent Phillips described.

[We serve the public interest in] multiple ways: first of all, providing entertainment – which is key – too, we provide news and public affairs – every half hour you hear a newscast, keeping people updated what is going on. We ascertain what the needs are in the community – and we respond in our newscast and other program to those needs – so that is the federal government answer. The other answer is – as a radio station our involvement in the community: the fact that I do 40 events – if you multiply that by all the other staff here you have a ton. We have ton of programming like a Teacher of the Week program, which is a good programming and good community work, where we highlight teachers and students who excel and give awards and cash scholarships and things like that – all of those benefit both – they show your locality, they’re great promotions because you’re talking about kids – that’s great for our audience, teachers – great for audience and you get to give back to the community and service the community.

However, the most common way of thinking about the serving of the public interest was not along the lines of the federal government approach, but through the use of the licensed station as a tool for supporting charity work and non-profit community projects. The public interest was served either by raising awareness – for example by playing public service announcements or by telling about coming events – or more directly by raising money for

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390 Cf. Eastman 1987, 123.
The most important part of station programming in serving the public interest was the news and public affairs programs, as well as programs about local community issues. However, only half of the interviewees thought that providing news and information was really essential for the public interest. Another important socially oriented form of programming, which could respond to the community needs, was some sort of a public discussion, where the listeners could also voice their opinions. Interestingly, only two people mentioned entertainment as a part of their public service. According to Phil Manning, KNDD was serving the public interest mainly through playing a form of music that nobody else in the Seattle market was playing, but also by providing music news and concert calendars. Andy Savage argued more or less seriously that he personally does a community service for the public interest, when he helps the female callers of his show to find out if their husbands or boyfriends were cheating.

As one would have expected, news stations employees saw their stations primarily as sources of information but also entertainment, while music station employees usually emphasized the entertainment functions of the station before information delivery. Interestingly, three persons argued that the primary functions of the music stations were entertainment and community service, while news and information was a special function only for the news stations. Information and entertainment functions were rather easy to identify, but practically all morning show hosts and even one program director had difficulties seeing their stations as a part of local economy. For example, Steve Leader and Rebecca Marshall were well aware of the size and economic connections of their station, but they claimed that in their everyday work they did not think much about these economic dimensions. The only person who saw all the stations straight away as a part of local economy was Marko Ala-Fossi.

The NAB has a special publication “At your Service” which sole purpose is to report about broadcasters’ different charity campaigns – or offer “The Public Service Chronicles of Local Broadcasters” (NAB 1999).
economy was Kent Phillips, who himself was also the only station owner in the sample. At that time, Phillips owned a part of one station in Cannon Beach, Oregon, but few years earlier he had owned eight small stations all across eastern Oregon and Washington. Phillips also owned one third of the radio ratings company Eastlan, and for this reason he had an exceptionally good idea of the economic role of commercial radio when compared to the other interviewees.\(^{392}\) Most of the other program directors were also able to identify and recognize the economic role of their station, but it was never seen as the primary role, although it was an important one. James Derby even argued that the media was so crucial part of the economic cycle that they would be always run for that purpose, if not any other.

6.7.2. Journalism for Service, Positioning for Private Interests

The Finnish interviewees offered four different explanations for why their stations existed. People who were working at locally owned and operated stations thought that the most important goal for the station was to be local, intimate and touching: because of the structure the sample, this was also the most common viewpoint. Another popular explanation was a format perspective: the station was there to carry out a certain format and to offer its programming to the given target group. In addition, three respondents felt that their station was trying to offer its listeners some tools to control or improve their personal lives, while Kai Pöntinen and Timo Salonen thought that their stations were most of all businesses and the ultimate goal of the operations was to yield profit.

At the same time, everybody was able to identify several social uses or social values for the programming of their station. There were altogether six different sorts of these social uses. The most common idea among the interviewees was that their programming had a special social value, because it provided news and information about topical issues. This was an especially important perspective for the locally oriented stations. For example, both Seppo and Liina Mustonen reported how a group of listeners had successfully asked Radio Rex to bring the early morning local news at 6 a.m. back to schedule, “because they had gotten used to listening to them before going to work”. In addition, people at Radio Salminen were proud of how their live program about a possible merger of two local municipalities had raised a lively public discussion, which continued later in the regional newspaper. For Hippi Hovi, this belief in the social value of local programming was

\(^{392}\) In October 2003, Eastlan Resources was the second largest ratings company in the US after Arbitron. It had over 300 subscribing stations in more than 75 markets (Eastlan 2003).
the main reason why Radio Vaasa was not a voice-tracked jukebox, which would probably have been more profitable. Three of the interviewees thought that their station had become or was trying to be a friend to the listeners, especially for lonely people. Some interviewees thought that the music or other elements of programming in general could also bring people together. Interestingly, people at Iskelmä 969 thought that their station even had a role in the love affairs of their listeners. On the one hand, their programs had connected some couples, but on the other hand Kai Pöntinen thought that by listening to their programs, some men might also find out that their wives were receiving greetings from other men. Finally, Pasi Piipponen thought that because radio was now primarily a secondary activity, most people were listening only because they were getting personal satisfaction from the music or the mood. In addition to Piipponen, only one interviewee mentioned entertainment as a possible social use of programming.

Practically all the Finnish interviewees understood the conception of a radio station’s involvement in its local community in a similar way. Primarily, involvement was considered to be a matter of station programming, but only half of the respondents saw this sort of involvement with a certain locality as a desirable goal. People at smaller, locally oriented stations argued that devotion to the station’s local community was one of their original ideals, which they had not abandoned. For example for Seppo Mustonen, Radio Rex, this provided the reason to continue in broadcasting: just running the local relay station for the national SBS Iskelmä-network would not have been interesting at all. At locally oriented stations, it was considered absolutely important to get involved by covering the local issues and getting to know the local people, and also to some extent by participating in local events in order to get more visibility. On the other hand, people at Iskelmä 969 and the two largest stations of the sample thought that involvement or attachment to any single locality in their programming was unnecessary, or even harmful, as was already noted in chapter 6.3.2. The issue of local involvement was probably the most problematic for Iskelmä 969, which actually had a local radio license. Because the same basic program flow also had to be distributed regionally through Iskelmäradio Pohjanmaa, most of the content other than music, and all references to the location of the station, were abandoned, as Jyrki Yliniemi described.

But if you think this localism through Iskelmäradio Pohjanmaa, this is basically a – we have developed a new term – a partly nationwide radio. So this is not local radio any more, because we have such extensive coverage.

393 In this way Mustonen argued, that he was motivated primarily by forces other than money. See also chapter 6.6.3.
And so you cannot stick to localism very much anymore. And in the same way, if we take for example Iskelmä 969, the broadcast comes from Lapua, the license is in Lapua\(^{394}\), but most of the listeners are actually living somewhere other than Lapua. So in this situation, it is unnecessary to emphasize that locality where we operate. [Translated from Finnish by the author]

Kiss FM had a very similar approach, but the station was not bound to any single locality in its license. According to Pasi Piipponen, because they had concentrated mostly on music in their programming, they did not have many problems producing semi-national programming for all the largest cities in Finland, although Kiss FM operated only in Helsinki. The station offered some promotional campaigns in the seven or eight largest cities every year, but in the meantime there were no activities outside Helsinki. All the DJs were instructed not to localize themselves or the show to Helsinki, and Timo Salonen described how he was constantly trying to keep all the references to the local physical and linguistic environment off the air. He argued that in the radio, the host should imagine that he or she is sitting next to the listener, and instead of any physical locality, the only locality of the show was the radio itself. This sort of thinking was also used at Radio Nova, which had been a nationwide station since its beginning and where the idea of attaching or involving the station to any locality had not been seen as a useful strategy.\(^{395}\)

However, Ile Jokinen argued that whenever he was talking with the listeners on the air, he was trying to emphasize the local origin of each caller as an element of their interaction in order to create geographic connections for the show. Radio Nova was a nationwide channel under its license, and although it was now targeting primarily at the urban listeners, Hermanni Seppälä saw no contradiction in this. He argued that the station was not trying to exclude any rural listeners: there was no “wrong kind of audience” for Radio Nova. Although none of the respondents saw that involvement, attachment or integration into the station’s local community would require any charitable activities or fundraising for non-profit civic organizations, these were not totally absent from the Finnish stations. Just two days after the interview, Radio Rex was going to broadcast a regional fundraising program in co-operation with the district organization of the Finnish Heart Association in North Karelia [Pohjois-Karjalan Sydänpiiri Ry]. However, this project was not presented as a part of community involvement, but was presented as evidence of their effort to meet the licensing conditions.

\(^{394}\) The official license holder of Iskelmä 969 was still the Lapua Foundation [Lapuasäätiö], a local home area association, which was buying the programming services from Kevyt Kanava. See chapter 4.8.3.

\(^{395}\) See Teinilä 2001.
None of Finnish interviewees had a slightest doubt if their station was meeting the licensing conditions. In this way, serving the public interest was defined by the licensing authority. At the same time, the importance and the guiding effect of these conditions were without exception considered to be very slight or almost non-existent. As a matter of fact, all the program directors were quite convinced that some other operators in the Finnish market were violating their respective licensing conditions. People at Kiss FM claimed that they were not even really aware of the text of their license, but they assumed that the conditions would regulate the relative amount of music and require orientation to young people. Pasi Piipponen thought, that in any case their operations would hold up better to close scrutiny than for example the programming of Finnish Newsradio Ltd., known as Radio Nova. However, his former colleague Hermanni Seppälä claimed that licensing conditions did not really restrain any programming decisions at Radio Nova. Although they had recently shortened their news and transferred some of their editorial content out of primetime to the evenings, the image of Radio Nova as a trustworthy source of news had only improved among the listeners. Both Seppälä and Jokinen argued that this meant that the station was meeting the licensing conditions. At the same time, Kai Pöntinen at Iskelmä 969 questioned the whole licensing system, because nobody specified how the local stations should meet the remaining conditions. Instead, he argued also that the authorities should investigate how SBS Finland operated its semi-national Iskelmä-network using stations with local licenses. In addition, two other program directors referred directly to SBS Iskelmä-network as non-local and pointed to the company’s irregular way of using local stations. People at the remaining three smaller stations argued that their locally produced programs and their co-operation with their local and regional partners were able to meet their licensing conditions for providing local information and promoting local culture as well as open civic conversation. However, this was not a result of the Finnish commercial radio licensing policy or the absence of control. For example, Hippi Hovi called the licensing system as “a total farce” and argued that their local orientation was actually their own strategic choice.

Yes, but it is not because we have those conditions written into our license. Actually, it is just because we have come to that conclusion. We have not even conducted any research about it, but we have arrived at the result that

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396 This result of the previous licensing policy was confirmed also in the report of the Radio Broadcasting Working Group of the Finnish Ministry of Transport and Communications in December 2004. (Radiotoiminta 2007 2004, 6–7)

397 Cf. chapter 4.10.2
this might be a reasonable way for us to operate. And like I have told you, so far it has turned out to be quite reasonable. But of course, the situation is going to become more difficult. [Translated from Finnish by the author]

Only Hannu Ala-Pappila was actually hoping for stricter enforcement of the licensing conditions, because it would protect the remaining local stations. Some of the respondents argued that the licensees had in practice been left at the mercy of market forces. Actually, even a very brief analysis reveals that some of the stations in the sample had also made certain strategic choices and developed programming practices that were rather directly contradictory to their original licensing conditions. When Iskelmä 969 gave up broadcasting news and most of its local content, it became almost impossible to provide any really significant amount of information about local issues of any kind\(^{398}\) (Appendices 4 and 5). In addition, the licensing conditions of Kiss FM positively stated that most of their programming should be intended for people between 15–20 years (Appendix 6), however the station was now especially targeting for 25–35 year old females. Moreover, Radio Nova’s more positive image as a trustworthy source of news, after the station reduced the amount of the news on the air, was hardly convincing evidence. Instead of any sort of marketing images, the license conditions actually required that a distinguishable or considerable share of Radio Nova programming should be news, current affairs programs and other spoken word programming (Appendix 7).\(^{399}\) Although it is impossible to evaluate here to what extent and how well the rest of stations in the sample really adhered to the letter of their license conditions, there was some evidence that the smallest stations at least followed the spirit and basic principles of their local licenses.

One third of the interviewees, all of them from the smaller locally oriented stations, conceived of their stations primarily as sources of information. For them, the role as a source of entertainment was usually secondary. Only one respondent viewed the station primarily as an important as a part of local economy, because the station was not that good at entertainment. Five of the respondents viewed the information and entertainment role as equally important. Finally, three persons considered their stations primarily as sources of entertainment. Here, Iskelmä 969 was an interesting case, because both Kai Pöntinen and Jyrki Yliniemi defined the station primarily as an entertainment source and as a part of local economy\(^{400}\), but not at all as source

\(^{398}\) The unofficial English translation of the license for analogue broadcasting actually requires ”local news of the coverage area”. See Appendix 4.

\(^{399}\) Cf. chapter 4.11.2

\(^{400}\) Shortly after the research interview, the hometown of Kai Pöntinen and his business associate Hannu Harju granted them the most important award of the
of information. One reason for this was that they had no news broadcasts. Although nobody thought that the economic role of their station was the most important, the majority of the interviewees also saw their station as part of the economy without any difficulty. Only two morning show hosts overlooked this aspect. Although both Kiss FM and Radio Nova were undeniably large and important stations in the Finnish radio market, Pasi Piipponen challenged the idea of their economic significance. The nearby supermarket probably had larger sales volume than Kiss FM, said Piipponen and argued that Finnish national production would not make a big dent even if all commercials stations in the country were shut down. However, for Timo Salonen the economic role of their station was so essential that it had to be consciously and determinedly kept as far from programming decisions as possible. Interestingly, both morning show hosts at the two largest stations took a much more passionate approach to the journalistic content and the informative role of their station than their supervisors. Timo Salonen emphasized that he personally is first and foremost a journalist, and only after that an entertainer. At the same time, Pasi Piipponen argued that the station actually needed DJs more than any traditional journalists. In a similar way, Ile Jokinen vigorously opposed watering down the newscasts or making them more entertaining, but Hermanni Seppälä stated as a given fact that nowadays also news is more often entertainment.

6.7.3. Common Trends and Differences in Socially Oriented Quality

It was not very surprising that most of the interviewees in both countries preferred other reasons for the existence of their stations to the commercial purpose of yielding profit, because very few accepted the idea of their stations primarily as businesses. Instead, many interviewees easily identified some alternative, indirect reasons for existence: the station was needed for certain delivery purposes, but the basic question why it was needed for those purposes remained unanswered. However, it seems like the Finnish town of Lapua. “Karhun Kynnet” (Bear Nails) were given to Pöntinen and Harju because of their work on behalf of local business life. (RAB Finland 03.11.2003)

401 Timo Salonen resigned from Kiss FM in October 2004, after the police had started to investigate him as a suspect in a child sex case. Salonen was replaced in the morning show with the Kiss FM afternoon DJ Marko Pirttinen. However, Pirttinen was also forced to resign later in the same week because of his earlier sentence for possession of child porn. In addition, only a few weeks later in November 2004, a former colleague of Salonen and Pirttinen in SBS Radio, Miska Toiviainen resigned from his present job as TV-show host after he had been sentenced for sexual abuse of children and possession of child porn. (Kupiainen 2004)
interviewees connected the reasons for the existence of their stations and the primary goals more often and more directly to the lives of the listeners.

Moreover, all of the Finns had no difficulties in finding or identifying the social uses for their programming, as some of the Americans had. Those primary social uses the interviewees identified were basically rather similar in both countries, because in both groups the delivery of news and information was widely considered to have a special social value and social use. At the same time there were also interesting cultural differences. Nobody in the US thought that their station could really be a friend for lonely people, while on the other hand, nobody in Finland thought that their programming could achieve special social use or social value through charity work. A very interesting detail is that in both countries one interviewee (Andy Savage and Kai Pöntinen) suggested that their music-oriented programming offered special social value or community service by helping the listeners find out if their spouses or sweethearts were cheating on them.

The responses to the question about community involvement (see 6.1.3.) also revealed interesting cultural differences between the two nationalities. Although practically all the Finnish interviewees understood the community involvement of a station primarily as a programming content issue, half of them were trying to avoid any sort of attachment or involvement with any identifiable locality because of their programming strategy. On the contrary, the majority of the American interviewees thought that the community involvement of their station was mainly about charity work and community projects, and not necessarily a journalistic or a direct programming issue at all. Moreover, the Americans also had a tendency to see charity work as at least or even a more important part of the service to the public interest than the actual programming of the station.

It seems that among the US interviewees, the ideas about the social uses of programming, community involvement of a station and serving the public interest were connected, but they were not exactly overlapping, and in this way the social value or social use of the programming was seen as only a part of the service to the public interest. One possible explanation is that, after most of the earlier legal obligations for programming were taken away, the station programming and the public interest were no longer tied together. Moreover, the United States is a society where different private charities play an important role in providing social welfare, and in this way the radio stations have an opportunity to intertwine station promotion and public interest through their involvement in charity projects. However, this hardly corresponds to the original idea or even the contemporary federal government interpretations of broadcast licensing to serve the public interest.
The remaining licensing conditions for private radio broadcasters in Finland can be understood as official interpretations of the public interest objectives for each licensee, although their steering effect on the programming was not considered to be very important. At the same time, Finland is a society, where most the of social welfare services for the citizens are still provided with public tax money and the role of so called “civic society” and volunteer work is not as crucial as in the US. In that way, the idea of the social responsibility of businesses has not usually been connected to charity work, but rather to providing jobs, paying taxes and operating in accordance with the rules of the society. This is the most obvious cultural reason why none of the Finnish interviewees mentioned charity work as a part of community involvement or service for the public interest. Instead, the programming of the station was considered to be the main means of serving the social purposes or the public interest in broadcasting. But when the licensing conditions are neglected and the stations have no special role for providing social welfare, it can be asked – what aspects of serving the public interest remain in private broadcasting?

In 1998, at least Hannu Ala-Pappila and Seppo Mustonen still believed that the licensing policy of commercial radio was a significant way to direct development in Finland. For example Mustonen opposed networking of local stations, because it would have inevitably turned them into relay stations. Kai Pöntinen also supported regulations, because he saw that these rules protected the small stations, but Hippi Hovi was more skeptical: there would be no regulatory control, and locality was the best strength of smaller stations anyway. Now it seemed that they all have more or less lost their confidence and belief in the Finnish licensing system and the licensing authorities. The reason why some stations still have local orientation does not have much to do with the licensing conditions – it just happened to be a viable or even the best option available for survival.
7. **Summary and Conclusions: Quality Culture in Commercial Radio**

This study had three main objectives: first, to examine and understand the historical development of quality conceptions in Finnish and US commercial radio; second, to find the major differences and similarities in quality conceptions in contemporary Finnish and US commercial radio; and finally, to understand and define the quality culture in commercial radio. Quality conceptions and quality cultures were analyzed as a result of constant dialectic interplay of several, interdependent and competing social systems. The approach chosen for the study was a comparative case study, which combined explanatory comparisons of two cultural histories of the concept of quality based on written sources with comparative descriptions of present quality cultures based on interviews.

In the first part of the study, the cultural history of the quality conceptions in commercial radio was examined from the perspective of political economy and media economics as an historical process of value transformation. In the second part of the study the contemporary quality cultures were studied using an integrated theoretical approach of multiple theories presented in chapter 5. A model of four markets and two arenas provided a basis for the idea of six-dimensional quality culture, which was used as the theoretical framework for the analysis of contemporary quality cultures in Finnish and US commercial radio. The main results of the study can be summarized as follows:

1) The conceptions of quality in commercial radio have eventually been shaped by economic considerations. However, these considerations have always been deeply informed also by various social, political and cultural aspects of quality. The development has been an evolutionary process, where the creation of a new set of values and respective quality conceptions has not directly excluded or abolished the earlier quality ideas.

2) The major difference in conceptions of quality in contemporary Finnish and US commercial radio is that the quality conceptions in American commercial radio are more uniform and primarily industrial, while in Finland there are still two main co-existing quality cultures. The similarities can be found inside these two cultures. The industrial culture
is very similar with its American counterpart, although it has certain national differences, while the semi-industrial culture still has some distinctive characteristics of the older quality cultures of Finnish radio.

3) Quality in commercial radio broadcasting cannot be presented with any single universal or absolute idea of quality in commercial radio production. The quality culture in commercial radio is relative, multidimensional, historical and constantly changing and evolving. However, it can be described by using six different perspectives on quality, which are related to different sets of values as well as the different needs and wants of other social groups or systems.

There are many paradigm shifts in the development of quality conceptions in commercial radio, but despite sometimes dramatic and even “revolutionary” changes, any of the new quality conceptions have never totally wiped out the earlier quality culture. This is the case both in Finland as in the US.


7.1.1. US: Uniform Quality Culture of Commercial Format Stations

In the US sample, the differences in quality cultures between locally owned commercial stations and commercial stations owned by nationwide corporations were very small when compared to the differences of their Finnish counterparts. Generally, there were no clear distinctions between these two groups from any quality perspectives. For example, in Eugene people at corporate owned stations admired the practices of a competing locally owned station, which had the top ratings in the market. Moreover, corporate owned stations usually had a history as a locally owned station. The main differences were connected to expense oriented quality. Corporate owned stations were able to utilize corporate resources, but their ability for targeted local spending on programming and marketing was very limited, most likely because the corporate owners had higher expectations for pure profit.

However, localism as such was not a special quality issue or a competitive advantage for the locally owned stations, which would have made a difference, although the program directors of locally owned stations defended the quality and value of locally produced programming. At the same time, none of the stations in the US sample had a strategy of intentionally dismissing or diluting their locality and the local origin of their programming, either
– unlike some stations in Finland. The local approach to a certain locality was only a problem if the program was going to be syndicated. In this way, the value of local programming was understood in corporate stations as well, although it was not especially emphasized as a quality issue. Moreover, on the basis of this study it is practically impossible to say if there were really significant differences in local involvement between locally owned and corporate stations, from the socially oriented quality viewpoint.

The differences between the large market stations and stations in the smaller markets were more concerned with the differences in the size and resources of the stations than with real, distinctive features of their quality cultures and operational philosophies. From the product and production oriented quality perspectives, the interviewees had rather uniform ideas of the value of preparation and control as the basis of successful performance, and professionalism as an ability to execute given tasks according to the format despite the content or subjective preferences. Lack of preparation, unpredictability and inconsistency were not fostered or even tolerated in these rather uniform and industrial organizational quality cultures. Larger market stations – not necessarily the corporate stations – had even more preparation and planning, and they also did more market research, while smaller corporate stations were fed via their parent company.

Even the differences between the news stations and the music stations, or new music stations and old music stations were linked more to the nature of their content than any fundamental differences in their quality conceptions. Besides the similar legal status of all commercial stations as local broadcasting entities, there are some other explanations for the uniformity of quality cultures at different kinds of commercial stations in the US. One of the most important might be that practically all format stations of the US radio industry are based on similar kinds of tradition, technology and basic methods. Like Andy Manuel described, “if you have been in radio for a while, any format is pretty easy to pick up on.” Moreover, because American commercial radio professionals have been moving back and forth, from one format to another, from smaller markets to the larger markets looking for success, and also from the big markets back to the smaller markets looking for a certain lifestyle, the quality cultures of different types of commercial stations have not really differentiated at any stage.

7.1.2. Finland: Two Main Quality Cultures of Commercial Radio

In the Finnish sample, smaller, locally owned and locally operated commercial stations had a different kind of quality culture than the nationally or semi-nationally operated stations with international owners. Despite certain
fundamental differences, these two also shared some common characteristics in the industrial approach of format radio. In addition, one smaller station proved to be a rather exceptional hybrid of these two main cultures. From the production oriented quality viewpoint, the large stations put more emphasis on compatibility as consistency than the smaller ones, and they also counted more on preparation and control. The smaller stations invested less in avoiding all sorts of errors, and based on a tradition of spontaneity and informalidad, they sometimes were even seeking a less smooth and sleek output with a certain amount of human error.

From the competition oriented quality viewpoint, the majority of people at the locally owned and operated stations saw their locally oriented programming and wider music selection as a special competitive edge. At the same time, stations with larger coverage were intentionally trying to dismiss their locality and carefully target their music selection. While the people at the two largest stations saw US or international radio as their examples, the smaller stations were actually using the larger ones mostly as inverse examples for their local operations. The differences were clear also from the product oriented quality perspective. Although all stations in the Finnish sample used playlists and rotation clocks in one form or another, they had different approaches. Small, locally oriented stations gave more freedom of choice to the program host, while at the larger stations the hosts had more limited power, they were instructed in more detail – also in writing – and their performance was regularly controlled by airchecks. This latter, more industrial approach was in many ways similar to the US commercial stations, but the Finnish version of full-scale format radio was even more instructive and detailed than its American counterpart.

From the consumption oriented quality perspective, the larger stations counted mainly on the ratings reports and additional market research, while direct listener feedback and interaction with the audience was still an important measure of quality for the smaller stations. From the expense oriented quality perspective, there was no clear division between the two main quality cultures of Finnish commercial radio: investments in program production for quality at the cost of profits were both supported and opposed by people in different kind of stations. However, unlike the Americans, none of the Finns thought that the size and resources of a station would usually result in better program quality.

The differences in the two quality cultures in Finland became clear again from the socially oriented quality perspective. Although practically everyone identified the social importance of radio with its programming and claimed that their station was following the licensing conditions, all the larger stations
had actually chosen to re-interpret the conditions about program content or even totally neglect them according to their respective strategic needs in the marketplace. At the same time the people at locally oriented stations emphasized journalism and certain obedience to the licensing conditions. The emphasis on socially oriented quality was different, partly because of the different historical context and operational philosophy of the locally owned and operated stations – and partly because the rather traditional type of local orientation was a viable option for survival in the market. Local radio in Finland may be on the verge of extinction, but on the basis of this study it is not totally dead yet.

7.1.3. National Distinctions in the Light of the Integrated Theory Approach

The integrated theory approach suggested that different perspectives on media content quality are produced by the markets and arenas in which the media organization has to participate. In this way, the national distinctions of quality cultures in Finnish and American commercial radio are more or less results of the different needs and wants of the national markets and arenas, as well as their interdependent relations in a certain historical and cultural context. For example, the reasons why the Finnish interviewees thought that the listeners of their commercial stations would have expectations especially for music, why they had a negative attitude towards using the programming personnel in commercials, and why some of them appreciated less polished presentation, “dead air” or greater musical diversity, cannot be fully understood except in relation to the historical context of Finnish radio and the Yleisradio public service tradition.

The socially oriented quality perspective was supposed to reflect the wants and needs of the sociopolitical arena – certain social expectations, serving the public interest, and promoting certain cultural values. It seems that in the United States, the public expectations of the sociopolitical arena for the commercial radio media to serve the public interest have withered to such extent that some of the commercial radio professionals have totally lost the connection between the possible social value of the programming content and the idea of serving the public interest. While the programming decisions are made separately and mainly in order to serve the private interests of the owners and the expectations of the markets, the stations may fill the vacuum of social responsibility by participating in charity projects in the name of the public interest, which also offers them an opportunity for promotions. In this way, from the social standpoint, the licensing policy of commercial broadcast radio in the US may be even more about patching up the holes in the social
security system than about providing the society with an instrument for democracy or information resources for the other social systems.

In Finland, the official expectations of the sociopolitical arena are still more explicit. They are expressed in the license conditions, and for this reason they should be less open to interpretation. Moreover, the link between the special social value of the programming and the idea of serving the goals of the public interest is still strong among the commercial radio professionals. Voluntary charity work is not even considered as a real option for taking care of the sociopolitical expectations of a private broadcast licensee. However, when the sociopolitical arena, or at least the political elite, has in practice overlooked the remaining social expectations about programming functions, and emphasized instead financial solidity and profitability of the operators (as well as its own financial benefit from licensing decisions in some cases), the license conditions have been widely neglected. The socially oriented quality perspective on programming decisions has been overwhelmed by different market needs and expectations – and the pursuit for the original social goals of private radio broadcasting has survived only by chance, if the market situation has been favorable. In this light it is understandable that the remaining private radio entrepreneurs have lost their confidence in the Finnish licensing system and the licensing authorities.

*Consumption oriented quality* was suggested to reflect the needs of the audience market, where the commercial broadcasters and advertisers buy and sell audiences produced through media content consumption. The presumption that commercial radio professionals would identify both advertisers and listeners as their clients without any questions was only partly correct. However, all of the Americans and all of the program directors had a dual customer approach to commercial radio operations: program consumption by the listeners was important because it created the real merchandise. The importance of ratings information as the ultimate measure of consumption oriented quality in both countries was obvious, because all major advertising clients based their decisions primarily on the ratings, and only some direct clients in the smaller markets based their buys on subjective preferences.

The ratings had also a central role in conceptualizing the audience, and those listeners who consumed radio the most programming were usually considered more important than the others. However, the ability of the ratings to describe the audience and its preferences were also challenged both in the US and Finland. Additional market research provided more information about listener preferences, but the weight of both listener satisfaction and program consumption was effectively limited by the expense oriented quality
perspective. Positive listener experiences and greater program consumption as such were not necessarily valuable, if they were not also producing more revenues. Most advertisers in the larger markets were not interested only in large audiences, but rather in large audiences in the right segment of consumers with high purchasing power.

*Competition oriented quality* was supposed to be linked to the comparison with competing products and adaptation of quality to the supply and demand at the media goods market. In this way, the differences in competition oriented quality between the US markets and the Finnish market were obvious because of the different market structures. In heavily concentrated markets, where clusters of several stations are competing against each other, the competitive strategies and the competition oriented quality are different than in more traditional competition between separate stations. A cluster station usually counts on increasing the intensity of the service, because both counterprogramming and widening the format could hurt or cannibalize the other stations in the cluster. As a result, the safest way to improve competition oriented quality for a cluster station in direct competition is usually to increase the intensity of the current type of service with narrower and more targeted playlist, for example.

In another kind of market structure with a different kind of competition, like the Finnish local markets, competition oriented quality can also be defined by counterprogramming the main competitors and offering something else instead. This has resulted in wider format approach and wider playlists with a local approach, in addition to a narrower format approach, which has genre-based playlists. Directing and maintaining competition oriented quality requires monitoring the competitors and comparison of the products, and depending on the strategy chosen, the competitors and their products can be seen as direct or inverse models for competition oriented quality. Ratings are not a direct measure of the competition oriented quality, but rather an indicator of the success and productivity of the chosen competition strategy and corresponding competition oriented quality.

*Expense oriented quality* was thought to be connected to the relation of output quality and the use of resources, following the needs of the owners of the organization and the capital market. The idea of cost-effective quality was fully accepted in the US and in Finland. However, high program quality with low cost was not seen only as a matter of creativity, but also as a matter of labor and resource allocation – or replacement. Consequently, the majority of all commercial radio professionals did not believe that adding more resources would necessarily result in better quality, either, but some Americans were still ready to equate greater resources with better
programming quality. Spending on programming was also considered to be primarily a management decision, which the program hosts at US corporate stations did not necessarily want to comment on.

The program directors understood that investments in programming were most often like any other business investments: in general, it made no sense to spend more money on programming and strive for better quality, if this did not also generate more income. However, these considerations depended both on the time span and the timing of the investments, which were related to developments in the markets. On the other hand, by investing in marketing instead of programming, it was possible to keep the programming costs low and still improve the market performance of the station. For the majority of all commercial radio professionals, the size and the resources of an organization were not a prediction of program quality, but still almost half of the US sample believed that bigger operators would offer better programming.

Product oriented quality was proposed to be about meeting the internal specifications and product design of the organization, but it was also connected to the labor market through the personal cultural histories, ambitions and professional values of the employees. While in Finland the program directors accepted the ratings as a measure of their professional success without much critique, but rejected the idea of success as climbing upwards to bigger markets, the US professionals challenged the ratings and considered moving up to larger markets as a career advancement. In this way, the distinctions in the national labor markets and the differences in culture history were reflected in product oriented quality.

However, the methods of product specifications, control and the basic product design of the two largest Finnish stations were very similar to the methods and design used at the US stations. The systems for music selection and sound control were practically identical, as well as the basic idea of professionalism. However, there were also clear differences between these stations. This also supports the view of the technology transfer theory (Moran 1998, 173–174), which understands format adaptation as a certain kind of translation process. For example, the Americans did not have detailed written instructions, and they also had a different approach towards advertising than the Finns. In the US, the advertisements were also programmed, and the line between editorial activities and advertising was apparently more permeable. The locally operated Finnish stations had all adopted some of the ideas and basic tools of industrial format radio, but they also had certain characteristics and methods from traditional Finnish radio and early local radio, as well as some new ideas, which were nationally distinctive.

Production oriented quality was supposed to be primarily about avoiding defects in production as well as maintaining consistency. Both of these
characteristics represent the internal needs of the organization, as well as the needs of the audience market. The Americans primarily emphasized consistency of programming as longevity with controlled internal change, while consistency as compatibility was an integral part of their approach. At the same time, the Finns gave more attention to either external consistency as longevity or to the internal consistency of programming as compatibility, depending on the station programming strategy. At the US stations and at the two largest Finnish stations, defects were avoided through preparation as well as digital editing, filtering and polishing. On the other hand, locally operated Finnish stations accepted or even pursued less sleek, live and natural sounding output with a certain amount of human error – also when they used digital pre-recording. Listener complaints were usually not used as the basis of programming decisions except in locally operated Finnish stations.

The level of technical preparedness to continue broadcasting and avoid technical defects in programming even in unusual conditions was mostly dependent on the financial risk of losing advertising income, the financial resources available and the size of the investments needed. In this way, it was certainly related to the internal organizational needs, but it was usually not so directly related to any programming objectives, except at the news-oriented stations, which were supposed to stay on the air at all times.

7.1.4. The Three Hypotheses about Quality Culture

In this way, the results of the empirical study confirmed the assumptions of hypothesis 1). Different cultural history as well as the political, economic and cultural differences between Finland and US were reflected in contemporary commercial radio and resulted in differences in its quality cultures. The US commercial stations had rather uniform industrial quality culture, but the Finnish stations were divided into two main cultures, industrial and semi-industrial. These two distinctive groups shared some common features with each other and the US stations, but they were also both nationally distinctive and different from US commercial radio and from each other.

Hypothesis 2) assumed that the quality culture in a commercial radio organization could be described using six different quality perspectives and their mutual emphasis. This assumption proved to be true, because these six quality perspectives also made it possible to analyze and compare the value structures of commercial radio quality cultures in two countries and describe their cultural and sub-cultural distinctions. However, on the basis of this study it is not possible to say if the theoretical idea of six quality perspectives is comprehensive enough to fully describe the quality culture in a media organization. Culture and its norms and preferences are ubiquitous: they are
present in each and every aspect or perspective of quality culture. However, it is very likely that some aspects of quality culture may have escaped my attention, because there was no special perspective into such quality that was identified mainly through personal experience: quality, which exists independently from the ratings. In this way, it is possible to argue that quality culture can be described with at least six different quality perspectives, but the answer to the question of the possible need for additional perspectives will be the subject of another study.

Hypothesis 3) assumed that in commercial radio production, economic dimensions of quality culture are not always necessarily dominant, but eventually all modes of quality in commercial radio will support the maintenance of financial stability. On the basis of the results of the empirical study, it seems that this hypothesis is accurate. In this way, the influence of the national and organizational cultures on quality judgments in commercial radio can never be totally set aside. Moreover, economic considerations are not always dominant, although in the end the economic perspectives usually determine the final course of the actions.

This is why all the Finnish commercial radio professionals, for example, were so reluctant to use programming personnel in advertising. Although it would be perfectly legal, and it would probably generate more revenues for the station, it was considered not acceptable from certain cultural reasons. On the other hand, it can also be argued that a certain neglect of the present cultural norms would perhaps be profitable in short term, but in the end it would hurt the financial stability of the organization. Moreover, several interviewees in both countries described a situation where money invested in program production may result in programming with good (cultural) quality and even increasing listener satisfaction, but if the revenues generated with the content remain the same or decrease, the pursuit for this kind of quality did not make any sense from an economic perspective. Actually, in a strict sense, a station that would invest to programming at the expense of its profits would not be a commercial station at all.

In this way, all quality conceptions in commercial radio are compromises, which in the end are subordinated to the criteria of saleability. Less-saleable or non-saleable quality does certainly exist in commercial radio, but usually it is considered not worth seeking. Indeed, culture and economics affect and inform each other through an interdependent relationship. Especially in media production, there is no economic system that is not at least partly shaped by cultural matters and vice versa: all expressions of culture also have their economic side.

Although the integrated theoretical approach to quality culture in this study was used only as a theoretical tool for the analysis of contemporary quality cultures in commercial radio, this same basic model can be used also for analyzing the past courses of events as well as predicting future developments. This means that the integrated theory approach can be successfully applied for explaining the development of the cultural and historical context, as well as understanding the reasons for changes in commercial radio quality culture.

7.2.1. US: Market-based System, Market-based Standards

Commercial radio broadcasting in the US was originally an extension of radio receiver production and other private businesses. Although the early commercial radio did not seek profit by selling audiences, the broadcasters produced the audiences for their own businesses. The production of the broadcast programming was dependent on the needs of the labor market as well as contemporary dominant cultural preferences, but the connecting link back to the capital market was still missing. When broadcast advertising – i.e. selling audiences to advertisers – was invented, the broadcast industry did not change overnight, but the missing link was found. So far, everything had happened more or less within the terms of already existing markets. The US Congress wanted to minimize government interference, but when the radio operators could not agree on the use of the scarce public resources of the radio spectrum, the FRC was established to meet the needs of the industry. The regulatory help of the FRC created a steady basis for a media goods market and an audience market for the largest radio operators. In return, the commercial radio operators promised to provide programming in the public interest, convenience and necessity. In this way, the link between the sociopolitical arena, the media organizations and the media goods market was formed.

These processes built a basis for the creation of the national network radio. Although the economic motives to expand the media goods market as well as to utilize the labor market and the audience market more cost-efficiently were certainly driving the development of network radio, it was also supported by the social, political and cultural needs of the sociopolitical arena. Network radio was finally able to generate profits through advertising, but it also brought the world into the living rooms and served the purposes of nation-building and citizenship. Although network radio served important
social and political needs, it was much more dependent on the capital market and the needs of the advertisers in the audience market. In this way the standards of quality in network radio were closely tied to the needs of the major advertisers.

The federal government – as a major player in the sociopolitical arena – had so far created steady markets for commercial radio and protected the private interests of the operators in order to support the socially beneficial effects of radio. The FRC and its successor the FCC granted commercial radio licenses to serve the public interest, convenience and necessity for almost 20 years. But when the quality of the products of the radio industry was systematically assessed for the first time, the social quality of programming was not what had been expected in the first place. The FCC suggested in the Blue Book that commercial radio was not really able to meet its public service responsibilities as “an instrument of democracy” well enough. This created a conflict of interests. Because the broadcast industry already had control over the information resources vital for the sociopolitical arena as a whole, and the FCC had only limited jurisdiction under the federal government, the broadcasters were able to prevent major changes without jeopardizing their existence or profitability at all.

In the meantime, other actions of the FCC had more immediate effects on the market. While the number of the commercial radio broadcast operators was increased by granting more new licenses, while the big old network companies concentrated on television, the radio industry was about to face an economic crisis. The necessary social, political, economic and cultural conditions were in place for a new invention. The format radio method emerged, with a local approach and a new, alternative set of quality conceptions for commercial radio operations. Thanks to certain socially constructed technological inventions, local format radio was now the most cost-efficient way to produce such audiences, which television could not reach yet.

However, some of the cultural aspects of the new, parallel quality conceptions of music-based format radio were not accepted by all. This conflict with dominant cultural preferences combined with the economic dispute between music copyright agencies resulted in actions in the sociopolitical arena in form of the anti-payola legislation. The way in which the economic needs of the music industry and the capital market, the media goods market and the audience market were combined and compromised with payola money at commercial radio stations was disapproved, because the results challenged the dominant culture and its norms and preferences. The new regulations and the simultaneous development of marketing research
made American commercial radio even more industrial than it had been. The operators started to control the quality of the media goods products in a new way to meet both the new rules and advertiser needs.

Although the FCC was practically unable to effectively control and direct the media goods market of commercial radio, a half of the century of active federal broadcast policy and broadcast regulation was not totally ineffective. FCC policies reflected sociopolitical and cultural needs, created certain conventions and shaped the values and respective dimensions of quality culture in commercial radio broadcasting. This became clear, when the NAB as the coalition of the broadcast industry finally ended up promoting many socially oriented values, which it had fiercely opposed 40 years before. However, after a paradigm shift in economic policy, the need for and success of commercial radio broadcast regulation were questioned. The FCC re-interpreted the idea of public service, withdrew back to its earlier role as protector of the established broadcasters, and gradually let the markets dictate almost all quality conceptions in commercial radio.

From the perspective of the political elite and the other major players in the sociopolitical arena, radio had lost its earlier social and political significance, especially when compared to television. This was sort of a self-fulfilling prophecy, because when most of the rules related to social responsibilities or sociopolitical expectations were removed, commercial radio stations concentrated primarily on serving the needs of the market. On the other hand, the most highly political new use of the radio medium, in form of the right-wing conservative talk radio, existed at commercial stations mainly because it supported and met the needs of the media goods market, the audience market and the capital market at the same time – but it certainly did not support social coherence or truly democratic values. Commercial radio – like any other media – was able to create an ideological arena also solely in terms of the markets.

The sociopolitical arena has already become much more dependent on the media organizations than vice versa, and although the social expectations for commercial radio operations still exist, the pressure for meeting them is very low. It is possible that the US political elite was trying to protect its vital access to the information resources of television when national ownership caps of radio stations were removed. Ownership concentration of radio has resulted in a change in the quality conceptions in US commercial radio, but the commercial radio industry has not turned onto a totally new path. The more free market conditions have just made it possible for the industry to expand, diversify and intensify already existing processes and return to earlier strategies of broadcast rationalization, using even more sophisticated methods and technologies.
7.2.2. Finland: Dual Systems, Double Standards

The early experiments with commercial radio in Finland proved to be failures primarily because of the lack of capital. The government granted a nationwide license to a private commercial applicant, but the project failed to get the funding in time. At this stage, Finland did not have a radio manufacturing industry, either and the radio retailers were not financially sound enough to cover the expenses of broadcasting. In addition, the press lobby did not like the idea of increasing commercial competition, and public opinion was mostly against advertising. However, the sociopolitical need for steady national radio service was so strong, that the civic society and the government joined forces and created a national radio broadcaster to serve the public. The main task of the new operator was to create an ideological arena, and in this way to meet the needs of the sociopolitical arena. The decision to finance the operations of private Yleisradio with public license-fees instead of advertising benefited the newspaper industry as well as radio receiver retailers.

Although the new operator did not have any direct links to the capital market or audience market, and there was no commercial motive for creating a national radio network, this was also the most cost-efficient way to satisfy the existing social and cultural needs of a young nation. The political potential of radio was revealed and understood only after a while, and during a period of political turbulence the government, as the major player of the sociopolitical arena, took control of the national radio broadcasting, and the last private local stations were merged into the national operator. In wartime, radio broadcasting was more or less directly subordinated to the national war efforts: its main task was to maintain an ideological arena in order to support the nation in war.

Despite the changes in the sociopolitical arena after the war, the only national radio operator remained insulated from the capital market and the audience market. The company was still primarily maintaining an ideological arena – politically slightly different than before, but the rather one-dimensional cultural values and educational ambitions were practically unchanged. Although general cultural preferences also accepted popular and commercial culture, they were not promoted. The total insulation of the broadcast operator from the capital market and the audience market was finally broken when the major players of the sociopolitical arena wanted to prevent the political threat posed by the expansion of Soviet television and the operator itself was fighting over dominance in the national television operations. Because of simultaneous internal and external threats, the political elite and national broadcast operator had to accept television
advertising as the only means of financing the new media. However, the advertising money was collected by another company as a shield between the national broadcaster and the open markets.

Soon, also the national radio operation faced external competition from outside the national borders. The commercial pirates were operating with American capital and using American technology. Their idea was to serve the needs of the capital market and the audience market, offering commercial popular culture media goods without the permission and license of the sociopolitical arena. They did not have much to offer for the political elite, but they were going to take over the media goods markets of radio, and gradually force the sociopolitical arena to accept their popular culture business. This was however a miscalculation, because the Swedish and Finnish governments found a way to force the unlicensed operators to withdraw. Yleisradio was then ready to change its cultural norms, and also prepared to accept radio advertising in order to protect its monopoly in the radio media goods market. Although the cultural threat was defeated, the national broadcaster was forced to reconsider its relationship to popular culture – and the idea of radio advertising that haunted the company ever since for almost 30 years.

The majority of the existing commercial media organizations, represented by the powerful Finnish newspaper industry, had for decades been against private radio. Commercial radio stations could harm their interests in the audience market, where television already competed for advertising revenues. However, in the 1980’s the press lobby finally changed its strategy and aimed instead at getting more revenues from the new radio businesses. The press lobby was connected to the major parties through the political press, and the parties saw the new private form of radio both as a potential source of revenue and as a tool of political influence. The sociopolitical arena was now ready to license commercial local radio stations in the name of enhancing freedom of speech and local culture. Although two consecutive studies soon revealed that commercial local radio had not succeeded very well in relation to these original social goals, the government formed by the ruling parties of the political system did not redesign or cancel the commercial local radio system.

Instead, although the earlier, official social expectations were never canceled, in practice the political elite quietly abandoned them and concentrated more directly on financial expectations. If private radio media did not have a strong political importance, at least it could perhaps generate revenues. The ruling political parties even granted licenses to their own applicants at the same time as private local radio was made established as
a permanent system. The major players of the sociopolitical arena were trying to use not only the markets but also their political power for their own financial benefit. The new local stations were on the one hand affected by the earlier tradition of Finnish radio culture and on the other hand, they created an alternative quality culture. This culture of creative self-fulfillment and music-based program flow was also economically the most rational way of programming the local stations with popular content.

Because the sociopolitical arena, or at least the ruling political elite, now viewed also public service radio primarily as a part of the market system, its social success in maintaining the ideological arena and serving the cultural needs of the society was measured according to its cost-efficiency and productivity – i.e. success in the media goods market. More efficient new industrial production methods had to be taken into use in Yleisradio. Increasing competition in the media goods market and audience market also led the commercial stations gradually into a more industrial approach to production. This development was intensified further when the international media organizations entered the radio market with already proven, new format radio methods. This time, the sociopolitical arena simply accepted the foreign operators in order to get more investments, and in this way to develop the industry and radio business. However, when the political elite had a chance to grant a license to the only nationwide commercial radio operator, this time commercial radio was not presented as just another business. The license decision was officially justified with more acceptable social reasons, but it provided financial profit for the three major political parties.

Although many of the original social objectives had already been abandoned in practice, some of the earlier rules concerning commercial radio and private local radio were finally canceled as well. Moreover, the obedience of the licensees to those rules, which were not removed, was not really controlled. This created a conflict between the remaining license conditions and the industry practices. The commercial radio operators are quite free to concentrate on the needs of the markets, and the markets are practically dominated by the large internationally owned operators. The sociopolitical arena does not seem to really care if commercial radio meets its remaining social responsibilities as long as it is viable and profitable. At the same time Yleisradio, which has also become indirectly dependent on its market success, is under a tight social and political control.

7.3. Methodological Reflections

The comparison of the contemporary Finnish and American commercial radio cultures required four different stages. First, it was necessary to define
commercial radio and understand the basic economics of the advertising-financed radio broadcasting. Second, it was necessary to examine the historical context of commercial radio and the cultural history of its quality conceptions in both countries. Third, based on economic understanding and these cultural histories, it was possible to combine several theoretical perspectives and develop a more comprehensive idea of quality culture in commercial radio. This multidimensional model was then used as basic framework for analysis of the interview material and the construction of the typologies out of the data.

The study showed that the political economy approach, armed with suitable economic analysis, provided a good explanation of the development of the quality conceptions in commercial radio. These analyses could have been even more illustrative, if they would have been done using the same integrated theoretical approach, which was later used as the basis of the quality culture model. However, the completion of these two analyses with the political economy approach and understanding the underlying sociopolitical, cultural and economic dynamics was absolutely necessary for the later development of the integrated theory approach. This is also the reason why the theoretical model of quality culture was not available for use before the analysis of the interview material in the empirical part of the study.

The relationship between quality conceptions and quality culture seems to be more problematic than I originally assumed. Although I have discussed the ideas of quality culture (see 1.4.3.1. and 5.7.3.) and quality conceptions (introductory section of chapter 3.) in separate occasions, it might have been good to further analyze their respective relations and meanings at some point in the study, too. My basic assumption has been that quality conceptions and quality culture are by no means synonymous with each other but closely related, because quality conceptions (based on values or assumptions) provide the basis for a quality culture. However, a quality culture itself is more than just a sum of conceptions: it also includes, for example, the processes that nurture, maintain and reproduce the conceptions of quality (cf. Alm 1992a, 25).

As noted earlier, this study had some language problems (see chapter 6.1.3.) related to the translations of the questions as well as to the English-language interviews and their transcriptions. It is also most likely that the numerous translations from Finnish into English have lost some of their power of expression during the process. However, it is probably impossible to avoid all linguistic problems and losses in translation in a study where most of the material is written or spoken in two different languages. It is
possible that some of the translation problems could have been avoided, if this research project would have been reported in Finnish, but that decision would have also severely limited the potential readership of the study.

When evaluating the empirical part of the study, one could criticize at least three issues concerning the sample. First, the total sample of 25 interviewees and 24 interviews was rather small. Second, the US sample and the Finnish sample were composed in a slightly different way. And third, because of practical reasons, there was a time gap of 20 months between the US interviews and the Finnish interviews.

Although a larger sample would have been more ideal, I believe that the sample was large enough, and additional interviews would not have changed the main findings of this study, because the point of saturation is usually reached after interviewing about 15 informants (Tuomi & Sarajärvi 2002, 89–91). Perhaps the main problem of the sample proved to be the lack of locally owned smaller market station employees in the US sample, especially when the larger market stations and the smaller market stations in the Finnish sample had such different approaches. However, as noted earlier, this also reflected the concentrated nature of US radio industry. On the other hand, James Derby for example had professional background from smaller markets in Oregon, and Kent Phillips was an owner of a smaller market station. This is why I do not believe that the quality culture of locally owned US commercial stations in the small markets would have been significantly different than the relatively uniform US commercial format radio quality culture. Instead, it could have been useful to have some reference material from advertising-supported local non-profit operations, too.

Finally, the time gap between the national samples is about a year longer than I originally expected it to be, because I could not continue my project in Finland immediately after returning from Oregon. The minimum time gap between the samples would have been about 8 months. Although professional values, quality conceptions and quality cultures in commercial radio are constantly evolving, they do not usually change totally just overnight. That is also why this comparative case study did not require two exactly simultaneous samples. In this way the samples, which were collected in consecutive years 2002 and 2003, were close enough to describe the contemporary commercial radio quality cultures in these two countries.
8. DISCUSSION: COMMERCIAL RADIO AT THE DAWN OF THE DIGITAL AGE

8.1. Social Quality Expectations and Commercial Radio in Finland

The electromagnetic radio spectrum is a finite and scarce natural resource, a part of national wealth, which is controlled and administered by the government on behalf of the citizens. The economic value of the radio spectrum is not insignificant. In 2000, the estimated value of the radio spectrum used by US broadcasters was $14.9 billion, while the estimated economic net benefits from the use of radio spectrum in the UK totaled about £20 billion (Hallikainen 2000, 5; RA 2001, 30). The Finnish Communications Regulatory Authority has also made some studies about the economic value of the radio spectrum and the possibilities to improve the control of the spectrum use with frequency fees (Länsman 2002), but so far no results of this work have been published.

For the time being, in Finland all commercial radio broadcasters have free access to use this public spectrum resource for their operations. As noted earlier, the traditional idea has been that the government will license the broadcasters on their merit to use the radio spectrum for the public interest. The reason why the government may impose certain special public service obligations for the broadcasters is that they use public spectrum — unlike the press or cable operators. The broadcasting stations are given economic privileges without any monetary payments, because they are supposed to be socially responsible and meet their obligations stated in the law and license conditions. However, when the government has no means, resources or will to assure that the stations are really doing what they are supposed to do, and moreover when even severe negligence or irregular behavior usually results no sanctions, the social quality of broadcasting will decrease over time and it will be questionable if the society really benefits from this barter trade. As noted earlier, if the sociopolitical arena is treated like a market in broadcast licensing, perhaps it should also be able to operate like an open market in license allocation.

402 This was also the approach of the recent working group proposal of the Ministry of Transport and Communications: the economic value of broadcast spectrum was not taken into account at all (Radiotoiminta 2007 2004, 6). Cf. AEGIS 2004, 7.
Unlike commercial radio operators, commercial television operators in Finland have been obliged to pay special license payments to finance public service broadcasting. This system was originally not based on the direct rights to use the public spectrum space, but rather on monopoly rights for national television advertising.\textsuperscript{403} This is perhaps why the discussion of license payments in Finland has been somewhat distorted. The Finnish Competition Authority (FCA) has argued that this license payment practice may have harmful effects for the communications market, and the Finnish Ministry of Transport and Communications has suggested that the principle of equal treatment for all delivery technologies may finally lead to situation where the Finnish license payment system should be abolished. (Selvitys julkisen palvelun yleisradiotoiminnan rahoituksesta 2001, 73–74)

However, all different delivery technologies are not using the public spectrum as broadcasting does. Instead of removing the whole license payment system, the Finnish government should consider developing this model and study the model used in the UK, for example. The basis for all license payments should be the value of the public spectrum. In this way, the value of the radio spectrum used by commercial radio broadcasting as well as other commercial operators using radio spectrum should be taken into account as well. There are more sophisticated and effective ways to support or subsidize the development of the communications market than to continue to give away the public spectrum. Moreover, the present system, which treats commercial television broadcasters and commercial radio broadcasters in totally different ways, is not very well justified. Still, this does not have to mean that all commercial operators should always pay for spectrum use according to exactly the same rules.

Another peculiarity and inequality in the present Finnish system is that only the national public service broadcaster Yleisradio is obliged to give an annual report to the Finnish Communications Regulatory Authority about the public service offered by the company. However, commercial broadcasters also have certain obligations in their licenses, which should be controlled by the same authority. It is possible to argue that Yleisradio is a special case, because it has the sole responsibility for public service programming and it is financed with public funds. But on the other hand, why does the government impose any license conditions over programming content also for commercial radio and television operators, if compliance with these conditions is not controlled at all? In addition, all commercial broadcasters are using public resources in the form of the radio spectrum. In my opinion, it would be fair for the government to require also commercial broadcasters

\textsuperscript{403} At first, MTV did not have its own license. Cf. chapter 4.3.
to give an annual report about how they have taken care of their social responsibilities and met their license conditions.

This is the context for a proposal for reforming the licensing system of commercial broadcast radio in Finland. Basically, there is absolutely no reason to pretend that the results of the market system will somehow automatically benefit the society, when the programming decisions in commercial broadcasting are generally based on profitability, but there is also no reason to just bewail the fact that commercial operators strive for maximizing their profits. On the contrary, the policymakers should use this as a tool in their media policy. (Ala-Fossi 1999, 183–184; Coase 1966, 444)

The new Communications Market Act does not state anything about content issues or programming, but it does the division between network licenses (multiplex operator) and programming licenses (Vilkkonen 2001, 1–3). My proposal is that all programming licenses for commercial radio in Finland should be divided into two different classes.

Under this proposal, class A licenses would be granted for maximum years in a traditional-style “beauty contest”, judged on merits of the applicant and the programming or programming proposal. These class A licenses could be either 1) local, 2) regional (semi-national), or 3) national depending on the case. No rent or license payments would be charged for class A licenses, but the broadcaster would be obliged to provide an annual report about meeting the original programming promises and licensing conditions. Moreover, foreign ownership, cross-media ownership and parallel ownership of class A radio operations would be restricted in some way. On the other hand, digitalization of class A broadcasting services could be supported from a special public fund. If a class A broadcaster neglected the license conditions, or failed to provide an acceptable report on programming services, it would simply lose its license – or pay for the license. Any radical changes in the nature of programming would need the approval of the licensing authority, or alternatively a change to a class B license.

Class B licenses would be totally free of any kind of preliminary promises about programming. Moreover, there would be no preferences or major restrictions for the licensees, ownership or license trading. Basically, class B licenses would be simply auctioned to the highest bidder. However, the license payments would not be a fixed sum, but a certain percentage of the annual profit of the operations, for example. These licenses could also be either 1) local, 2) regional or 3) national. Class B licensees would have no obligations to report to any agency about their programming, and they would be free to change their programming strategy whenever they consider it necessary. These stations would be regulated primarily by the market, as
well as general business legislation and ethics. Digitalization of the class B stations could be supported by reducing their license payments for a certain period of time. The license payments or spectrum rent would be used to support the digitalization of class A broadcasters and later, to fund the development of non-commercial radio operations.

**TABLE 6. Proposal for Two Classes of Commercial Radio Programming Licenses in Finland**

<table>
<thead>
<tr>
<th>Class A: “Beauty contest”</th>
<th>Class B: “Market system”</th>
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<tr>
<td>– Preliminary promise of programming required, which is then stated as a condition in the license</td>
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<tr>
<td>– No auctions, no annual payments for license</td>
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<tr>
<td>– Restrictions for foreign ownership and cross-ownership of media</td>
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<td>– Annual report of programming needed to prove that operations have met the license conditions</td>
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<tr>
<td>– If the obligations would not be met, the free license would be cancelled or made chargeable</td>
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<tr>
<td>– Digitalization of services could be supported (with Class B license payment income)</td>
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<tr>
<td>– No preliminary plans or any promises for programming needed</td>
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<td>– No restrictions for operator ownership or license trading</td>
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<tr>
<td>– Licenses would be auctioned to the highest bidders for an annual payment</td>
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<td>– License payment would not be a fixed sum, but for example a certain percentage of the annual net profit</td>
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<tr>
<td>– If the license-holder will launch digital radio operations, annual license payments could be reduced for a certain period of time</td>
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</table>

This would be a fair system, which combines the best features of the two main licensing traditions. It would also offer different options for the commercial operators for different kinds of radio operations: the broadcaster could then choose to apply for the sort of license that would be the most appropriate or profitable. It would also provide better possibilities for community oriented, small-scale broadcasting to survive, and plenty of room for commercial creativity in programming and income generation. Moreover, this model would assure that the society would always benefit from the use of the public resources of the radio spectrum, either in the form of special programming services or in the form of financial income to support such services in other ways. This kind of system would also promote the digitalization of existing private radio services and the creation of more versatile and diverse digital radio services in the future.


8.2. Digital Radio: Local Radio?

To the date, radio medium has had a great potential for supporting regional cultures and social development as a medium for local communication. Now it seems that the new technology and the on-going transition to the Digital Age may impose more practical new threats than useful benefits to true localism and locally oriented audio broadcasting, even while recognizing that the living environment of the radio consumer will always remain more or less local.

The development of the Internet has opened a new distribution channel for digital radio and for local radio services, but this medium is quite problematic, too. Internet radio may break the limits of traditional coverage areas and in theory reach a global audience, but it is questionable if this is necessary or desirable, especially if the content is created primarily for people in a certain region anyway (Black 2001, 404; Chyi & Sylvie 2001, 242). Although the Internet is a comparatively cheap and easy medium to access, serving larger Internet radio audiences can also become very expensive, because the transmission costs of Internet radio increase with each new listener (Miles 1998, 168–169; Picard 2002, 61). Moreover, in Finland the Gramex -payments for the music played in Internet radio are relatively high, and this is why in Finland webcasting music-based programming is probably the most expensive in the world (Laiti 2004). Finally, while Internet radio may be a perfect digital solution for a very small-scale, non-music radio operations, it also lacks the mobility and cost-efficiency of broadcast radio, if it is not distributed using the radio spectrum (Olon 2002, 41–42).

The spearhead of digital radio in Finland has been the national public service broadcaster Yleisradio. In 1998, it started the first new digital radio services both on the Internet and on a new DAB- broadcasting network. The Eureka DAB- network was built to cover an area of about two million inhabitants, but the sales of digital radio receivers remained almost non-existent. At the moment there are probably only one thousand Eureka DAB radio receivers in Finland. Consequently, the breakthrough of digital radio did not happen in 2000 as it was originally predicted, and in 2001 Yleisradio decided to reconsider its strategy for digital radio broadcasting. A similar time-out was taken also in Sweden. (Yleisradiotoiminnan strategiaselvitys 1995, 22; Ala-Fossi 2004, 59; Autio 2001; STT 026 06.03.2004; SOU 2002:38, 84–86).

404 This is why Sirpa Ojala, the Vice President of Mediacasting for the delivery company Digita recently estimated that it is quite possible that the separate digital audio broadcasting network in Finland could be shut down for good (STT 026 06.03.2004).
However, all the rumors about the death of digital radio are wildly exaggerated.\textsuperscript{405} In Europe, the sales of Eureka DAB receivers in the UK have recently increased in a promising way (SOU 2004:16, 34) In the US, nationwide digital satellite radio has over a million subscribers, and terrestrial digital radio (IBOC/HD radio) has just recently arrived in the consumer markets (Pogue 2003; Stimson 2004a). Digital radio has made its first breakthrough in Finland too, but only in a different form than originally expected. Hundreds of thousands households in Finland can already receive digital radio programming via the digital television (DVB) network with their digital set-top-box television receivers. Over 300 000 set-top-boxes had been sold in Finland by the end of year 2003, and the electronics wholesalers expect to sell 500 000 set-top-boxes this year (Ilkka 12.03.2004). In addition to Yleisradio digital radio channels, in December 2003 the Ministry of Transport and Communications granted also new licenses for nationwide radio operations in the digital television network to three private commercial operators (Liikenneministeriö 18.12.2003).\textsuperscript{406}

Although digital radio services in the DVB-T network are a great supplement to the digital television services, this additional distribution channel is not especially spectrum efficient, and it does not fit as such very well with mobile uses of radio or local radio, either\textsuperscript{407}. A digital radio committee nominated by the Swedish Ministry of Culture analyzed the situation and considered the different options available for digital radio delivery and broadcasting, and in its final report in February 2004 the committee arrived at the conclusion that Eureka DAB-transmissions in Sweden ought to be continued because of the potential social and economic benefits of digital radio. Although Eureka DAB was considered to be technologically superior system, the committee did not want designate it as the sole standard of digital radio. One important reason for this was that at the moment there seem to be no viable financial or technical solutions to the digitalization of small-scale local and community radio with the Eureka DAB-system. (SOU 2004:16, 40–43, 73)

\textsuperscript{405} Instead of Digital Audio Broadcasting, DAB has been said to be an acronym for Dead And Buried.

\textsuperscript{406} Licenses were given to Etelä-Pohjanmaan Viestintä Oy, owned by Kai Pöntinen and Hannu Harju, Pro Radio Oy owned by SBS Finland and Kristillinen Media Oy. SBS Finland launched Kiss FM and Iskelmä in the DVB-network in less than a week after getting the license (Martikkala 2003; RAB Finland 22.12.2003).

\textsuperscript{407} It may be possible to build a DVB-H transmitter network for mobile multimedia broadcasts by sharing some already existing DVB-T infrastructure, but DVB-H would need anyway a separate network. (David 2004)
The problems of the digitalization for small scale and local radio broadcasting have been known for almost ten years, but so far they have not been a top priority. First of all, the needs of local and community radio have by no means been the starting-point for the development of terrestrial digital radio broadcasting technology, either in Europe or in the US. On the contrary, in both cases it has been based on the needs of the most established radio broadcasters (Ala-Fossi & Stavitsky 2003, 65–75). Additionally in Europe, frequency planning for terrestrial digital radio (T-DAB) has favored larger units. Already in 1995, a report of the Finnish Ministry of Transport and Communications stated bluntly that in the digital age either the Finnish commercial local radios must be turned into regional radios with significantly larger coverage areas or they need another, alternative frequency allocation (Yleisradiotoiminnan strategiaselvitys 1995, 15–24).

Although the Finnish policy decisions concerning private and local radio in the late 1990’s almost solved this problem by simply favoring larger broadcasting units and networks, more T-DAB frequencies for regional allotments were allocated in CEPT (European Conference of Postal and Telecommunications Administrations) planning conference in Maastricht in 2002. However, in Finland these frequencies cannot be put into use for a while, because in Russia the same band is still assigned to other than broadcast use (Kangas 2002; Kangas 2004). In the Netherlands, the results of the Maastricht conference were also problematic, but for different reasons: about 330 Dutch community radio broadcasters should be accommodated on the 117 new T-DAB allotments. Anyway, in addition to the limited financial capacity of the small stations, the remaining Finnish local stations would suffer from similar problems as their Dutch counterparts – inefficient use of available spectrum (geographic overlap) and possible blurring of local radio objectives as a result of inappropriate coverage areas.\(^{408}\) This is why the Dutch Federation of Local Public Broadcasters suggested in its report a combined approach, where community broadcasters in big cities would use Eureka DAB in the original T-DAB allotments, but smaller stations would use an alternative digital system like DRM on the current AM or FM dial. (Olon 2002, 40–45)

In addition to all these problems with different digital radio distribution systems, digital audio production systems are also a double-edged sword for local radio broadcasting. The latest digital audio production technology makes it possible to create low-cost, technically excellent local productions,\(^{408}\) For these same reasons digital satellite radio delivery (for example S-DAB) can be difficult even on the national level, and that is why it was left out of this discussion as a real possibility for digital local radio.
and to store these productions for later use without large investments. On the other hand, it is now easier than ever to increase the cost-efficiency of radio operations even more by centralizing program production, modifying the same basic product for different markets, and also simply by recycling programs. (Nellessen & Brady 2000, 4,12; Mathews 2002)

Digitalization of radio broadcasting services may bring us the social and cultural potential of the new channels and new dimensions of digital radio. However, an important part of this potential will be lost if already existing local and community radio broadcasters, as well as the possibilities for new local services, are more or less sacrificed for the purposes of digitalization as such by simply neglecting the special needs and protection of small-scale radio. Although digitalization of radio may be “radio’s third chance” after the introduction of the medium and the inauguration of FM radio technology (Ala-Fossi & Stavitsky 2003, 74–75), this social and cultural potential will not be fully realized without well-informed, active and objective-oriented media policies, as well as further studies of the digital radio medium.
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Saleable Compromises


Saleable Compromises

Marko Ala-Fossi


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Marko Ala-Fossi


Marko Ala-Fossi


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Appendix 1

BASIC OBJECTIVES AND VALUES

01 Why does your station exist? What are its primary goals and values? Are you able to contribute to the decision making about the goals and the ways to achieve them?

02 What are main objectives of your team and your personal work? How do you know that you have been successful in doing your job?

03 What is the most important basis when you hire new people for program production? (local origin, desired salary, former experience on radio, education or other general preparedness and talent for radio work)

04 How do you train new people to do their jobs? Do you teach them how to do different things – or are they just supposed to look how other people do and follow that? Do you have any standard instructions or operating manual?

1. PRODUCTION ORIENTED QUALITY
   – Avoiding defects in production

05 What do you do to avoid the defects in your programme production: what different systems do you use to prevent human errors and mistakes?

06 What kind of technical back-up systems do you have?

07 How often somebody contacts your station to complain about mistakes or defects in your programming? What do you do about those complaints?

2. COMPETITION ORIENTED QUALITY
   – Quality in relation to competitors and market

08 How you define your competition strategy? Who are your main competitors?

09 What are the most important things that make your programming differ from your competitors?

10 What things does your station do better than your competitors? In what ways are your competitors better?

11 Why do listeners choose your station? Why do they abandon it for another station with similar kind of programme?

3. PRODUCT ORIENTED QUALITY
   – Correlation to the agreed product standards

12 Who at your station is ultimately responsible for how the programming sounds?

13 How – and in what way do you direct and control the sound of your station? What are the components of your sound?
14 Do you have clear – maybe even written rules or instructions about how you produce different programs or shows? Or are those more like unwritten assumptions about production?
15 How – and with what terms do you define your station's music policy?
16 Who selects the music you play and from which kind of body of music?
17 How do you use playlists and how often do you revise them?
18 How do you use rotation clocks and how often do you revise them?
19 What about jingles? How often can or must you use them, who controls what kind of jingles you use? Who produces the jingles and how often are they revised?
20 How is the placing of commercials decided? Does the sales department give that order or can you redefine the order to make the sound of commercials suit the sound of your programming?
21 Has your station ever redone or rejected any commercials because they were poor quality or the advertisement was not originally suitable to be run on your station?
22 How often do your employees – I mean mainly people who are on air – deliberately deviate from that model of operations or sound you have for that particular program, without having any evident reason for doing that?
23 If that ever happens, what are – or would be the consequences of breaking the rules or "making it in my own way"?
24 What would you first add in your programming – or take away from it if you were asked to improve the quality?

4. CUSTOMER ORIENTED QUALITY
– Ability to fulfil customers' needs and expectations
25 Who is your most important customer – whose needs should be most carefully taken into account?
26 How – and with what terms do you define your station's primary target audience?
27 How do you know your audience: what ways do you use to learn to know it?
28 Do you feel that you have a good idea what your audience thinks about your programming? Is it important to know more than the ratings?
29 What do you believe to be your listeners primary expectations for the programming when he or she tunes in to your frequency?
5. VALUE ORIENTED QUALITY
– Quality in relation to the costs
30 Is it possible to produce high quality programming with low costs?
31 Does spending more money or using more people on programming usually ensure that the program product will have better quality?
32 Would it be reasonable to invest money on program production, if the station is able to make better profit without more investments?
33 Do network programs and big stations in the major markets usually represent better overall quality than locally produced programs and small market stations?

6. ENVIRONMENT ORIENTED QUALITY
– Total effects on society and nature
34 Do you believe that your programming has a certain social value or social use for your listeners or for your community. What kind?
35 Does radio station need to get involved in to its local community at all? If so, what would be the best way to do it?
36 How does your station serve the public interest and your community?
37 Is your station more important for your community as a source of information, source of entertainment or as a part of the local economy?
PERUSTAVOITTEET JA ARVOT

01 Miksi asemanne on olemassa? Mitkä ovat sen tärkeimmät päämäärät ja arvot? Voitko osallistua päätöksenteekoon, joka koskee päämääriä ja toimintatapoja niiden saavuttamiseksi?

02 Mitkä ovat oman tiimisi ja henkilökohtaisen työsi tärkeimmät tavoitteet? Miten tiedät onnistuneesi työssäsi?

03 Mitkä ovat tärkeimmät perusteet kun palkkaatte uutta väkeä ohjelmatuotantoon? (paikallisuus, palkkatoiveet, aiempi kokemus radiotyöstä, koulutus tai muu yleinen valmius ja laajakkus radiotyöhön)

04 Miten perehdytätte uudet ihmiset töihinsä? Opetetaanko heitä tekemään eri asioita – vai oletetaanko heidän vain katsovan miten muut tekevät ja seuraavan esimerkkiä? Onko teillä mitään vakio-ohjeita tai toiminnan käsikirjaa?

1. TUOTANTOKESKEINEN LAATU
   – Vältetään virheitä tuotannossa

05 Mitä teette estääksenne virheitä ohjelmatuotannossa: mitä menetelmiä käytätte estääksenne inhimilliset virheet ja erehdykset?

06 Mitä teknisiä varajärjestelmiä teillä on käytössä?

07 Miten usein joku ottaa yhteyttä asemaanne valittaakseen erehdyksistä tai virheistä ohjelmassanne? Mitä valituksille tehdään?

2. KILPAILUKESKEINEN LAATU
   – Laatu suhteessa kilpailijoihin ja markkinoihin

08 Miten määritette kilpailustrategianne? Ketkä ovat tärkeimmät kilpailijanne?

09 Mitkä ovat tärkeimmät tekijät, jotka erottavat teidän ohjelmanne kilpailijoiden tarjonnasta?

10 Mitä teidän asemanne tekee paremmin kuin kilpailijansa? Entä millä tavoin kilpailijat ovat parempia?

11 Miksi kuulijat valitsevat teidän asemanne? Miksi he vaihtavat sen toiseen saman tyyppistä ohjelmasta tarjoavaan asemaan?

3. TUOTEKESKEINEN LAATU
   – Vastaavuutta sovittuihin tuotestandardteihin

12 Kuka asemanemme on viime kädessä vastuussa siitä, miltä lähetyksenne kuulostavat?
13 Miten ja millä tavoin ohjaatte ja valvotte asemanne soundia? Mitkä ovat soundinne osatekijät?
14 Onko teillä selkeitä tai kirjallisia ohjeita miten eri ohjelmia tai lähetyksiä tehdään? Vai ovatko ne enemmän ylöskirjoittamattomia oletuksia tuotannosta?
15 Miten ja millä termeillä määrittelette asemanne musiikkilinjan?
16 Kuka valitsee soitettavan musiikin ja millaisesta valikoimasta?
17 Miten käytätte soittolistoja ja miten usein niitä uusitaan?
18 Miten käytätte rotaatiokelloja ja miten usein niitä uusitaan?
19 Entä jinglet? Miten usein niitä saat tai pitää käyttää, kuka valvoo millaisia jinglejä käytetään? Kuka tuottaa jinglet ja miten usein niitä uusitaan?
20 Miten mainosten sijoittelu ratkaistaan? Laatiiko myyntiosoasto järjestysten vai voitteko muokata sitä saadakseen mainokset sopimaan paremmin asemanne soundiin?
21 Onko asemanne koskaan tehnyt uudestaan tai hylännyt mainoksia sen takia, että ne olivat huonolaatuisia tai että ne eivät sopineet sellaisenaan ajettaviksi?
22 Miten usein asemanne juontajat ja toimittajat tahallaan, ilman selvää syytä poikkeavat siitä saundista tai toimintamallista, joka kyseiselle lähetykselle on tarkoittettu?
23 Mikäli niin tapahtuu, mitkä ovat – tai mitkä olisivat seuraukset sääntöjen rikkomisesta tai toimimisesta ”oman pään mukaan”?
24 Mitä ensimmäisenä lisäisit ohjelmisine – tai ottaisit siitä pois, mikäli sinua pyydettäisiin kohtamaan laatua?

4. ASIAKASKESKEINEN LAATU
– Kyky täyttää asiakkaan tarpeet ja odotukset
25 Kuka on tärkein asiakkaanne: kenen tarpeet pitää huomioida kaikkein tarkimmin?
26 Miten ja millä termein määrittelette asemanne ensisijaisen kohdeyleisön?
27 Miten tunnette yleisönne: mitä keinoja käytätte oppiakseen tuntemaan sen?
28 Uskotko, että sinulla on hyvä käsitys siitä mitä yleisönne ajattelee ohjelmistanne?
  Onko tärkeää tietää enemmän kuin pelkät kuuntelijamäärität?
29 Mitkä uskot kuuntelijoidenne ensisijaisesti odottavan ohjelmatarjonnalta kun he valitsevat teidän taajuutenne?

5. ARVOKESKEINEN LAATU
– Laatu suhteessa kustannuksiin
30 Onko mahdollista tuottaa laadukasta ohjelmaa pienillä kustannuksilla?
31 Varmistaako runsaampi rahan tai työvoiman käyttö ohjelmatuotantoon tavallisesti myös ohjelmatuotteen paremman laadun?
32 Olisiko järkevää sijoittaa rahaa ohjelmatuotantoon, jos asema pystyy tuottamaan paremman voiton ilman lisäsijoituksia?

33 Edustavatko ketjuien ohjelmat ja suurimpien markkinoiden isot asemat yleensä parempaa kokonaislaatua kuin paikallisesti tuotetut ohjelmat ja pienten markkinoiden asemat?

6. YMPÄRISTÖKESKEINEN LAATU
– Kokonaisvaikutukset yhteiskuntaan ja luontoon

34 Uskotko, että ohjelmillanne on tiettyä yhteiskunnallista arvoa tai sosiaalista käyttöä kuuntelijoillenne tai yhteisöllenne. Millaista?

35 Pitääkö radioaseman lainkaan syventyä tai kiinnittyä omaan paikallisyhteisöönsä? Jos pitää, niin mikä olisi paras tapa hoitaa asia?

36 Miten asemanne palvelee toimiluvan määrittelemää yleistä etua ja omaa paikallista yhteisöä? (– tietoa paikallisista asioista, edistää paikallista kulttuuria ja avointa keskustelua)

37 Onko asemanne tärkeämpi (yhteisölleen) informaation lähteenä, viihteen tarjoajana vai osana (alueensa) talouselämää?
FCC 96-172
Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of
Implementation of Sections 204(a) and 204(c) of the Telecommunications Act of 1996
(Broadcast License Renewal Procedures)

ORDER
Adopted: April 12, 1996; Released: April 12, 1996

By the Commission:

1. On February 8, 1996, President Clinton signed into law the Telecommunications Act of 1996 ("Telecom Act"). The Telecom Act adopts new Section 309(k) of the Communications Act, which eliminates comparative renewal hearings and directs the Commission to grant a broadcaster’s renewal application if statutory renewal standards are met. We are presently in the midst of a renewal cycle for radio stations, which commenced with the filing of radio renewal applications on June 1, 1995, and the initial round of television station renewal applications is due to be filed on June 1, 1996. It is therefore desirable to conform our rules to these particular provisions of the Telecom Act as promptly as possible.

2. Background. For decades, the Commission has entertained competing applications in the renewal context. Under comparative renewal procedures, if one or more such competing applications were filed, the Commission was required to consider the applications comparatively to determine which applicant would best serve the public interest, convenience and necessity. The Commission is required to afford renewal applicants and competing mutually exclusive applicants a full comparative hearing under Section 309(e) of the Communications Act, 47 U.S.C. § 309(e), and Ashbacker Radio Corp. v. FCC, 326 U.S. 327 (1945).

3. New Two-Step Renewal Procedure. Section 204(a) of the Telecom Act effects a major change in the way the Commission processes renewals. With respect to broadcast renewal applications filed after May 1, 1995, the statute eliminates comparative renewals and establishes, instead, a new two-step renewal procedure. It also codifies specific standards for the Commission to apply in considering broadcasters’ renewal applications. In particular, new Section 309(k) states:
(1) … If the licensee of a broadcast station submits an application to the Commission for renewal of such license, the Commission shall grant the application if it finds, with respect to that station, during the preceding term of its license —

(A) the station has served the public interest, convenience, and necessity;
(B) there have been no serious violations by the licensee of this Act or the rules and regulations of the Commission; and
(C) there have been no other violations by the licensee of this Act or the rules and regulations of the Commission which, taken together, would constitute a pattern of abuse.

(2) … If any licensee of a broadcast station fails to meet the requirements of this subsection, the Commission may deny the application for renewal in accordance with paragraph (3), or grant such application on terms and conditions as are appropriate, including renewal for a term less than the maximum otherwise permitted.

(3) … If the Commission determines, after notice and opportunity for a hearing as provided in subsection (e), that a licensee has failed to meet the requirements specified in paragraph (1) and that no mitigating factors justify the imposition of lesser sanctions, the Commission shall —

(A) issue an order denying the renewal application filed by such licensee under Section 308; and
(B) only thereafter accept and consider such applications for a construction permit as may be filed under section 308 specifying the channel or broadcasting facilities of the former licensee.

(4) … In making the determinations specified in paragraph (1) or (2), the Commission shall not consider whether the public interest, convenience, and necessity might be served by the grant of a license to a person other than the renewal applicant.


4. Additionally, Section 204(a)(2) of the Telecom Act amends Section 309(d) of the Communications Act, 47 U.S.C. _ 309(d), to make the standard for filing petitions to deny conform to the statutory renewal standards. Thus, the statutory renewal standards are made applicable to the petitioner’s required showing and the Commission’s consequent findings in the case of a petition to deny a renewal application filed after the statutory effective date. As detailed in the accompanying Appendix, our rules will be modified to conform to the renewal procedures and standards adopted in the Telecom Act.

5. The Telecom Act does not define the terms contained in the renewal standards embodied in Section 309(k), and we likewise do not define those terms in this Order. It is our present intent to continue to apply existing policy statements and
case law, refining these as appropriate on a case-by-case basis, in interpreting the statutory terms that govern the new renewal process. If we determine at some future time that further clarification is appropriate, we shall conduct such proceedings as may be warranted.

6. Administrative Matters. We are revising the rules as detailed in the accompanying Appendix without providing prior notice and an opportunity for comment. For applications filed after May 1, 1995, the revisions simply reflect the changes mandated by the applicable provisions of the Telecom Act eliminating comparative renewals and codifying certain renewal standards. We find that notice and comment procedures are unnecessary, and that this action therefore falls within the "good cause" exception of the Administrative Procedure Act ("APA"). The rule changes adopted in this Order do not involve discretionary action by the Commission. Rather, they simply reiterate in our rules specific terms set forth in legislation. Additionally, with respect to the revisions that involve rules of agency organization and procedure, the notice and comment requirements of the APA are inapplicable.

7. Termination of Comparative Renewal Rule Making. In light of the elimination of the comparative renewal procedure, we will terminate BC Docket No. 81–742, in which the Commission is considering reforming the comparative renewal process. We believe that it would not represent the most productive use of our resources to conclude Docket No. 81–742 since it will apply only to a limited number of comparative renewal proceedings.

8. Effective Dates. Pursuant to the Telecom Act, Section 309(k) will be applied to renewal applications filed after May 1, 1995, and the rule changes made in the Appendix to implement the new renewal provisions of the Telecom Act reflect the statutory effective date. Pending comparative renewal proceedings and mutual exclusivities involving applications filed on or before May 1, 1995 will be concluded pursuant to the current rules, and accordingly, we will leave intact procedural provisions of the current rules that refer to comparative renewal proceedings until those pending proceedings and exclusivities are finally resolved. We wish to reiterate that our failure, in the attached Appendix, to amend or eliminate a rule that refers to or applies to comparative renewal proceedings results only from the need to conclude those ongoing proceedings. We wish to make clear that applications filed on or before May 1, 1995 will be subject to our current renewal standards and procedures, while applications filed after May 1, 1995 will be subject to the new renewal provisions adopted in Section 204 of the Telecom Act.

9. Ordering Clause. Accordingly, IT IS ORDERED that, pursuant to Section 204 of the Telecommunications Act of 1996, and to Sections 4(i) and 303® of the Communications Act of 1934 as amended, 47 U.S.C. § 154(i), 303®, Parts 1 and 73 of the Commission’s Rules is amended as set forth in the Appendix. The rule changes will become effective upon publication of this Order in the Federal Register. IT IS FURTHER ORDERED that BC Docket No. 81–742 is hereby terminated.
10. For additional information concerning this proceeding, contact Mania K. Baghdadi, Mass Media Bureau, Policy and Rules Division, Legal Branch, (202) 418-2130, or via the Internet at mbaghdad@fcc.gov.

FEDERAL COMMUNICATIONS COMMISSION

William F. Caton

Acting Secretary
Rule Changes

Part 1 of Title 47 of the Code of Federal regulations is amended to read as follows:

PART 1 -- PRACTICE AND PROCEDURE

1. The authority citation for Part 1 continues to read as follows:
   AUTHORITY: 47 U.S.C. 151, 154, 303 and 309(j) unless otherwise noted.

2. Section 1.227 is amended by revising paragraph (b)(6) as follows:
   1.227 Consolidations
   * * * * *
   (b) * * *
   (6) An application which is mutually exclusive with an application for renewal of license of a broadcast station filed on or before May 1, 1995 will be designated for comparative hearing with such license renewal application if it is substantially complete and tendered for filing no later than the date prescribed in _ 73.3516(e).

Part 73 of Title 47 of the U.S. Code of Federal regulations is amended to read as follows:

PART 73 -- RADIO BROADCAST SERVICES

3. The authority citation for Part 73 continues to read as follows:

4. Section 73.561 is amended by revising the fourth sentence of the introductory text of paragraph (b) as follows:
   73.561 Operating schedule; time sharing.
   (a) * * *
   (b) * * * In order to be considered for this purpose, such an application to share time must be filed no later than the deadline for filing petitions to deny the renewal application of the existing licensee, or, in the case of renewal applications filed by the existing licensee on or before May 1, 1995, no later than the deadline for filing applications in conflict with the such renewal applications.
   * * * * *

5. Section 73.1020 is amended by revising paragraph (b) as follows:
   73.1020 Station license period.
   * * * * *
   (b) For the cutoff date for the filing of applications mutually exclusive with renewal applications that are filed on or before May 1, 1995 and for the deadline for filing petitions to deny renewal applications, see _ 73.3516(e).
6. Section 73.3516 is amended by revising the introductory text of paragraph (e) and paragraph (e)(1) as follows:

_ 73.3516 Specification of facilities

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(e) An application for construction permit for a new broadcast station or for modification of construction permit or license of a previously authorized broadcast station will not be accepted for filing if it is mutually exclusive with an application for renewal of license of an existing broadcast station unless the application for renewal of license is filed on or before May 1, 1995 and unless the mutually exclusive construction permit application is tendered for filing by the end of the first day of the last full calendar month of the expiring license term. A petition to deny an application for renewal of license of an existing broadcast station will be considered as timely filed if it is tendered for filing by the end of the first day of the last full calendar month of the expiring license term.

(1) If the license renewal application is not timely filed as prescribed in _ 73.3539, the deadline for filing petitions to deny thereto is the 90th day after the FCC gives public notice that it has accepted the late-filed renewal application for filing. In the case of a renewal application filed on or before May 1, 1995, if the license renewal application is not timely filed as prescribed in _ 73.3539, the deadline for filing applications mutually exclusive therewith is the 90th day after the FCC gives public notice that it has accepted the late-filed renewal application for filing.

*******

7. Section 73.3523 is amended by revising paragraph (a) as follows:

_ 73.3523 Dismissal of applications in renewal proceedings

(a) An applicant for construction permit, that has filed an application that is mutually exclusive with an application for renewal of a license of an AM, FM or television station (hereinafter competing applicant”) filed on or before May 1, 1995, and seeks to dismiss or withdraw its application and thereby remove a conflict between applications pending before the Commission, must obtain the approval of the Commission.

*******

8. Section 73.3584 is amended by revising the third sentence of paragraph (a) as follows: _ 73.3584 Procedure for filing petitions to deny.

(a) ** * In the case of applications for renewal of license, Petitions to Deny may be filed at any time up to the deadline established in _ 73.3516(e). ** *

*******
8. Section 73.3591 is amended by revising the introductory text of paragraph (a) as follows, revising paragraph © as follows, and adding new paragraph (d) as follows.

_ 73.3591 Grants without hearing

(a) Except for renewal applications filed after May 1, 1995 which will be subject to paragraph (d) of this section, in the case of any application for an instrument of authorization, other than a license pursuant to a construction permit, the FCC will make the grant if it finds (on the basis of the application, the pleadings filed or other matters which it may officially notice) that the application presents no substantial and material question of fact and meets the following requirements:

* * * * *

(c) If a petition to deny the application has been filed in accordance with _ 73.3584 and the FCC makes the grant in accordance with paragraph (a) of this section, the FCC will deny the petition and issue a concise statement setting forth the reasons for denial and disposing of all substantial issues raised by the petition.

(d) Renewal applications filed after May 1, 1995 will be governed by the criteria established in 47 U.S.C. _ 309(k).
Appendix 4

Government decision on the application (No ) of NN for a licence for analogue radio operations.

Issued in Helsinki on 11 March 1999.

In the application (no ) dated 00 Xxxx 1999 and addressed to the government NN has applied for a licence for analogue radio operations. Today, the government discussed the application and, considering the provisions of Section 10 of Act on Television and Radio Operations (744/1999), granted, by virtue of Section 9 of the said Act, NN a licence for analogue radio operations for the following locations and frequencies that are indicated in the frequency plan laid down by the government on 18 February 1999:

X MHz

By virtue of Section 11 of the Act on Television and Radio Operations, the government sets the following conditions for operations conducted on the basis of this licence:

1. Programmes shall include local news of the coverage area and promote local culture and open discussion among citizens. Principles of good journalistic practice and equal treatment in providing a wide variety of views shall be applied in programme policy.

2. If the radio operator is entitled to use several frequencies, the transmitters may temporarily be used for broadcasting a different selection of programmes.

3. Programmes shall be broadcast 12 hours a day.

4. The radio operator is obliged to broadcast emergency calls and announcements by the authorities without charge.

The licence is valid from 1 July 1999 to 31 December 2006.

Minister of Transport and Communications Olli-Pekka Heinonen

Senior Adviser, Mass Media Ismo Kosonen
Appendix 5

Valtioneuvoston päätös xx:n hakemukseen (no xx/33/99), jossa xx on pyytänyt, että sille myönnettäisiin lupa analogisen radiotoiminnan harjoittamiseen.

Annettu Helsingissä 11 päivänä maaliskuuta 1999

xx on x.x.1999 päivätysä hakemuksessaan (no xx/33/99) pyytänyt, että valtioneuvosto myöntäisi sille toimiluvan analogisen radiotoiminnan harjoittamiseen. Valtioneuvosto on tänään käsitellyt asian ja ottaen huomioon, mitä televisio- ja radiotoiminnasta annetun lain (744/1999) 10 §:ssä säädetään, myöntänyt sanotun lain 9 §:n nojalla xx:lle oikeuden analogisen radiotoiminnan harjoittamiseen seuraavilla valtioneuvoston 18 päivänä helmikuuta 1999 vahvistamassa taajuussuunnitelmassa osoitetuilla paikkakunnilla ja taajuuksilla:

xx MHz

Televisio- ja radiotoiminnasta annetun lain 11 §:n nojalla valtioneuvosto antaa tämän luvan nojalla harjoitettavalle toiminnalle seuraavat ehdot:

1. Lähettävän ohjelmiston tulee sisältää tietoja kuuluvuusalueen paikallisista asioista sekä edistää paikallista kulttuuria ja kansalaisten avointa keskustelua. Ohjelmatoiminnassa tulee noudattaa hyvää journalistista tapaa ja tasapuolisuutta erilaisten näkemysten käsittelyssä.

2. Jos radiotoiminnan harjoittajalla on oikeus käyttää useampia taajuuksia, eri lähettimistä voidaan tilapäisesti lähettää eri ohjelmistoja.

3. Ohjelmistoja tulee lähettää 12 tuntia vuorokaudessa.

4. Radiotoiminnan harjoittaja on velvollinen lähettämään viranomaisten esittämiä hätäkutsuja ja -ilmoituksia korvauksetta.

Toimilupa on voimassa 1 päivästä heinäkuuta 1999 joulukuun 31 päivään 2006.

Liikenneministeri Kimmo Sasi

Viestintäneuvos Ismo Kosonen
Appendix 6

Valtioneuvoston päätös Helsingin Radioviestintä Oy:n hakemukseen (no 352/33/99), jossa Helsingin Radioviestintä Oy on pyytänyt, että sille myönnetäisiin lupa analogisen radiotoiminnan harjoittamiseen.

Annettu Helsingissä 11 päivänä maaliskuuta 1999.

Helsingin Radioviestintä Oy on 1.2.1999 päivässä hakemuksessaan pyytänyt, että valtioneuvosto myöntäisi sille toimiluvan analogisen radiotoiminnan harjoittamiseen. Valtioneuvosto on tänään käsitellyt asian ja ottaen huomioon, mitä televisio- ja radiotoiminnasta annetun lain (744/1998) 10 §:ssä säädetään, myöntänyt sanotun lain 9 §:n nojalla Helsingin Radioviestintä Oy:lle oikeuden analogisen radiotoiminnan harjoittamiseen seuraavilla, valtioneuvoston 18 päivänä helmikuuta 1999 vahvistamassa taajuussuunnitelmassa osoitetuilla paikkakunnilla ja taajuuksilla:

- Helsinki 104,6 MHz
- Tampere 89,6 MHz
- Turku 98,7 MHz
- Oulu 101,4 MHz
- Orimattila 90,5 MHz
- Sippola 102,7 MHz
- Tammela 103,3 MHz
- Pori 104,5 MHz
- Joensuu 87,9 MHz
- Siilinjärvi 93,0 MHz
- Jyväskylä 101,6 MHz
- Janakkala 106,5 MHz
- Vaasa 103,4 MHz

Televisio- ja radiotoiminnasta annetun lain 11 §:n nojalla valtioneuvosto antaa tämän luvan nojalla harjoitetavalle toiminnalle seuraavat ehdot:


2. Ohjelmat ja niihin liittyvät mainokset on lähetettävä samanaikaisesti kaikista toimiluvan nojalla käytettävistä lähettimistä.

3. Ohjelmistoja tulee lähetettää päivittäin 12 tuntia vuorokaudessa.

4. Radiotoiminnan harjoittaja on velvollinen lähetettävän viranomaisten esittämiä hätäkutsuja- ja ilmoitukseja korvauksessa.

Toimilupa on voimassa 1 päivästä heinäkuuta 1999 joulukuun 31 päivään 2006.

Ministeri Kimmo Sasi

Viestintäneuvos Ismo Kosonen

Tiedoksi
Telehallintokeskus
Appendix 7

Valtioneuvoston päätös Oy Suomen Uutisradio Ab:n hakemukseen (no 32/33/2001), jossa Oy Suomen Uutisradio Oy on pyytänyt, että sille myönnetäisiin lupa valtakunnallisen ääniyleisradiotoiminnan harjoittamiseen.


- Anjalankoski 105,7 MHz
- Espoo 106,2 MHz
- Eurajoki 106,0 MHz
- Haapavesi 104,1 MHz
- Joutseno 103,8 MHz
- Jyväskylä 105,8 MHz
- Kerimäki 107,7 MHz
- Kruunupyyn mlk 107,2 MHz
- Lieksa 104,3 MHz
- Kuopio 106,7 MHz
- Lahti 104,8 MHz
- Lapua 106,5 MHz
- Mikkelin mlk 106,3 MHz
- Kiiminki 104,8 MHz
- Piihipudas 105,1 MHz
- Kristiinankaupunki 107,6 MHz
- Rovaniemen mlk 105,5 MHz
- Tampere 104,7 MHz
- Tervola 107,5 MHz
- Kaarina 103,9 MHz
-Vuokatti 105,7 MHz
- Pyhätunturi 104,7 MHz
- Taivalkoski 106,5 MHz
- Ruka 100,8 MHz

Televisio- ja radiotoiminnasta annetun lain 11 §:n nojalla valtioneuvosto antaa tämän luvan nojalla harjoitettavalle toiminnalle seuraavat ehdot:

1. Uutis-, ajankohtais- ja muilla puheohjelmilla on oltava ohjelmistossa huomattava osuus. Ohjelmatoiminnassa tulee noudattaa hyvää journalistista tapaa ja tasapuolisuutta erilaisten näkemysten käsitteleyssä.

2. Ohjelmat ja niihin liittyvät mainokset on lähetettävä samanaikaisesti kaikista toimiluvan nojalla käyttöön saaduista lähettimistä.

3. Ohjelmistoja tulee lähetätä päivittäin 12 tuntia vuorokaudessa.

4. Radiotoiminnan harjoittajia on velvollinen lähetettämään viranomaisten esittämiä hätäkutsuja- ja ilmoituksia korvauksessa.

Toimilupa on voimassa 1 päivästä maaliskuuta 2001 joulukuun 31 päivään 2006.

Liikenne- ja viestintäministeri Olli-Pekka Heinonen
Viestintäneuvos Ismo Kosonen
TIIVISTELMÄ (FINNISH SUMMARY)

Marko Ala-Fossi
Myyntikelpoiset kompromissit.
Suomen ja Yhdysvaltain kaupallisen radion laatukulttuurit.

Tutkimuksessa analysoidaan ja vertaillaan nykypäivän suomalaisen ja yhdysvaltalaisen kaupallisen radion laatukulttuureja ja sen keskeisin teoreettinen tavoite on ymmärtää ja määritellä kaupallisen radion laatukulttuuri. Työssä tarkastellaan, miten suomalaisen ja yhdysvaltalaisen kaupallisen radion laatukäsitykset ovat historiallisesti rakentuneet, mitkä ovat suomalaisen ja yhdysvaltalaisen kaupallisen radion nykyisten laatukäsitysten tärkeimmät erot ja yhtäläisyytetekä mitä kaupallisen radiotoiminnan laatu ja laatukulttuuri ovat ja miten ne muodostuvat.

Kaupallisen radion laatukäsitysten kulttuurihistoriaa molemmissa maissa on selvitetty laadullisin menetelmin poliittisen taloustieteen ja viestintätalouden näkökulmasta historiallisena arvojen muuntumisen kehityskulkuna. Arvoja heijasteleviin laatukäsityksiin perustuvia nykypäivän laatukulttuureja on puolestaan tutkittu integroidun teoreettisen lähestymistavan avulla, joka pohjautuu useampiin tiedotusopin, viestintätalouden, poliittisen taloustieteen, laatujohtamisen ja kulttuuritutkimuksen teorioihin. Se on myös lähtökohtalle idealle kuuden ulottuvuuden laatukulttuurista, jota on käytetty runkona suomalaisten ja yhdysvaltalaisen kaupallisen radion työntekijöiden 24 tutkimushaastattelun laadullisessa analyysissa.

Tutkimuksen keskeisin havainto on, että vaikka kaupallisen radion laatukäsitykset ovatkin viime kädessä aina taloudellisen harkinnan muovaamia, tähän harkintaan ovat vaikuttaneet myös yhteiskunnalliset, poliittiset ja kulttuuriset laatunäkökohdat. Nykyisen suomalaisen ja yhdysvaltalaisen kaupallisen radion laatukulttuurien tärkein ero on siinä, että Yhdysvalloissa laatukäsitykset ovat yhtenäisemmät ja varsinkin teolliset, kun taas Suomessa on yhä kaksi rinnakkaisia laatukulttuuria. Tiettyjä kansallisia eroja lukuun ottamatta teollinen kulttuuri on hyvin samanlainen kuin amerikkalainen vastineensa, mutta puoliteollisella kulttuurilla on edelleen vanhempiin suomalaisen radion laatukulttuurien selvästi erottuvia ominaisuuksia. Kaupallisen radiotoiminnan laatua ei voidakaan kuvata minkään yksittäisen yleisen tai absoluuttisen laatuidean avulla, mutta sitä voidaan kuvata käyttäen kuutta eri laatunäkökulmaa, jotka yksittäin tai absoluuttiin määrittelevät eräät muiden yhteiskunnallisten ryhmien tai järjestelmien tarpeisiin ja vaatimuksiin.

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