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Radio And Internet Newsletter

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FR with In

Hanson Consulting

Strategy and tactics for broadcasters & worldwide

Daily news and commentary on the key issues involving radio and the Internet

About us

- [Welcome!](#)
- [Contact RAIN](#)
- [Feedback form](#)
- [Hanson Consulting](#)



- [Proposed recordkeeping requirements](#)
- [CARP recommends flat-rate royalty](#)
- [CARP based rate on Yahoo! deal](#)
- ["Day of Silence" is on!](#)
- [20 House members write Librarian](#)
- [Media coverage of "Day of Silence"](#)
- [Copyright Office roundtable](#)
- [House Judiciary subcommittee hearing](#)
- ["RIAA may win battle but..."](#)
- [CARP rejected! Royalty rates around world](#)
- ["Likely" record-keeping rules](#)
- [Senate hearing on CARP process](#)
- [Librarian's decision: \\$.0007/perf.](#)
- [Congressmen weigh response](#)
- [Mark Cuban's e-mail to RAIN](#)
- [KH analysis of Cuban e-mail](#)
- [Yahoo halts Broadcast.com streams](#)
- [VOW petitions Congress](#)
- [Million Fax March](#)
- [Labels to Net Radio: Die now](#)
- [NAB legal appeal](#)
- [KPIG drops streaming](#)
- [Small webcasters benefit concert](#)
- [Internet Radio Fairness Act](#)
- [Artemis Records to](#)



We've already had dozens of NAB attendees let us know they'll be joining us for the RAIN Reader

Cocktail Party, tomorrow 5-7p at the [Gordon Biersch Brewery Restaurant](#). It's just one block west of the main convention hotel, the Sheraton (click the link for directions). No need to RSVP, just join us! Hope to see you tomorrow.

SoundEx article: Streaming NOT downloading, and NOT CD quality

BY PAUL MALONEY

In a newsletter published by the arm of the recording industry established to collect webcasting royalties, an article intended to familiarize artists with streaming technology explains that streaming audio is **not** the same as downloading, that the quality of streamed audio is **inferior** to that of compact discs, and that the prevalent streaming technologies (at least claim to) provide **copyright protection** of streamed content.

The article is certainly well-written, informative, and should prove **valuable** to artists to are trying to get a better grasp on how their music might be used in the digital age.

But some feel the points raised are **significant** because it is widely believed a central argument used by record industry lobbyists in convincing lawmakers to pass 1998's Digital Millennium Copyright Act was that Internet webcasting involved the transfer of **perfect digital copies** which users could keep and trade, thereby **cutting** into music sales.

The screenshot shows the newsletter layout with sections: Inside this Issue, Letter from the Executive Director, and Indie Spotlight. The Indie Spotlight section features a letter from Terry Labriola, owner of Livingstone Records, thanking SoundExchange for their support.

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June 2002:
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Station & market
(company/school)

The piece appears in **SoundExchange's** "NewsExchange" newsletter (August 2002 Volume II Issue II, [here](#) in Adobe Acrobat format).

The article, called "How Are They Streaming Your Music?," explains that streaming content "can **only** be listened to...while (it is) being received," as opposed to files downloaded from file-sharing services like Napster and Kazaa, which consist "of receiving a complete piece of audio or video for storage on your computer. A downloaded file can be played back later."



(**Note:** the article does deal with "caching," or "buffering," the temporary storage of streamed content to account for inconsistencies in the transfer rate of the data and to ensure smoother listening. However, it is acknowledged that this is indeed also temporary.)

Later, it's explained, that given that most

home Net users receive data via slow dialup connections, "for these listeners the best quality that can be achieved is **less than FM** broadcast quality. Meanwhile, CD audio requires more than 20 times the amount of data that today's modems can handle." This fact serves as an introduction to the concept of file compression, and notes that even broadband connections "do **not** eliminate the need for lower data rates."



The first step taken by "almost all technologies,"

according to the piece, for reducing the size of files for streaming, is the **reduction** of "the sampling rate to 22,100 samples per second and converting the stereo audio to **mono**. This cuts the data to one-fourth the size of CD audio."

The article concludes with a quick description of the Real, Microsoft Windows Media, and Apple QuickTime technologies. The author acknowledges (in his description of the first two systems at least) that the technology "purports" to provide protection of content against unauthorized use.

Again, many **DMCA opponents assume that the idea** (perhaps along with other arguments) that streaming would allow the transfer of "storable, perfect digital copies" of music swayed Congress into mandating that webcasters would be obligated to pay the owners of copyrighted music for the use of their property (even while over-the-air broadcasters have never had this same obligation).

Regardless, the article is a **positive step** in allowing insight for artists (and others) to better understand what's involved with the streaming process.

Indie label owner's view of promotional power of Net seems to contradict Simson's argument

Interestingly, the main feature of this issue of the SoundExchange newsletter is an open letter to members by executive director **John Simson** (pictured here in our overused photo). In it he reiterates the record industry's main arguments on webcasting royalty rates and the proposed **Internet Radio Fairness Act** (see [RAIN here](#)).

He calls webcasters' claims that play on Internet radio can **promote** record sales "old radio propaganda," since independent



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label sales of the "niche" music played by webcasters to growing Net radio audiences is suffering as badly as that of mainstream music.

He goes on to suggest that webcasting may actually hurt sales "when niche stations stream categories of music. If there is a great Chicago Blues channel that a listener can access at anytime, that listener may not feel the need to buy Chicago Blues CDs when she/he can simply tune in that channel at any time."

Yet, there seems to be at least one SoundExchange member who feels **exactly the opposite**. Another article in the very same newsletter is an interview with **Terry**



Lieberstein, owner of independent label **Lovingstone Records**. When asked "How do you see the growth of the Internet

affecting you and your label?," Lieberstein seems to see positive potential for his specialized, niche market children's music on the Internet. He said:

"I am cautiously optimistic. I think there is **a lot of opportunity** on the Internet for greater exposure as an independent; at the same time, my experience is that it takes a lot of promotional effort to drive people to your site. I think the biggest potential (is) for **distribution** of product and **airplay** into **niche markets** that are generally more challenging to reach (for example, in the children's market, the shelf space is dominated by Disney, Henson and Warner Brothers). Like many independents, I just want people to have the opportunity to hear my music."

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The LMiV debacle ([here](#)) is just another example of a venture that could have used a fresh perspective from a disinterested outsider.

One option to consider: RAIN's **Kurt Hanson** is now available to help you and/or your management team make intelligent decisions — and maybe help you save up to \$37 million!

With your initial consulting visit, you can also schedule a **free two-hour seminar** for your staff and/or clients on the long-term future of Internet radio. Click [here](#) to learn more.

BRS says copyright issue leading to exodus of US-based Net radio

From a press release on BusinessWire: " [BRS Media's Web-Radio](#) released their latest statistics today at The NAB Radio Show. As predicted, the numbers indicate that the current copyright crisis is having a **direct impact** on the number of stations broadcasting online. And, for the first time since BRS Media began tracking Internet Radio back in 1995, US based

brs web-radio

102.1 EDGE FM - 102.1 FM - Wangaratta Australia
2AAA - 107.1 FM - Wagga Wagga Australia
2AD - 1134 AM - Armidale Australia

stations now represent **less than fifty percent** of the stations webcasting online.

"In the last year alone the number of radio webcasters has declined by thirty one percent (31%), with US stations accounting for the majority of this steep decline. Prompted by the current copyright issue, **well over one thousand** US stations quit broadcasting online. And while the current number of radio stations broadcasting their signal on the Net sits at 3940, that number is significantly lower than the all time high of 5710 stations from last year.

"Prior to this year **US based stations** represented nearly 60% of all stations webcasting. Whereas now International stations account for **well over 50%** of all stations webcasting online...

"**Remarked George T. Bundy**, Chairman & CEO of BRS Media Inc., 'For the first time in history International stations now account for the **majority** of stations online, while the total number of stations online has dropped to levels not seen in over 2 years.'" Bundy added, 'As long as this copyright issue continues to hang over the heads of US based webcasters we foresee the current decline **continuing**. However, on the International side steady growth continues, as many of these markets will likely **benefit** from the current turmoil plaguing the US market.'"

Read this entire press release [here](#).

Send a quick message to RAIN!

Have an opinion? Drop us a note! (Or, to use your own e-mail software, click [here](#).)

Your e-mail address:

Your name (if not obvious from your e-mail address):

Kurt and Paul, this is deep background -- don't quote me!

Thanks!

This is Part 3 of 5 in a series...

RAIN Guest Essay

Royalty Voodoo Economics: When a performance isn't a performance



BY JOEL WILLER
for Radio And Internet Newsletter

The University of Louisiana's at Monroe's student radio station, in anticipation of new copyright royalty recordkeeping regulations, has recently expended considerable effort to review the station's streaming server access logs. Among other things, this analysis led station personnel to question when is a performance not a performance?

It seems that for each and every month spanning the past two years the station has experienced one or more streaming sessions extending for at least 24 hours. Eighty-eight percent of the past 24 months had at least one session lasting more than 36 hours, 46% of the months had at least one session lasting 48 hours, and so forth.

Indeed, one month for which KXUL will soon have to pay retroactive royalty fees recorded a single session lasting **143.95 hours**, that's six straight days! Without benefit of a protracted government study, the **KXUL** staff has concluded that just because a streaming client is connected to the station's streaming server, that **doesn't mean someone is listening**.

If a tree falls in the woods, and no one hears it, is it still a performance?

Marathon connections

Under the sound recording performance rate determination adopted by the Librarian of Congress it is. The record generated by KXUL proves the folly of a royalty rate tied to "performances" in this new technological frontier.

Especially for low-volume streaming services like many college radio stations, just a few such **marathon connections** each month – I cannot call these listening sessions – dramatically and unfairly **skew** the "performance" numbers in favor of the copyright owners.

The expected proliferation of always-on broadband Web connections will only increase this phenomenon, as Internet radio stations continue to hum along long after office cubicle occupants have gone home to pat their kids on the head and toss a Frisbee to ol' Fido.

In the CARP proceeding, the **RIAA** urged that only a per-performance model be adopted. The final CARP report states that "a per-performance metric is directly tied to the nature of the right being licensed." This can only be true if a "performance" can be accurately measured, which it **cannot** be.



To compound the insult, yet-to-be-announced **Copyright Office** recordkeeping regulations promise to bury small noncommercial webcasters with an immense data collection burden premised on describing these "performances." The Recording Industry Association of America argues that such information is vital for its **SoundExchange**



division, which will be responsible for distributing royalties generated by these "performances."

What performances?

Joel Willer is an Assistant Professor of Mass Communications at the University of Louisiana at Monroe and general manager of the school's radio station KXUL. There will be three more installments to this series. Read Part 1 [here](#), and Part 2 [here](#)...



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First name (req'd):

Last name (req'd):

Station/market (or company or school):

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Silenced by royalties

Here is a growing list of webcasters who, because they don't feel they can manage webcasting royalties in a viable business, have decided that it's in their best interests to silence their streams. (We thank them for their hard work and dedication to their audiences and the industry, and wish them luck in their future endeavors...)

247PolkaHeaven.com	All80s.com	AudioCandy.com
BlueMars.org	BrazilCast 1 & 2	Celtic Heritage Webradio
Chez Whitey	CIRNH.com	Citadel stations
Clownmask Radio	Entercom stations	Gleiser Communications
Good Time Oldies Radio	Greater Media stations	GrrlRadio
HitRadio.biz	Hot Hit Radio	IdahosCast.com
Ithaca College Radio	Jones College Radio	KBCS /Bellevue
KBVR /Corvallis	KDEC /San Francisco	KEDM /Monroe
KEOM /Mesquite	KETR /Commerce	KGRK /Cedar Falls
KHUM /Humboldt. Co.	KKDV /San Francisco	KKNX /Eugene
KKNG /Oklahoma City	KKPT /Little Rock	KKUP /Cupertino
KMGO /Centerville	KNHC /Seattle	KOIT /San Francisco
KOKE /Oklahoma City	KOMA /Oklahoma City	KPIG /Freedom
KRCL /Salt Lake City	KROK /DeRidder	KTPW /Dallas

KTRS /St. Louis	KTXN /Victoria	KVVP /Leesville
KUMX/South Fort Polk	KWXY /Cathedral City	Lotus Radio stations
Maranatha stations	McClure stations	Midwest Family stations
Minion Radio	MonkeyRadio.org	MoreMusicRadio.net
MYNDFK.com	NetRockRadio.com	NextMedia stations
OnTheCorner.fm	Perkigoth.com	PissMonkey
Powerrocks.com	Progrock.com	Psychedelic Time Warp
Pulverradio.com	RadioAmerica	RadioBoston.com
RadioCentral.com	RadioMAX	Radio Free Akron
Radio Free BD	Radio Free Tiny Pineapple	Radio Isla Negra
ReggaeTrain.com	Renda Broadcasting	RKNA: Aural Arcana
SavageRockRadio.com	Shwango Radio	Simmons Media stations
SomaFM.com	StarDogRadio.com	TagsTrance.com
The City Radio	The Lost 45s	The Radio People stations
therockfm.com	TheVoice	The Zoo
UCLARadio.com	WAAF /Worcester	Waitt Radio Network
WAME /Statesville	WBEB /Philadelphia	WCKW /La Place
WDCE /Richmond	WDWN /Auburn	WellsRadio.net
WELW /Cleveland	WEST /Easton	WEZS /Laconia
WGQR /Elizabethtown	WIYY /Baltimore	WJTL /Lancaster
WLUP /Chicago	WMHB /Waterville	WMMR /Philadelphia
WOVRadio.com	WRLT /Nashville	WRSI /Greenfield
WRUR /Rochester	WRVG /Georgetown	WSBF /Clemson
WSWI /Evansville	WUVT /Blacksburg	WVKR /Poughkeepsie
WXRV /Haverhill	WYYB /Phoenix	WZBC /Newton
WZIP /Akron	WZMR /Albany	Yahoo! Radio stations

Have we missed others? Use the feedback form above or e-mail us [here](#).

Other public stations now off line

This is from the [SOS: Save Our Streams](#) website, which focuses the struggle against the webcasting royalty rates as they pertain to independent educational and noncommercial stations.

KAPU-CA; KSDS-CA; KTAI-TX; KTSW-TX; KWJC-MO; KXCI-AZ; KXRJ-AR; WEBR-VA; WERS-MA; WEVL-TN; WMHW-MI; WMUA-MA; WNYU-NY; WONB-OH; WPTS-PA; WRMC-VT; WSRN-PA; WSTB-OH; WSUM-WI; WSUW-WI; WUTK-TN; WXOU-MI

Upcoming conferences

Sep. 12-14, 2002

[NAB Radio Show 2002](#): Seattle, WA

Sep. 26-Oct. 6, 2002	Museum of Television & Radio 8th Annual Festival: New York, NY
Oct. 1-4, 2002	Streaming Media East: New York, NY
Oct. 20-22, 2002	NAB European Radio Conference: Prague, Czech Republic
Oct. 30-Nov. 2, 2002	CMJ Music Marathon 2002: New York, NY







Need advice on Internet radio-related issues?

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