

The Business Of HD Radio

Brazil Goes Digital In Latin America

By Nahuel Villegas

Broadcasters in Latin America have closely followed the U.S. HD Radio rollout as each country moves toward adoption of a digital radio standard. HD Radio appears to have the greatest momentum of the three existing digital radio standards (including DAB Eureka 147 and DRM) in Latin America, with activity in Brazil, Argentina, Mexico, and other countries.

Brazil's relationship with HD Radio dates back to March 2003, when Harris and iBiquity launched the first HD Radio test outside of the U.S. with Radio Gaucha in Porto Alegre. The success of these tests and the potential for revenue generation led to the first phase of Brazil's HD Radio rollout in September 2005, with Radio Bandeirantes, Radio Globo, and RBS Group all launching HD Radio broadcasts on AM and FM. Today, more than 20 Brazilian radio stations are broadcasting in HD, mostly clustered near Brazil's three largest cities — Sao Paulo, Rio de Janeiro, and Porto Alegre.

Brazil has a strong terrestrial radio market, with a nearly 100 percent penetration rate. Practically everyone owns a radio and many rely on radio as their primary source of news, information, and entertainment. The country's strong radio presence accelerated its HD Radio adoption.

Brazilian broadcasters generally believe that HD Radio will redefine both AM and FM radio in Brazil. AM radio remains a strong medium in Brazil, and the 2003 tests demonstrated the better sound quality and stronger coverage of AM HD Radio. The same tests also presented an exciting new business model on the FM dial.

Multicasting is seen as an ideal opportunity in Brazil to generate additional revenue on the FM dial. Brazilian broadcasters view multicasting as a potential to build on existing listener bases and make money with dedicated programming targeted to specific audiences and new advertising venues over a single transmission channel. Further, data transmission could bring other revenue opportunities to stations in Brazil, just as broadcasters in the U.S. and other countries are devising ways to tap this new medium.

The success of the initial rollout has allowed Brazilian broadcasters to turn their attention to the next phases. The larger broadcast groups on the air today are eyeing launches in secondary and minor cities throughout the country, and the smaller broadcast entities in these markets are planning for launches to compete with the larger station groups. The currency rate in Brazil against the dollar (about \$1.75) has also made this an ideal time for smaller entities to invest in the technology compared to the past few years.

The interest in wider adoption brings with it the need and desire for education. Harris last year conducted a series of business and technical seminars at the first HD Radio Conference in Brazil, which took place in Sao Paulo in early November. The conference attracted broadcasters from throughout Latin America and covered a variety of topics,


including digital FM and AM implementations, technology discussions, benefits and features, and future opportunities related to the technology. A series of hands-on laboratory sessions allowed attendees to set up, configure, and operate HD Radio equipment.

This event was important to the smaller groups and independent broadcasters who don't have the deep engineering resources of the larger groups but nonetheless are planning for HD Radio launches in the near future. Broadcasters from the initial rollout were on hand to talk about their experiences and challenges of getting on the air with HD Radio, allowing these smaller entities to benefit from hearing their success stories as well as the hiccups they navigated upon deployment.

Many of these broadcasters share the same concerns as the pioneers: market penetration issues, installation questions, maintenance concerns and dispersion of engineering resources, and how to generate revenue. Programming questions and the audio quality of supplementary streams on the FM dial were rampant on the business side, with plenty of advice and feedback from the first-phase broadcasters. Educators addressed the potential revenue opportunities of pushing data to the receiver with the audio stream — a model that opens new advertising streams without enormous equipment costs, and is beginning to take off in the U.S.

Receiver availability remains a concern, as it has been in the U.S. The September 2005 launches were rolled out on an experimental basis, but the formalization of the adoption has built momentum that is carrying more receivers to the market. The consumer demand for receivers is beginning to grow as more stations put HD Radio programming on the air.

The increased activity in Brazil is also having a ripple effect on neighboring countries. Mexico and Argentina have launched HD Radio broadcasts since the deployment in Brazil, and countries such as Ecuador, Peru, and Colombia are undergoing tests. Caribbean nations such as the Dominican Republic are also looking at HD Radio. Many of these and other Latin American countries are still also evaluating DAB and DRM for digital radio.

HD Radio deployment could benefit Brazil economically through the manufacture, internal sale, and export of HD Radio receivers. Beyond the financial opportunities from multicasting and data, Brazilian broadcasters could financially benefit from exporting HD Radio content to radio stations in neighboring countries. 



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