As Univision Looks to Radio, a Debate Over How Big Is Too Big

By MIREYA NAVARRO

A fixture of Spanish-language media in Los Angeles is the 6 p.m. newscast of KMEX-TV Channel 34, delivered from an ultramodern all-digital studio and including such features as job listings for cooks, car alarm installers and bilingual Brink's armored truck drivers. The station's owner is Univision Communications, the nation's largest Spanish-language media company and a dominant force not only in broadcast television but in cable, music, the Internet — and soon, if regulators allow — in radio.

Univision, which owns 53 television stations around the country, is seeking approval from the Federal Communications Commission to add more than 60 radio stations to its properties by merging with the Hispanic Broadcasting Corporation of Dallas, whose biggest shareholder is the radio giant Clear Channel Communications. Univision officials said the move would help them compete more evenly with big English-language media companies like Viacom Inc. and Disney for ad dollars.

The Justice Department has already signed off on the $3 billion merger, and the F.C.C. is expected to rule within a few weeks. The handicapping in Washington favors approval, with the Republican chairman, Michael K. Powell, and his two Republican colleagues on the commission voting for the deal. But, the two Democrats on the F.C.C. are expected to oppose the merger, just as they voted against the commission's recent sweeping relaxation of longstanding limits on media ownership.

Opposition to the $3 billion merger is also coming from consumer groups, Congressional Democrats and competitors, including the Spanish Broadcasting System, a 29-station radio chain that lost out to Univision in the bidding for Hispanic Broadcasting. The opponents argue that the threat of stifling competition and viewpoints is more onerous in the Hispanic market because it has fewer media outlets. In contrast to the thousands of television and radio outlets in English, the Spanish-speaking media market has fewer choices.
market has only about 145 television stations and 630 radio stations nationwide.

Dominance in the Hispanic media business is increasingly valuable, as the nation's Latino population continues to grow. Last week the Census Bureau released estimates indicating that the Hispanic population had overtaken black Americans as the nation's largest minority group.

In Los Angeles, the largest and one of the most competitive Hispanic media markets in the United States, Univision would own 5 of the 20 Spanish-language radio stations, including the top-rated KSCA-FM (101.9), if the merger comes through. The company already owns 2 of the 6 Spanish television stations in the Los Angeles area.

Univision officials say the company should be viewed as part of the overall broadcasting market, although they concede that there is no company as dominant in English-language media as Univision is in Spanish.

By the company's own account, its television network — the nation's fifth largest in overall prime-time audience — captures 80 percent of prime-time Hispanic viewers with a combination of programming from Latin America, including blockbuster prime-time soaps, or telenovelas, and some original productions, including its popular newscasts. Telemundo, Univision's closest competitor, has failed to gain ground in ratings despite joining forces last year with NBC, which bought the network for $2.7 billion. Both NBC and Telemundo are owned by the General Electric Company.

Galavision, Univision's cable network, draws more than three times the audience of Telemundo, the company says, adding that Univision.com is the most-visited Spanish-language Web site in the United States. In addition, the Univision Music Group, a recording and publishing company, captures 36 percent of the Latin music market.

And last year, Univision began Telefutura, a broadcast network whose programming is in Spanish but which is aimed at bilingual Latinos who watch television in English.

With radio, Univision would expand into a medium that is particularly powerful in the Latin market because Spanish speakers tend to rely on radio for information and entertainment more than other groups, and listen longer, according to research from Arbitron, the commercial rating service. (The company has a 30 percent ownership interest in Entravision Communications Corporation, whose radio stations are Hispanic Broadcasting's main competitor in many Latino markets, but the Justice Department has required Univision to sell most of that stake as a condition not to oppose the merger.)

Ray Rodriguez, president and chief operating officer of Univision Networks, said in an interview that Univision needed the competitive advantages that the F.C.C. recently granted when it relaxed media ownership limits, though Congress has begun hearings to possibly restore those restrictions.

He said his company could attract more ad revenue by combining with radio — either by selling radio and television advertising packages or by wooing nervous newcomers to the Spanish-language market with radio's cheaper rates.

"This is what we need to do to continue moving forward," Mr. Rodriguez said.

But what is good for business may not necessarily be so for audiences when they are left with fewer choices, critics of the merger argue. They say they worry about the pitfalls of too much media control, such as biased coverage in newscasts and the
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overplay of artists signed with Univision's labels on Hispanic Broadcasting Corporation stations.

Robert Menendez, a New Jersey congressman who is the House Democratic Caucus chairman, said he was concerned about what he saw as Univision's favorable coverage of President Bush's controversial judicial nomination of Miguel Estrada, a Latino opposed by Hispanic Democrats in Congress for his conservative views.

"At the end of the day," Mr. Menendez said, "is it good for the Hispanic community to have a humongous Univision or a series of competitors?"