

Manager's Business Report

August 1999

Radio Business Report, Inc.

16 Years



Agency Perspective™

Ogilvy & Mather's Reyn Leutz gives insight into how ad agency folks view radio in the second installment of this MBR exclusive, which premiered last month.

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GM Talkback™

Newcomer Gordon Smith, who got into the business only three years ago, is already hooked on radio. He and others sound off on how the Internet may change radio.

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Programming & Positioning

Now that ABC's format for kids has some history and a growing affiliate list, MBR checks in with GMs to find out how Radio Disney is working out. Page 20

Pirate radio operators want respect—and lots of little pieces of the spectrum now used by legitimate broadcasters. Catch up on the arguments for and against low-power FM, which could be the biggest change to hit radio since Docket 80-90.



Feature Page 14

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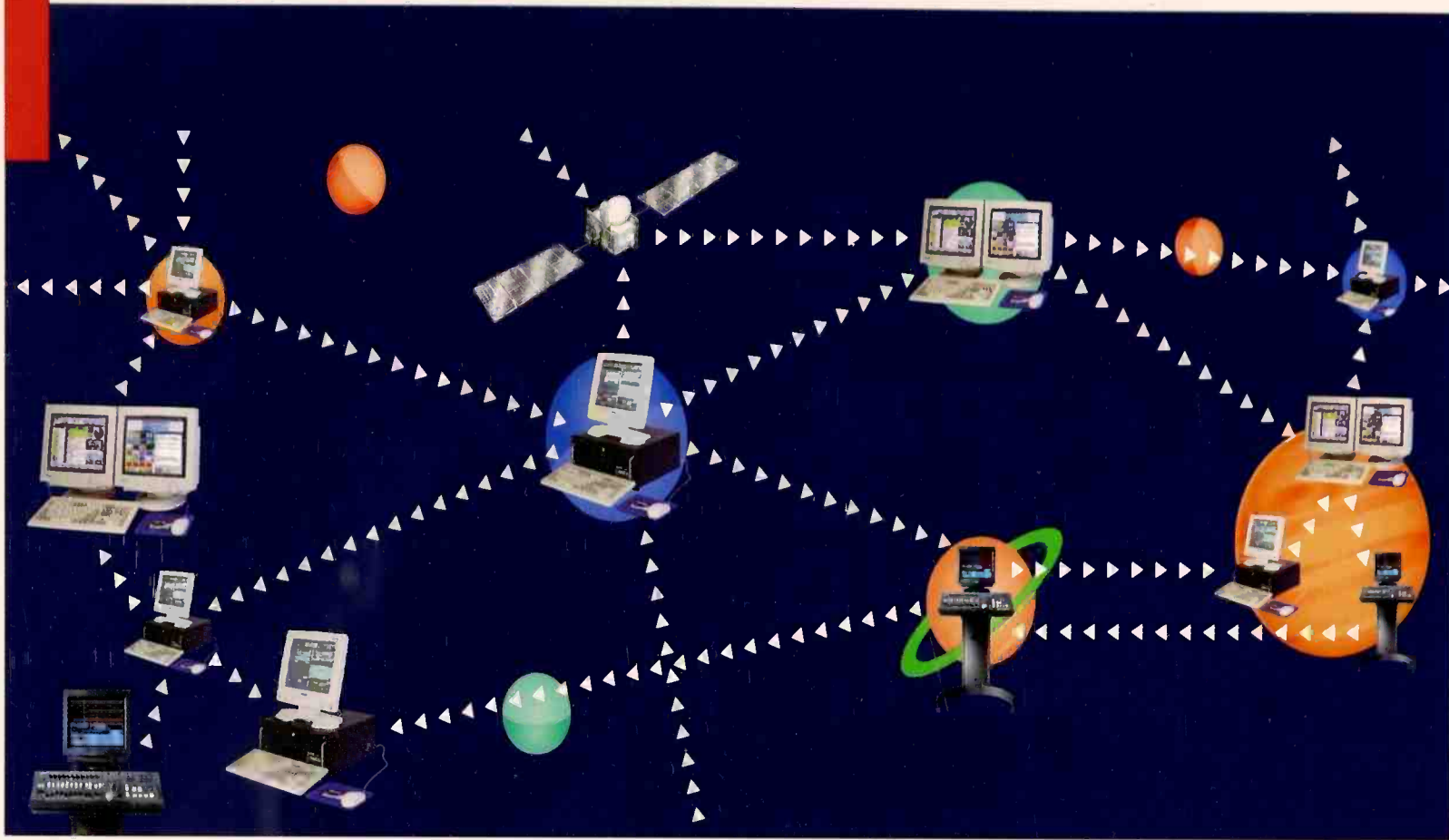
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HARRIS

Revenues rebound in May; Consolidation pace picking back up

It's been a long time since the radio industry has had to dip into the red inkwell to record its monthly revenue figures. In this kind of environment, April seemed to be a real downer. It holds the dubious distinction of being the only month so far in 1999 to register a single-digit gain (of course, the industry would have loved 6% worth of black ink back in 1992). Radio got back on track in May, however, recording a 12% gain over the same period in 1998. Forward spot pacing (measuring the amount of pre-sold advertising inventory) remains exceptionally strong.

Station trading has definitely picked up. 26 more stations became part of a superduopoly during the last month. This is nothing like the pace in the two years immediately following passage of the Telecom Act, but it is much more brisk than the dealing doldrums which gripped the industry last Fall.

The second page of stats features a look at format use in the top 50 Arbitron markets. The overall total is compared to totals for the three largest groups: Infinity, AMFM and Clear Channel. We think you'll find it interesting.—DS

Radio Revenue Index

Radio's revenue streak hits 80

Revenues came roaring back in May. A 12% gain in local business, combined with a 9% uptick in national resulted in an overall gain of 12% over May 1998. This comes on the heels of a somewhat lackluster April, when revenues gained a mere 6%. The month equalled the year-to-date total, also 12%. Gains in local were distributed evenly throughout the country with the exception of the Midwest, which continued at April's pace. National business, on the other hand, fluctuated wildly, from a high of 19% in the East to a gain of only 1% in the Southeast.

May 1999	Local	National	Jan-May 1999	Local	National
All markets	12%	-9%	All markets	13%	9%
East	12%	19%	East	13%	16%
Southeast	13%	1%	Southeast	15%	5%
Midwest	7%	10%	Midwest	10%	8%
Southwest	14%	16%	Southwest	12%	10%
West	15%	3%	West	14%	7%

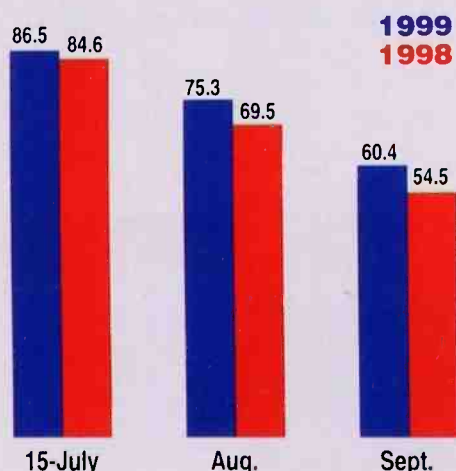
Local & Nat'l revenue May 1999
All markets **12%**

Local & Nat'l revenue Jan-May 1998
All markets **12%**
Source: RAB

Forward Pacing Report

Pacing numbers power on

Radio's record-setting pace continues, with September already more than 60% sold out. "It's exactly what we like to see, with the year nearly three-quarters along," noted George Nadel Rivin of Miller, Kaplan, Arase & Co.—JM



Superduopoly Dimensions

Industry Consolidation (as of July 12, 1999)

Superduopoly: 51.3%

Market	# of stns	percent
1 to 50	849	54.8
51 to 100	621	55.3
101 to 150	390	47.1
151 to 200	377	45.1
201 to 261	433	50.2
All markets	2,670	51.3

Total Industry: 73.9%

Market	# of stns	percent
1 to 50	1,205	77.8
51 to 100	844	74.8
101 to 150	582	70.3
151 to 200	590	70.7
201 to 261	623	72.3
All markets	3,844	73.9

Note: The "# of stns" shows the total count for stations in either a superduopoly or, in the case of total industry consolidation, in an LMA, duopoly or superduopoly. The "percent" column shows the extent of consolidation for each market segment.

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YTD Stock Performance

Radio stocks surged as Q2 came to a close. The Radio Index™ joined other stock market measures in hitting record highs.—JM

Company	6/30/99 Close	YTD Net Chg	YTD Pct Chg
Ackerley	18.187	-0.063	-0.35%
Alliance Bcg.	0.312	-0.688	-68.80%
Am. Tower	24.000	-5.563	-18.82%
AMSC	16.375	11.125	211.90%
Belo Corp.	19.687	-0.250	-1.26%
Big City Radio	3.625	-0.438	-10.77%
Broadcast.com	133.562	57.062	74.59%
Capstar	27.375	4.500	19.67%
CBS Corp.	43.437	10.625	32.38%
CD Radio	30.468	-3.782	-11.04%
Ceridian	32.687	-2.219	-6.36%
Chancellor	55.125	7.250	15.14%
Citadel	36.187	10.312	39.85%
Clear Channel	68.937	14.437	26.49%
Cox Radio	54.250	12.000	28.40%
Crown Castle	20.812	-2.688	-11.44%
Cumulus	21.875	5.250	31.58%
DG Systems	4.875	-0.688	-12.36%
Disney	30.812	0.812	2.71%
Emmis	49.375	6.000	13.83%
Entercom	42.75	20.250	90.00%
Fisher	63.000	-3.000	-4.55%
Gaylord	30.000	-0.125	-0.41%
Granite	7.812	1.812	30.20%
Harris Corp.	39.187	2.562	7.00%
Hearst-Argyle	24.000	-9.000	-27.27%
Hispanic Bcg.	75.875	26.625	54.06%
Infinity	29.562	2.187	7.99%
Jeff-Pilot	66.187	-8.813	-11.75%
Jones Intercable	49.000	13.375	37.54%
Metro Networks	53.75	11.125	26.10%
NBG Radio Nets	2.125	0.000	0.00%
New York Times	36.812	2.125	6.12%
Otter Tail Power	38.562	-1.313	-3.29%
Pacific R&E	1.062	-0.563	-34.65%
Pinnacle Holdings	24.500	10.500	75.00%
Radio One	46.500	22.500	93.75%
RealNetworks	68.875	33.000	91.99%
Redwood Bcg.	9.000	3.500	63.64%
Regent Pfd.	6.000	-1.000	-14.29%
Saga Commun.	18.625	-1.875	-9.15%
Sinclair	16.375	-3.188	-16.29%
SportsLine USA	35.875	20.313	130.52%
TM Century	0.687	0.375	119.84%
Triangle	0.245	0.213	665.63%
Tribune	87.125	21.125	32.01%
WesTower	24.500	-12.000	-32.88%
Westwood One	35.687	5.187	17.01%
WinStar Comm.	48.75	9.750	25.00%

Major Stock Market Indices

Index	Value	YTD Net Chg	YTD Pct Chg
The Radio Index™	156.490	35.830	29.70%
Dow Industrials	10970.800	1789.370	19.49%
Nasdaq comp.	2686.120	493.430	22.50%
S&P 500	1372.710	143.480	11.67%

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Lend me your ears: Top 40 owners by audience size

Infinity, AMFM, Clear Channel Format tendencies in the top 50 markets

by Dave Seyler

The big three groups, especially in the largest Arbitron markets, are Infinity, AMFM and Clear Channel. Between them they control almost half of the measured audience in the top 50 markets. As a group, their audience share in most formats is somewhat larger than the rate for all owners, in the main because the three of them have virtually no share of the sizable Hispanic/Ethnic audience (Standards, Religion and Classical are other formats largely ignored by the big three). After that, the differences are telling. Here's how they break out.

Top 50 Arbitron Markets

Format	Stns	Audience	Pct
NTS	212	16,706,600	17.2
AC	152	13,877,663	14.3
Urb	105	10,599,897	10.9
CHR	80	10,094,475	10.4
Ctry	117	7,832,955	8.1
Span	116	7,214,847	7.4
Old	63	5,528,248	5.7
Altv	78	5,379,968	5.5
CIRk	66	4,945,716	5.1
Rock	56	4,370,601	4.5
SmJz	38	3,371,142	3.5
Stds	63	3,012,707	3.1
Rel	92	2,048,785	2.1
Clsc	19	1,867,611	2.0

Top three groups

Format	Stns	Audience	Pct/Grp	Index	Pct/T50	AMFM Format	Stns	Audience	Pct/Grp	Index	Pct/T50
NTS	85	8,238,666	17.3	101	49.3	AC	27	4,041,307	22.7	159	29.1
AC	73	7,865,100	16.6	116	56.7	Urb	17	3,575,285	20.0	183	33.7
CHR	44	6,182,569	13.0	125	61.2	CHR	16	3,303,170	18.5	178	32.7
Urb	41	5,854,967	12.3	113	55.2	Ctry	15	1,331,455	7.5	93	17.0
Ctry	50	4,390,598	9.2	114	56.1	Old	11	924,064	5.2	91	16.7
Old	32	4,085,916	8.6	151	73.9	NTS	19	922,370	5.2	30	5.5
Altv	27	2,858,080	6.0	109	53.1	SmJz	6	872,593	4.9	140	25.9
CIRk	31	2,582,197	5.4	106	52.2	CIRk	7	803,720	4.5	88	16.3
Rock	23	2,047,345	4.3	96	4.7	Stds	8	715,961	4.0	129	23.8
SmJz	15	1,875,348	3.9	111	46.8	Rock	7	631,360	3.5	78	14.4
Stds	12	959,563	2.0	65	31.9	Altv	7	521,347	2.9	53	9.7
Rel	14	518,299	1.1	52	25.3	Rel	2	140,052	0.8	38	6.8
Clsc	1	41,775	0.1	1	2.2	Clsc	1	41,775	0.2	1	2.2
Span	2	16,365	0.0	0	0.2	Span	1	9,334	0.0	0	0.1
Total	450	47,516,788			48.9	Total	144	17,833,793			18.3

Infinity

Format	Stns	Audience	Pct/Grp	Index	Pct/T50
NTS	30	5,314,168	28.9	168	31.8
Old	14	2,664,066	14.5	254	48.2
Ctry	23	2,093,517	11.4	141	26.7
AC	24	2,036,693	11.1	78	14.7
Altv	8	1,612,275	8.8	160	30.0
CHR	13	1,377,570	7.5	72	13.6
CIRk	12	955,956	5.2	102	19.3
Urb	7	898,328	4.9	45	8.5
SmJz	5	764,020	4.2	120	22.7
Rock	5	458,252	2.5	56	11.1
Rel	5	170,719	0.9	43	8.3
Stds	1	50,586	0.2	6	1.7
Total	147	18,396,150			18.9

Clear Channel

Format	Stns	Audience	Pct/Grp	Index	Pct/T50
NTS	36	2,002,128	17.7	103	12.0
AC	22	1,787,100	15.8	110	12.9
CHR	15	1,501,829	13.3	128	14.9
Urb	17	1,381,354	12.2	112	13.0
Ctry	12	965,626	8.6	106	12.3
Rock	11	957,733	8.5	189	21.9
CIRk	12	822,521	7.3	143	16.6
Altv	12	724,458	6.4	116	13.5
Old	7	497,786	4.4	77	9.0
SmJz	4	238,735	2.1	60	7.1
Rel	7	207,528	1.8	86	10.1
Stds	3	193,016	1.7	55	6.4
Span	1	7,031	0.1	1	0.1
Total	159	11,286,845			11.6

Non-Traditional Revenue Track

April showers bring clothing buyers?

Who wants a job when spring is just around the corner? How about a new wardrobe instead? You can't fight the flow, so just go with it. That would explain why Recruiting fell off dramatically in April as a source of non-traditional revenue for radio stations, but the seasonal Clothing segment picked up some of the slack.—JM

% of Vendor/New Business by Category (April 1999)

	Nov	Dec	1998	Jan	Feb	Mar	Apr	YTD
Automotive	10.91	18.77	15.63	10.36	17.84	12.16	9.42	11.42
Food/Grocery	46.52	31.55	33.80	22.48	42.19	21.06	18.83	23.89
Leisure/Electronic	18.63	32.85	22.35	33.56	35.61	34.46	40.67	34.19
H&BC	3.99	7.64	9.00	7.62	4.24	9.37	6.94	6.62
Home Improvement	7.39	3.16	8.07	7.26	5.39	8.02	9.08	7.11
Office	7.92	4.37	8.63	2.42	2.22	4.49	0.07	2.00
Clothing	4.63	1.66	2.51	3.28	0.15	1.41	12.35	4.64
Recruiting	—	—	—	23.39	10.21	9.03	2.65	10.13

Source: Revenue Development Systems; based on revenues from 76 stations in 32 markets.

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Dewine bill finally goes to full Senate

After weeks of shuffling around the Senate Judiciary Committee, Senators will now consider a bill that limits the amount of time the FCC will have to review antitrust mergers.

Under Sen. Mike Dewine's (R-OH) Expedient Action on Telecommunications Merger Act (S.467), formerly known as the Antitrust Merger Review Act, the FCC would have three months to review small deals (under \$15M) and six months for deals above \$15M. If the FCC fails to approve (with or without modifications) or deny a merger within the allotted time frame, it will automatically be approved. Currently the Commission does not have a deadline for reviewing mergers.

"Our bill puts a 'shot clock' on the FCC," said Sen. Herb Kohl (D-WI), who co-sponsored the bill. "It would keep the Commission in the business of reviewing mergers but would get the Commission out of the business of sitting on mergers for unreasonably long periods of time."—TS

FCC ups regulatory fees for '99

This story first circulated in March when the FCC issued a NPRM on the assessment and collection of regulatory fees for the 1999 fiscal year (*RBR* 4/5, p. 3). Now it's official that the increased broadcasting fees, 6%-10% higher depending on population-size served and classification of the radio station, will help the FCC cover costs of enforcement policy and rulemaking as well as international and user informational activities.

Congress has ordered the FCC to collect \$172.5M, which is \$10M more than was designated for the 1998 fiscal year. The new fee schedule (see chart) goes into effect 9/10.

Dennis Wharton, NAB's VP of Communications, told *MBR* that his organization opposes all forms of regulatory fees because they "represent nothing more than a tax on the ability of broadcasters to provide free programs."—TS

FY 1999 Radio Station Regulatory Fees

Population Served	AM Class A	AM Class B	AM Class C	AM Class D	FM Classes A,B1&C3	FM Classes B,C,C1&C2
1 - 20,000	\$430	\$325	\$225	\$275	\$325	\$430
20,001 - 50,000	\$825	\$650	\$325	\$450	\$650	\$825
50,001 - 125,000	\$1,350	\$875	\$450	\$675	\$875	\$1,350
125,001 - 400,000	\$2,000	\$1,400	\$675	\$825	\$1,400	\$2,000
400,001 - 1,000,000	\$2,750	\$2,250	\$1,250	\$1,500	\$2,250	\$2,750
>1,000,000	\$4,400	\$3,600	\$1,750	\$2,250	\$3,600	\$4,400

Source: FCC

AMFM debuts; AMFMRN debuts two new nets

Chancellor and Capstar shareholders gave a thumbs up to merging 7/13 and the renamed company, AMFM Inc., began trading on the NYSE (below) as AFM the next day. The merged company has 465 radio stations in 105 markets, plus AMFM Radio Networks, Katz Media Group and (pending sale) Chancellor Outdoor.

AMFM Radio Networks confirmed 7/13 what we had previously reported (*RBR* 5/3, p. 2). AMFM Radio Networks will add more karats to its collection of gems as it introduces Ruby and Sapphire 9/27. The Sapphire network will offer 20 minutes of inventory a week while Ruby will offer seven minutes. According to AMFM spokesperson Marty Raab, AMFM Inc. stations will not be asked to carry more inventory.

The Ruby network will be highly targeted to adults 18-49 and Sapphire will concentrate on reaching adults 25-54. Raab added that there will be new FM stations that do not belong to the Chancellor group of stations.

AMFM Radio Networks President David Kantor expects the two to debut in the top tier of advertising networks in the RADAR® 62 Summer Study.—JM, KM



Ness could see second term

FCC Commissioner Susan Ness (D) wants to serve a second term at the agency, but the committee which must hold a hearing on her renomination is headed by Sen. John McCain (R-AZ), who is examining a run for US President and would surely like to make his own nomination if elected.

According to Pia Pialiorsi, spokesperson for Sen. McCain's office, "We have received President Clinton's intent to nominate her, but we have not received a formal announcement from the White House yet. When we do, we'll look at the next step."

Ness' term ends this month but she may retain her position until Congress approves a nominee. As the ranking member of the FCC (serving since 1994), Ness says she is "deeply honored to have been selected by President Clinton to serve another term... I look forward to working with the leadership and members of the Senate in the confirmation process."—TS

USADR to begin field testing in five cities

USADR is about to launch its commercial AM and FM field testing program. Five cities have been selected, including New York, San Francisco, Cincinnati and Washington, DC. The formal announcement is forthcoming. "There are going to be some pretty famous flagship-type stations. We will probably go out with one announcement in the next couple weeks," USADR CEO Bob Struble tells *MBR*.

Right now, engineers are installing equipment and getting ready. Numerous manufacturers (Struble declined to name which) are providing transmitters and associated gear at the stations. "It will be a rolling test effort which moves from city to city. Some cities we won't light up until much later," said Struble. "I'm now a manufacturing company. We've got all the excitors built, we're buying cabinets, we're getting ready to ship to stations, so it's coming."

USADR has been testing its AM system in Cincinnati with an experimental license (1660 kHz) since May, and has been testing its FM system with an experimental license at the lab in Columbia, MD since May '98 (*RBR* 6/15/98, p. 6).—CM

FCC testing on LPFM not all it's cracked up to be

An FCC official stated during a radio talk show a few weeks ago that the agency has now started a new round of tests on additional, less expensive radios (*RBR* 7/12, p.4). News flash to the Commission's Mass Media Bureau: that's not necessarily true.

According to Bruce Franca, spokesperson for the FCC's Office of Engineering and Technology, the Commission is merely "increasing its sample size in three categories: boomboxes, car radios and home stereo systems." He said that current tests are being performed on "relatively inexpensive" radios, meaning ones that are under or around \$150.

"We're testing across the board a representative sample of what is available out there to everyone, such as ones right off the shelf from Best Buy or Circuit City," Franca added. Tests are still not being conducted on Walkmans, clock radios or smaller, hand-held radios.

Results so far, says Franca, are "fairly promising."—TS

Gambling and drinking go hand in hand?

"The unanimous ruling reflects the unwavering commitment of the highest court in the land to protect the rights of industries to provide consumers with truthful and non-misleading information about their legal products and services and for broadcasters to air that information," declared Fred Meister, President and CEO of the Distilled Spirits Council of the United States (DISCUS).

On the other hand, George Hacker, Director of Alcohol Policies Project at the Center for Science in the Public Interest in Washington argues that "inconsistencies killed the ban." There just wasn't a coherent policy on gambling when the Supreme Court 6/14 (RBR 6/21/99, p.2) ruled unanimously that the ban on casino ads in mass media violates the First Amendment. Hacker added that the casino ruling does not deal with protecting our youth from potentially harmful messages or products. In other words, it doesn't spell "Advertise away" for the distilled spirits industry.

But the distilled spirits industry is frustrated with years of inequality—the beer brewers have been having a gala time advertising using kid-friendly lizard and frog imagery at the expense of their self-imposed "Code of Good Practice for Distilled Spirits and Advertising Marketing."

Sure enough, their beer counterparts have made great strides. Key facts compiled by the Marin Institute for the Prevention of Alcohol and Other Drug Problems show that youths in the six to 17 age-group identified Budweiser's cartoon advertising as their favorite ad copy, ahead of Pepsi, Barbie, Snickers or Nike (more traditional youth products).

Hilary Abramson, Media Specialist at the Marin Institute says alcohol consumption and abuse is a public health problem that cannot be compared with gambling. In a study by Johns Hopkins School of Public Health, alcohol consumed to the point of intoxication accounted for 32% of homicides, 31% of accidental injuries, 23% of suicides and 33% of all fatal automobile accidents. —KM

NPR joins AOL lineup

National Public Radio is going to become a news content provider to America Online (N:AOL), taking its place alongside CBS (N:CBS) on AOL's News Channel. Fans of NPR's daily newsmagazines, "Morning Edition" and "All Things Considered" will now have video to go along with the audio: photo slide shows posted on AOL the same day that the programs air.—JM

Mediabase offers Net test's

Mediabase Research, Premiere Radio Networks' radio music monitoring service, announced a strategic alliance with RaieTheMusic.com to offer clients weekly music Internet testing results. Listener feedback from RaieTheMusic will be available on a barter basis and for CHR, Pop Alternative, Country, Rock, Alternative Urban and AC in 11 demographic categories.—CM

Arrests in Berkeley

Protests are escalating at Pacifica Foundation's Berkeley, CA headquarters. The AP reported that 40 demonstrators were arrested 7/13, including KPFA-FM Talk host Dennis Bernstein, who had earlier defied a management ban against discussing the dispute on the air. The conflict began in April when KPFA GM Nicole Sawaya's contract wasn't renewed and had led to four other people being fired.—JM

Competing Media

Radio scores big with .com advertisers

by Jack Messmer

You know that Internet companies are major new advertisers for radio this year, and with this chart "Internet/E-Commerce" debuts as a hot new category in the MBR/Miller Kaplan Total Media Index.

For April, 37.03% of ad spending by the .com companies went to radio in the 15 market composite that comprises Miller, Kaplan, Arase & Company's Media Market X-Ray. In terms of total dollars, TV got a bit more, but you can bet that the Internet advertisers got many more gross impressions from their radio budgets.

Otherwise, there were no dramatic changes in ad shares from April 1998 or March 1999. Radio's overall share, 14.64%, was up from the previous month's 14.03%, but down from 15.3% a year ago.

MBR/Miller Kaplan Total Media Index - April 1999 (Expenditures in 000)

Category	Newspaper	TV	Radio	Total Media	Radio % of Total
Automotive	183,962	153,985	29,773	367,720	8.10%
Restaurants	4,217	50,712	12,063	66,992	18.01%
Department Stores	70,505	22,480	8,874	101,859	8.71%
Foods	1,281	38,890	7,981	48,152	16.57%
Communications/Cellular	37,685	30,866	14,871	83,422	17.83%
Furniture	26,785	15,209	6,517	48,511	13.43%
Financial Services	41,774	21,945	14,594	78,313	18.64%
Movies/Theater/Concerts	22,047	16,326	7,027	45,400	15.48%
Grocery Stores	13,291	9,043	6,312	28,646	22.03%
Appliances & Electronics	30,222	9,897	2,833	42,952	6.60%
Hotel/Resorts/Tours	29,737	11,292	3,648	44,677	8.17%
Drug Stores/Products	6,685	15,270	4,433	26,388	16.80%
Computers/Office Equipment	19,285	6,580	3,705	29,570	12.53%
Specialty Retail	24,208	21,073	10,411	55,692	18.69%
Health Care	13,073	16,995	7,612	37,680	20.20%
Auto Parts/Service	5,931	10,110	4,266	20,307	21.01%
Music Stores/CDs/Videos	3,478	5,999	3,428	12,905	26.56%
Transportation	14,370	7,923	4,560	26,853	16.98%
Entertainment-Other/Lottery	3,505	6,777	6,021	16,303	36.93%
Home Improvement	11,585	13,791	4,480	29,856	15.01%
Professional Services	9,871	11,582	7,213	28,666	25.16%
Beverages	2,352	15,439	8,331	26,122	31.89%
Television	10,302	3,073	8,197	21,572	38.00%
Personal Fitness&Weight Ctrs.	1,207	4,787	1,020	7,014	14.54%
Publications	25,659	3,344	2,705	31,708	8.53%
Internet/E-Commerce	2,934	6,559	5,582	15,075	37.03%
TOTAL	615,951	529,947	196,457	1,342,355	14.64%

*Based on Media Market X-Ray composite data for 15 markets (Atlanta, Charlotte, Cleveland, Dallas, Houston, Minneapolis-St. Paul, New York, Philadelphia, Pittsburgh, Portland, OR, Providence, Sacramento, San Diego, San Francisco, Seattle). Newspaper and television data compiled by Competitive Media Reporting and radio data compiled by Miller, Kaplan, Arase & Co., CPAs. For further information contact George Nadel Rivin at (818) 769-2010.

Each month we ask a few general managers from around the country to share with us, and you, their views of the industry. This month we quizzed:

Bonneville International's Drew Horowitz of WTMX-FM Chicago, IL; Contemporary Media Broadcasting's Robert Cox of KFMZ-FM Columbia, MO and Florida Sportstalk's Gordon Smith of WMOP-AM & WGGG-AM Gainesville-Ocala, FL.

Here are this month's GM Talkback questions and the GMs' responses.

1

Do you perceive the Internet as a threat to the radio industry? Why or why not?

Drew Horowitz:
I do not. I think the Internet is more of a threat to TV, which is a sedentary medium that requires the total attention of the user. As long as you can multi-task and remain mobile, radio will retain the competitive advantage.

Robert Cox:
No. If used correctly the Internet will allow your stations to reach more people, allow greater feedback on station presentation and the Internet can be a consistent revenue generator.

Gordon Smith:
The Internet and its potential as related to the radio industry is what attracted me to this business. Having been in real estate brokerage for 30 years and seeing the change in our marketing methods, I knew the Internet would have a great influence on how we delivered our product and served our advertisers. We could easily become the only viable avenue for the small businessman to reach his customers, either through the station's web sites or as a link to his. I am concerned with Internet-only radio that seems to be on the horizon without any controls. I have only been in radio for over two years and certainly hope our leadership is staying on top of all these changes and lobbying for an orderly process.

2

Do your station(s) have their own web site?

Drew Horowitz:
Yes. It has been great. We have used it in numerous ways and it has become the off-air contesting vehicle as well as our primary way of informing our listeners of concerts, events, etc. It is the vehicle we use for our personalities to communicate with listeners. We are audio streaming and hope to have visual interactivity in the near future.

Robert Cox:
Yes. We have good success and have been able to sell space to advertisers. The key is to go all out on your web site. Do it right by spending the money necessary or do not do it at all.

Gordon Smith:
We had a minor web presence with our brokerage firm, so one of the first items of business was to explore opportunities for a similar presence. This took some time as the radio industry was not nearly as organized as the realtors, but we finally contracted with an excellent ISP and went on the web. Our initial effort probably produced no direct results, but we are now broadcasting our programming on the net. A new web page is being developed with daily sports reports, columns by our host and daily or weekly surveys and opinion polls. I consider this to be a major segment of all future marketing efforts. One caveat: all of the web content needs to be focused on local and regional issues as reflected by the interests of our listeners and local businesses. (We are 100% sports.)



Gordon Smith:

3

How did you get into radio and why did you stay?

Drew Horowitz:
I received my BA in communications from Temple University. I went to law school but returned to communications and radio 22 years ago and have been happy ever since. I found the work a great balance of showbiz and traditional business. It is a fun, exciting, cutting edge business that is highly competitive. Every day is a new and exciting challenge that is different from the day before.

Robert Cox:
I got into radio seriously in college doing part-time air shifts and dances, parties and wedding receptions. When I graduated from college the GM offered me a job in sales. I loved it and decided to make radio my career.

Gordon Smith:
My partner in this endeavor, Buddy Martin, a well-known sports journalist, approached me in early 1996 with the idea to start a Sports-Talk station in the Gainesville-Ocala market. As I looked into finding a station, I read and researched everything I could in a short period of time and became enthralled at the opportunity with AM radio and the Internet. The rest is history. It has been a rocky learning curve, but enjoyable enough to stay. No one knows the future, but I am positive it will be exciting.



Drew Horowitz:



Robert Cox:



“It was simple enough for even my most computer-phobic jocks to understand.”

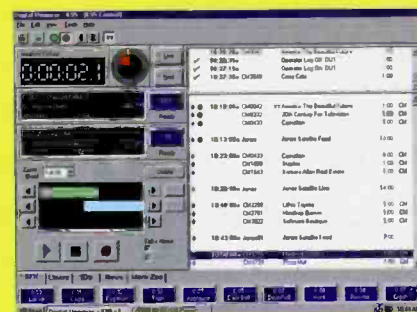
—Troy Richards at KCCS

KCCS had challenges to overcome. With their mixture of talk and music, they needed a digital audio delivery system that wouldn't be high maintenance. Something easy for their air talent to handle. And it had to serve up a professional sound in everything from their voice tracks to satellite material.

After looking at the available options, Operations Manager Troy Richards chose Digital Universe.

“Digital Universe has been a wonderful addition to KCCS and has resolved many, if not all, of the conflicts we have faced in the past.”

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Ogilvy & Mather's Reyn Leutz

talks about radio and the microwave generation



In this issue's Agency Perspective, we talked to Reyn Leutz who is a Senior VP and Associate Director of National Broadcasting at Ogilvy & Mather where he directs the purchase of national radio. Ogilvy is the largest purchaser of network radio in the industry for a broad range of clients including Sears, Kraft Foods, Hershey, The Office of National Drug Control Policy, Kodak, American Express, Ameritrade and Mail Boxes Etc.

The self-described serious gardener and obsessed Francophile started his career in 1981 with Ogilvy and has been with the company for the most part since then, except for a brief stint as Corporate Media Manager for General Mills in Minneapolis between 1987-1992. Rejoining Ogilvy in its network TV and radio division in Chicago, Leutz now claims that "only dynamite" can get him out of Ogilvy. We hear from the man who obviously loves his job and radio.

What is it that you like most about buying network radio?

I like the challenge of keeping ahead of the almost daily changes to the medium. And the changes aren't gradual—they're convulsions that tend to be very beneficial to our clients.

Why are these changes so welcome?

The constant mergers and birth of new networks like AMFM and Premiere/Clear Channel bring new top stations in key markets that weren't available three years ago. Better stations translate to improved audience deliveries. Historically, delivery indices in the Top 30 markets hovered

at 60 or less; today these market numbers exceed 100 with very few exceptions. For our clients, that's an improvement of seismic proportions.

Do you see new categories in network radio?

Yes, e-commerce. The dot-coms are finding that radio is the single most effective medium in driving consumers to the Web. And I think there are several reasons for this. First, e-commerce radio commercials ask very little of listeners. They're just saying, "hey, here's what we offer and our name is easy to remember, so just click on and check us out." This goes hand in hand with what I believe is consumer curiosity with the web and what they'll find when they log on to Sears.com, KraftFoods.com or Ameritrade.com. And finally, I think that consumers crave speed and certainly convenience. We really are a society where the pizza arrives faster than the police; a nation that stands in front of the microwave screaming hurry. Sears wants to make it easy for you to buy appliances, Kraft offers meal solutions on the Web, and Ameritrade can make a quick day trader out of you. The dot-coms owe a lot of their success to national radio.

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What else is helping radio grow?

Certainly the whole concept of recency or getting your commercial in front of consumers at the closest time to purchase is having a strong impact. Kraft Foods knows that at 4:00 p.m., most of us still don't know what we're serving our families for dinner. Hearing that macaroni & cheese commercial on the way home from work can really influence what goes in the shopping cart when you stop for groceries on the way home.

Do you think satellite radio will flourish?

Yes. Back when MTV debuted, I thought "who would want to sit around watching videos all day." OK, so I was wrong. Now I think "will people pay the monthly \$10 for this satellite service?" And I think the answer is yes. My phone bill used to be \$50 a month. Then we added the cell phones, and the pager, and the voice mail system, and now this new thing called privacy manager that blocks telemarketers and our monthly bill is over \$200. My point is, when it comes to technology, people seem to want everything and are willing to pay for a wide range of choices. The only obstacle will be that with 100+ different radio channels, audiences will be very, very fragmented.

What about Internet radio listening?

Big, very big. 30% of Web users have sampled on-line radio and this will continue to grow at a phenomenal pace. Arbitron reports that half of us are listening locally and the rest of us are checking out stations in the towns we grew up in. I remember listening to WMMS in eighth grade from my hometown in Cleveland. I'd like to find it again on the Web. I think many people are thinking that way. The Web also offers visual screens that can run in tandem with your commercial, in essence Web-TV. And if you are an e-commerce advertiser, just think of the synergies. Network radio has historically proven very resilient to technological advances (car CD players and cassette players). The Web offers the first real challenge to radio listening.

What do you find frustrating about network radio?

I think many advertisers don't use network radio because they don't realize how much it has changed in five years. They think the markets underdeliver. They think all the commercials will air in news. Some say they



don't think they have good radio creative, but in many cases, it already exists in TV. DeBeers and The Gap are excellent examples. I don't think there is a person in America that doesn't recognize the music from the DeBeers commercials. I think that if you were to hear that commercial in radio, you see the visual instantly. And the music has been very successful. I recently bought the CD and on the cover it says "the popular diamond music as heard on TV." Last Fall, The Gap used swing music "Jump Jive and Wail" in their TV commercials. Radio stations picked up on the popularity of the song and played it often. Everytime I heard the song on the radio, I thought it would be great if it finished with a "brought to you by The Gap" tagline. I also find it frustrating because I think some suppliers are resisting the change, and in this case, rapid change. There will always be a few self-appointed guardians of the past. This resistance to change is particularly true in the area of audience measurement. SRI's Gail Metzger has brought the world of radio audiences to each buyer's laptop, but not all vendors subscribe. Two years ago, Kraig Kitchin, the President of Premiere Radio Networks, was the first syndicator to step up to the plate and subscribe to SRI's RADAR measurement system. Kitchin is a guardian of network radio's future and deserves our support. Anyway, at Ogilvy & Mather we're on a crusade to get the word out about national radio to all clients. I don't

think we can expect suppliers to do it for us because at the agency, we see the whole picture and know our clients business better than anyone. I will say that the RAB's Judy Carlough is on the same crusade with very impactful presentations and articles in the press. At one point she said she was tired of talking about the pure cost efficiency of the medium and that radio offers so much more. She's just the first one to say it. Premiere Radio Networks' Roby Wiener also brings credibility to client presentations having bought network radio for years at Warner Lambert. In summary, I really believe that if a company like Kodak, whose business is based on pictures, finds benefits in this picture-less medium, other non-believers might want to reconsider.

What are your tastes in listening?

I don't think I listen to anything these days. I'm too busy with the seek button in the morning and on the drive home to be sure I'm hearing the Sears, Maxwell House, Jolly Ranchers, Kodak Max and Ameritrade commercials. It's an obsession. When I'm not surfing, I'm a 103.5 Jammin' Oldies fan. I also listen to Dr. Laura any chance I get. I think many people have no keel in their lives and she's just the one to fix that. I also find late night talker Delilah to be just an awesome personality who makes a real connection with listeners. Both Laura and Delilah define "appointment" radio and we need even more of it.

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SMALL MARKET OWNER URGES LPFM BYPASS

Comments on the FCC's Low-Power FM (LPFM) proposal (Docket 99-25) were due 8/2 and although more than 1,000 comments had been filed as this issue went to press, most were one page notes from individuals urging the FCC to approve LPFM or broadcasters warning that LPFM will increase interference and drive small stations out of business.

One of the more detailed comments came from Allegheny Mountain Network owner Cary Simpson, a veteran small market broadcaster whose 49-year (and counting) career was profiled in the November 1998 issue of *MBR*.

"If the LPFM proposal goes forward as it now reads, in many small, isolated towns of 10,000 population or less, there could be six or eight or 10 LPFMs on the air," Simpson wrote. "This is a totally separate situation from that in big cities."

Simpson's filing offered the FCC a history lesson, citing the parallels between LPFM and the Commission's admittedly ill-conceived Docket 80-90. "It was conceived to benefit minorities in metropolitan areas, who had been unable to achieve ownership in radio. [The] benefits of 80-90 were vastly oversold using 'box-car numbers' that 'thousands of new stations could be created' but they did not say where these stations would have to be put."

Rather than opening up new frequencies in big cities, most of the new allocations resulting from Docket 80-90 ended up in medium and small markets. "The scarcity of 'new' channels in metro areas became apparent when eager minority groups began seeking places to apply," Simpson said. "It was a cruel hoax to play on these worthy and anxious citizens."

Simpson recounted how the proliferation of new stations in smaller markets divided the advertising pie into smaller slices, forcing many stations to cut costs, eliminate local news coverage and still operate in the red. The industry's financial troubles led to two rounds of deregulation—by the FCC in 1992 and by Congress in 1996.

Rather than repeat the fiasco of Docket 80-90, Simpson urged the FCC to split its LPFM proposal into three parts: big cities, medium markets and markets under 10,000 population. While Simpson takes no position on

whether it would be good public policy for the FCC to allow creation of the few LPFMs which could be shoe-horned into major markets, he is clear in stating that adding any LPFM stations in small towns "could be catastrophic."

Virginia votes no

Taking a stand against LPFM was the Virginia Association of Broadcasters, through brief comments filed by Peter Easter, Executive Director.

"Our members feel that dropping in low-power FM stations will create significant interference problems that will particularly affect the reception on car radios and less expensive radios so common in people's homes, especially battery-powered portable radios," he told the FCC.

Southern Minnesota Broadcasting Company (SMBC), owner of KROC-AM & FM



Cary Simpson

Rochester, MN argued that LPFM would hurt consumers by increasing interference and noted that interference in its market has already increased noticeably over the past 25 years. The broadcaster said that even with drastic reductions in interference protection, the FCC won't be able to come close to fulfilling an estimated 13,000 requests for LPFM stations, nor will it necessarily increase minority or female station ownership.

Pirates Seek Amnesty

Taking the opposite view, a coalition of pirate operators and their defenders submitted a

lengthy argument which compared pirate radio operators to civil rights pioneer Rosa Parks. The Microradio Empowerment Coalition called on the FCC to grant a "complete amnesty for microradio pioneers." It called for all LPFM stations to be commercial-free, including a complete ban on underwriting announcements, sought the allocation of new spectrum exclusively for LPFM and urged implementation of LPFM even if it means blocking FM radio's conversion to digital.

The coalition's comments, which followed face-to-face meetings 6/22-23 with staffers from all five commissioners' offices, depicted pirate broadcasters as heroic freedom fighters, battling the evil forces of both commercial broadcasters and the FCC. According to this account of history, the "modern microbroadcasting era" began in 1989 when Mbanna Kantako began broadcasting without a license to his public housing project in Springfield, IL.

"He was not a scampy, overenthusiastic teenager who wanted to play DJ, but a concerned citizen and community activist who desperately wanted to do something for his community and was intensely frustrated by the complete neglect of the establishment media. He was not going to back down—he had been told that broadcasting was supposed to operate in the public's interest, not solely to feed the greed of Mel Karmazin, Michael Eisner, Rupert Murdoch and a hoard of other corporate vultures who had clamped their mouths onto this 'public' resource."

Declaring that the "FCC does not have clean hands in this matter," the coalition asserted that it would be unjust to deny LPFM opportunities to those who blazed the trail by civil disobedience.

"We respectfully ask that the FCC act boldly, wipe the slate clean, grant an unconditional amnesty to all unlicensed microbroadcasters and start afresh. The pioneers of microradio must be given the opportunity to be 'LPFM' broadcasters. Any other result would be immoral."

The coalition's attacks were not limited to commercial broadcasters and the FCC. It took on current public broadcasters as well—charging that commercial underwriting has produced a "drift toward blander, toned down and less local programming." Thus, the coalition argued for a total ban on LPFM commercialism—no commercial stations and no underwriting announcements. How, then,

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would LPFM stations be funded? The coalition suggested listener donations and the sale of such promotional items as T-shirts and mugs.

A Thousand Local FCCs?

Rather than have the FCC hold hearings to choose between competing LPFM applications, the coalition proposed "local self-regulation"—in effect, local self-appointed mini-FCCs, which it called LSROs (local self-regulating organization). Each LSRO, initially composed of all applicants for LPFM licenses in a community, would be free to establish its own rules and seek to resolve all conflicts voluntarily among competing applicants. Should the FCC have to intervene, the coalition suggested that applicants who participate in their LSRO should be given a "heavy preference" over those who don't.

The proposed LSROs would also handle renewals of station licenses, which the coalition suggests should run four years, with efforts made at each renewal time to accommodate new applicants, possibly through time sharing.

Digital Be Damned

While insisting that LPFM shouldn't pose any interference threat to IBOC DAB, the coalition

asserted that any possibility of significant interference "must be resolved in favor of LPFM."

Transitioning existing FM stations to digital does not address any urgent need, the coalition said, and "IBOC does little, if anything to increase the diversity of voices and viewpoints on the public airwaves. LPFM does, on the other hand, meet a pressing need for which there is great, and increasing, public demand."

Even with the elimination of second- and third-adjacent channel protection, which the coalition whole-heartedly supported, the group said it fears that not nearly enough frequencies will be opened for 100-watt and less LPFMs (the coalition opposes 1kw LPFM, except possibly in rural areas), particularly in major urban areas. Therefore, it argued that new spectrum should be allocated exclusively for LPFM. The main option cited was the reallocation of VHF TV channel six, immediately below the current FM band.

MBR observation: We'd love to be a fly on the wall at an LSRO meeting that attempts to choose between competing LPFM applications from a local civil rights activist, the Ku Klux Klan, an evangelical church, a witches coven, Greenpeace and the local NRA chapter.

THE 12 MYTHS OF LOW-POWER FM

by Jack Messmer, Carl Marcucci & Dave Seyler

When the FCC officially proposed LPFM in late January, the editors of *MBR* and its sister publication, *Radio Business Report*, set out to analyze each of the arguments put forth by proponents of LPFM. In each and every case, the claim was either wrong or simply a bad idea. The result (*RBR* 2/22, p. 6-7) was a list of "The 12 Myths of LPFM," which is being reprinted by popular demand:

1

LPFM will provide opportunities for women and minorities to become radio station owners.

Past court decisions have made it impossible for the FCC to set aside licenses for women or minorities. Also, under current law, if LPFM is made a commercial radio service, the FCC will have to auction the licenses. Even with existing broadcast owners barred from bidding (a guaranteed lawsuit, by the way), the top bidders for the most desirable licenses are likely to be experienced broadcasters who don't happen to be owners, with backing from well-heeled local investors. Those winning bidders could be females or minorities, but they could just as easily be white males.

Meanwhile, the licenses which could be had cheaply at auction are likely to prove a financial disaster for their "winning" bidders. Enthusiastic entrepreneurs with little cash, but lots of ambition, will find that the only one making any money from their LPFM venture is a bankruptcy attorney.

2

Creation of a new service by the FCC should not be taken as proof of financial viability, Chairman Bill Kennard recently said, but rather an opportunity for entrepreneurs to make their own determination as to whether it is a viable business.

"Let the buyer beware" may be appropriate for the cut-throat world of Wall Street, but don't

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citizens deserve better from their government? In fact, many people (however wrongly) view an FCC spectrum license as a government endorsement. Those of us with knowledge of FCC-regulated industries know the sad recent history—how the Commission's licensing of LPTV and wireless cable, along with early spectrum auctions for wireless data and PCS, served primarily to help fill bankruptcy court dockets in a time of economic prosperity.

3

Minorities and women have been frozen out of consolidation because Wall Street won't fund companies whose CEOs aren't white males.

Tell that to Cathy Hughes, Alfred Liggins, Raul Alarcon, Ross Love, Amador Bustos and Alfredo Alonso. Good operators are good operators. Wall Street loves good operators—entrepreneurs who can make 2+2 equal 5 and deliver on an aggressive business plan.

4

Consolidation has decreased program diversity.

This is the big lie that's been told over and over—and is regularly repeated as gospel in major newspaper articles extolling the virtues of "pirate radio" operators. In fact, consolidation has greatly increased program diversity. No longer is each market overrun with FMs butting heads to dominate AC, Country or Rock. Instead, superduopoly owners have broadened their scope to include such new offerings as Smooth Jazz, Urban AC, Hot Talk, AAA and even Christian Country. Meanwhile, the growth in Spanish formats has been phenomenal, with fast-growing Hispanic groups snapping up stations to launch Tejano, Tropical, Spanish Talk and other new formats.

5

Commercial radio stations play only popular music.

OK, that one's not a myth. What is society supposed to gain from having new stations which will play unpopular music? Why are we expected to give a spot on the dial to every disenchanting 22-year-old male (let's face it, there aren't very many female pirates) who wants to play the bands which he and his two closest friends think are great, but which everyone else thinks sound like sick cats running over hot coals?

6

LPFM won't increase interference in the FM band.

Unless the FCC has somehow been given authority to amend the laws of physics, elimi-

nating third-adjacent channel (and perhaps second-adjacent as well) protection will, by definition, increase interference. To pretend otherwise is a bald-faced lie.

7

LPFM won't inhibit the implementation of DAB.

Maybe true, maybe not. The fact is, there is no FCC standard yet for IBOC DAB, so it is impossible to say whether or not the addition of thousands of LPFMs will make it more difficult to begin the conversion of US radio stations from analog to digital. For sure, though, struggling LPFM operators will complain loudly if they find that their nearly-new analog transmitters are obsolete and have to be replaced with digital equipment just a few years after going on the air.

8

Commercial LPFM won't hurt established broadcasters.

CBS, ABC, Clear Channel and other big companies probably don't have much to fear, but neighborhood stations selling "dollar-a-holler" spots could very well take away enough business to drive marginally profitable standalones into red ink. Those vulnerable medium and large market stations, by the way, are likely to be locally and/or minority owned.

In small markets, though, the threat is much greater. A county with only a couple of commercial stations could be inundated with four, six, even a dozen 1kw, 100-watt and 10-watt stations. Most would never come close to breaking even financially, even with mostly volunteer staffs, but would take away enough business from the existing stations to force them to abandon local news and programming to stay in business. Weekly rural newspapers would likely also be impacted and perhaps forced out of business.

9

Non-commercial LPFM stations will be more likely than existing broadcasters to target their programming to minorities and the poor, downtrodden sectors of society.

Why, then, do most existing non-commercial stations aim their programming at a predominantly white, high-income, highly-educated audience?

10

Just what major ethnic groups exist which are large enough to support an LPFM (either via

advertising or donations), yet have no current radio service?

Every major city we know of has at least one block-programmed station (some cities have several) which sells time to local entrepreneurs who produce very local programming in their native language for their own ethnic community. The largest ethnic groups already have full-time stations broadcasting in their language, such as the 11 Korean, Arabic and Spanish stations in MBR's home market, Washington, DC.

Many ethnic groups are too scattered over a metro to be covered by a single LPFM, so they could face the prospect of trading block-programming which is broadcast to their entire community a few hours each week for full-time broadcasting to only a portion of their community.

Suppose, for the sake of argument, that many of the most desirable LPFM licenses in major markets do end up in the hands of minority entrepreneurs. Their business plan won't be to take ad revenues away from CBS and ABC, but rather from existing broadcasters who are already serving their community. How many of DC's seven Spanish AMs could survive competition from a couple of well-placed 1kw FMs? We're all for competition, but what social agenda is served by having one minority entrepreneur put another out of business?

11

The FCC can and will enforce its rules as strictly for LPFM as for full-power broadcasters.

Has Bill Kennard perfected cloning? Where will he get the manpower to deal with a deluge of new stations that will make Docket 80-90 seem like a garden party, by comparison? The pressure from Capitol Hill in recent years has been to reduce the FCC staff, not expand it.

12

LPFM will do away with the pirate problem.

Quite the contrary, we expect to see pirates emboldened by the proliferation of new LPFM stations. They'll figure the FCC is going to be too busy dealing with all of the new stations to even notice an unlicensed station thrown into the mix—and they'll probably be right.

Pirates are, by definition, scofflaws, so many won't even bother to apply for a real LPFM license, which would require them to operate on a specific frequency at a specific power and comply with the FCC's rules. Those who do apply, but don't win a license, may well go back to their pirate ways.

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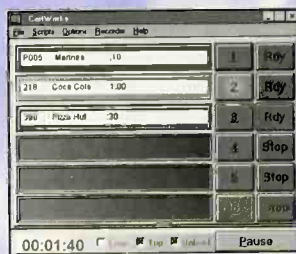
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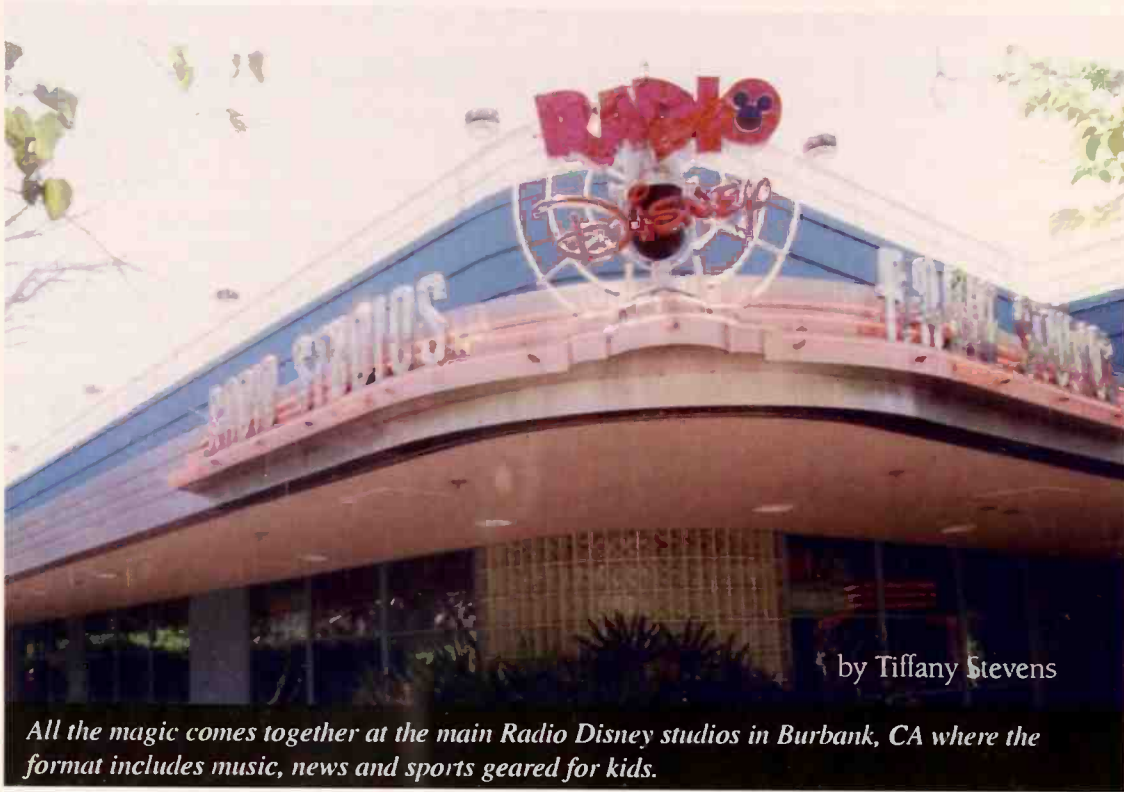
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Radio Disney: The Mouse Roars!



by Tiffany Stevens

All the magic comes together at the main Radio Disney studios in Burbank, CA where the format includes music, news and sports geared for kids.

In the beginning, many GMs dismissed the idea of a music-intensive radio network for kids, saying that there would not be substantial advertising support for such a format. Fast-forward a few Disney movies later and you will find a whole new world where results count more than ratings, and the results are higher than were expected.

Selling a new product

Though the path to the Magic Kingdom was a slow walk for some of the smaller affiliates, it did eventually take off. In Little Rock, AR, where Radio Disney broadcasts on Nine Communications' KRNN-AM, there have been no surprises in trying to sell a station targeted at kids aged two to 11. "Before we came to town, I spoke with about 25 of the existing Radio Disney stations and did my homework," said GSM Danny Cash, who is one of the five owners. "We had a good feel for what should happen or what was going to happen with sales. We adjusted accordingly and have actually taken off."

Cash acknowledges two things that contributed to the early success of KRNN-AM, which launched this spring (4/1). "First is the good Disney name," he said. "Second is the fact that this is a very high quality product." Those fac-

tors enabled Cash to start selling his Radio Disney station with only a demo CD of the intended format. "We positioned ourselves correctly and generated revenue before we were even on the air."

Allowing time to "brand a product can lead to success," says Dann Whittaker, GSM of WKYG-AM Parkersburg, WV. After building revenue for a year, he says, the past four months have seen higher dollar amounts. "We developed a package called the Charter Package which helped us to explain to folks that this is not simply spot-buy radio. You're really buying an event and an image," he says.

Adds Lowell Register, GM of WPGA-AM and WNEX-AM Macon, GA (both stations carry the Disney format), "It's been easy in some ways and difficult only in the fact that it is a little different approach to selling advertising." He said once his stations "got the hang of things,

we learned it was not going to be traditional radio sales where you go out and sell spots on Radio Disney. It is more of an 'institutional-public relations type of thing' that businesses want to be a part of. And this is what this format offers."

Register, who owns and operates his two Radio Disney stations along with an FM station (WPGA-FM) and a TV station (WPGA-TV), attributes part of the Disney success to the other stations. "We're probably the only operation in the country that has the benefit of being able to cross-promote not only another FM station but an ABC affiliate TV station as well," he boasts. "We really believe in ABC and Disney." During the month of May, his business on the Disney station doubled, which was "more business than we've seen out of it in many years with other formats," said Register. In fact, he added WNEX-AM to the mix with the primary purpose of extending Radio Disney coverage in the Macon area.

"For 30 years we've been a traditional radio station playing adult music. We put a lot of thought into this before we made the switch over," comments Register. Apparently the advertisers believed his commitment to success because big names did sign on, including a hospital complex, a large credit union and major shopping malls. "As you can see, cross-promoting has had a very positive impact on the ad revenue for my two Radio Disney stations," he said.

In Corpus Christi, TX, GulfStar (now AMFM Inc.) signed on the children's format to save an already sinking station. "We started in November of '97," explains Kent Cooper, GM of KRYS-AM. "We had an AM station that we were simulcasting with our FM Country station. There was no income with it and the ratings were not enough where it really mattered for national and regional businesses to want to sign on." Radio Disney was the solution for a struggling station.

With six other radio stations in the same building, the sales staff was plentiful for KRYS-AM. "We started with one person dedicated to selling Radio Disney, but it did not work out. It was too tough for just one person to handle all of the responsibilities," Cooper said. So he opened the kiddie format for all the sales reps to pitch. The advantage, says Cooper, is that the clients have more than one format to choose from.

Success without Arbitron ratings?

Do the Mickey Mouse stations really have listeners? Yes. But how do advertisers measure the success of a station whose audience (mostly

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Programming & Positioning

kids six to 11 years of age) is not measured by Arbitron? According to GMs, there are many unconventional ways to prove results.

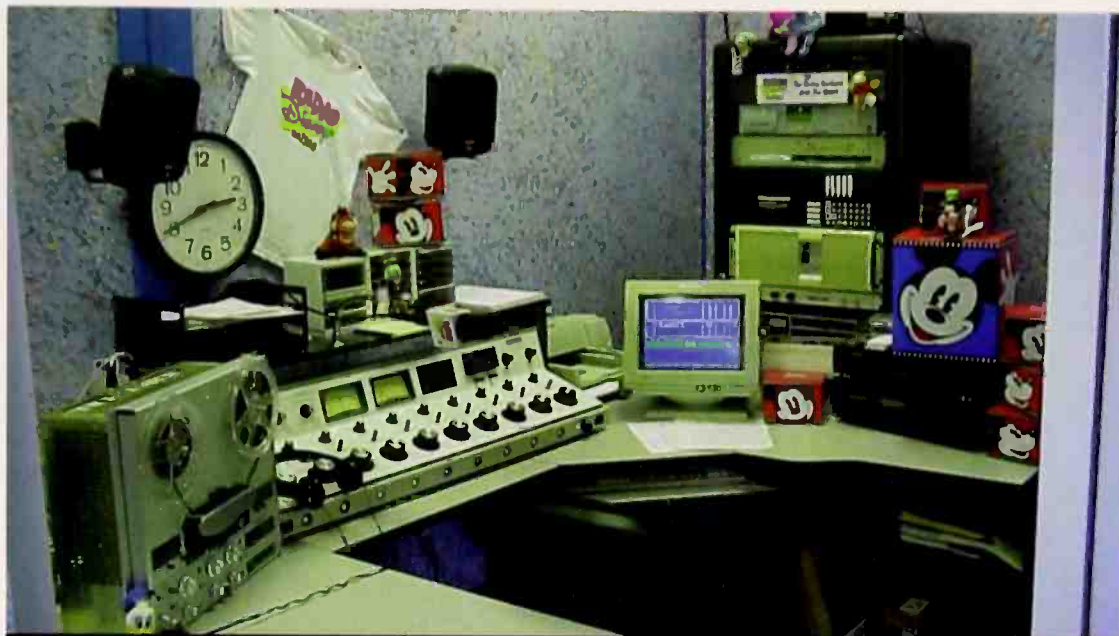
"Advertisers need numbers to wrap their arms around, so we show them figures from the toll free number," explains Peggy lafrate, GM of WPZE-AM Boston. All Radio Disney stations promote two 1-800 numbers. One is interactive and linked directly to the main studios in Burbank, CA, while the second phone number is a toll free "ear" mail system. lafrate says that between 10K and 40K Boston area kids call the phone numbers weekly. "We can show off results by looking at the area codes and counting the number of calls made from our area code," she said.

The Disney station in Little Rock station uses this method as well: "It's a very good measuring stick, and it works for the advertisers," Cash said.

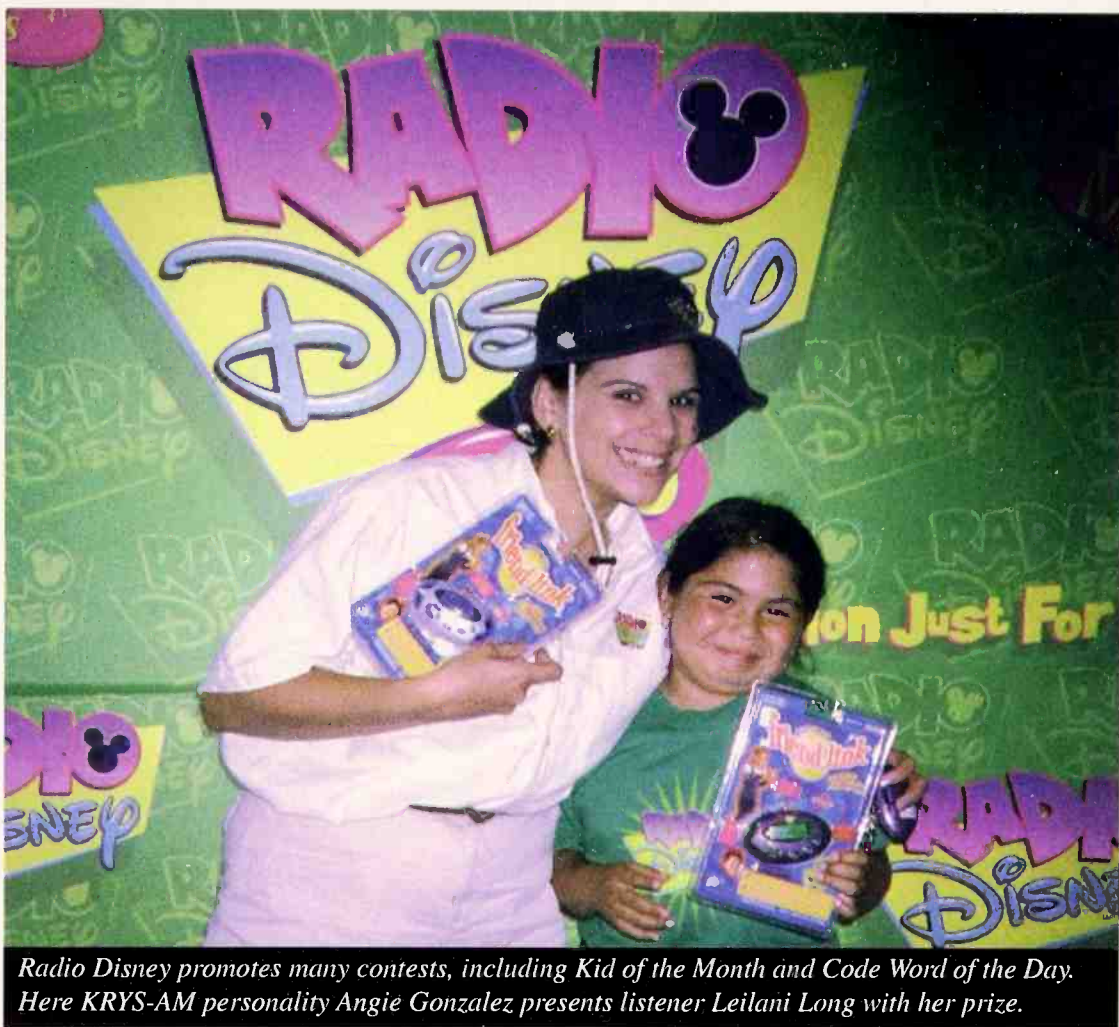
While Arbitron cannot measure children under 12, there is another group that they do measure: Women 18 to 34. "We go and look at women in this age group," explains Whittaker. "After all, who is listening along side the kids but the moms. Arbitron certainly measures that group, and we've found a significant number that was not there prior to Radio Disney."

Word of mouth is another approach that some GMs rely on. Cash says that his employees do not wear suits and ties to work. Instead, they don golf shirts with the Radio Disney logo printed on it. "You would never believe the response we get from parents when they see our shirts," he says. "The moms always tell us how glad they are that we've taken to the airwaves in Little Rock. In fact, we talk around the office that if we could get potential clients to wear one of our shirts for a week out in public, we would pick up each one of them as advertisers."

Down in Macon, Register says that his advertisers look at the high visibility of his stations as a sign of success. "We were concerned initially that Arbitron does not measure younger kids," he states. "But we can insure the success by going after the cross-promotional benefits and placing our name in unusual places such as museums." When the Georgia Music Hall of Fame heard about Register's two Disney stations, officials asked if the stations would be interested in setting up a display. Space has been set aside in the new Music Factory section of the museum where WPGA-AM and WNEX-AM will sponsor a recording studio as well as a Radio Disney boombox.



KRNN-AM Little Rock, AR, which started broadcasting Radio Disney 4/1, has already seen gains in both the NTR and traditional categories.



Radio Disney promotes many contests, including Kid of the Month and Code Word of the Day. Here KRYS-AM personality Angie Gonzalez presents listener Leilani Long with her prize.

Business venture vs. public service

While most of the GMs and GSMs we talked to said that Radio Disney is a great public service, it all boils down to making a profit. "In a world where we run across kids killing kids, Radio Disney is a way to make a positive change," says Register. "But we are not large

enough to enter into something like this without it being a sound business decision first."

"We took this on to make money," agrees Cooper, "but the greatest advantage we've had so far is the feeling we get back from the community that they really love the programming. Plus, it's really made us look good to provide such a clean, family-oriented product."

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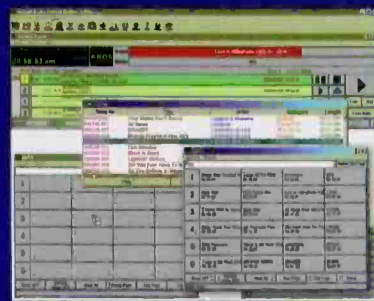
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Volume 4, Issue 6 June 2000

Counting down radio's top 10 groups

By Jack Messmer

Consolidation, launched by the 1996 Telecommunications Act, has dramatically changed the radio industry—from largely a collection of “mom and pop” operators into an industry dominated by mega-groups. Two of these groups now have over \$1B in annual revenues and four own more than 100 stations.

Who are these mega-groups? And who owns and runs them?

Agency Perspective

Kim Vasey: Ensuring an edge at The Radio Edge
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Cumulus continues restructuring moves
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Personality Profile

Dick Clark's Multi-Million Dollar Pyramid
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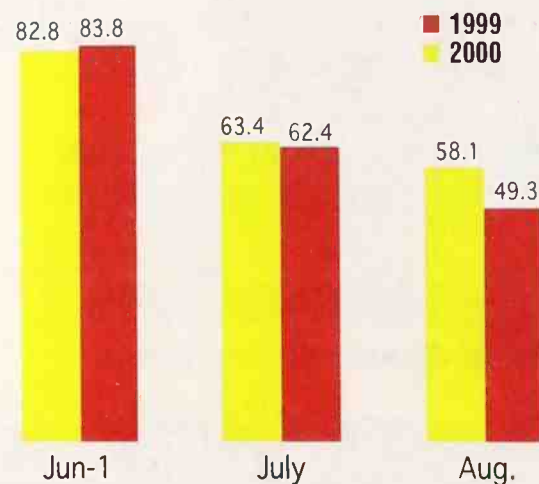
AdNews

Radio delivers business decision makers
Page AB8

RBR/Miller Kaplan Market Sell Out percentage report

Still going strong

A small dip in June is nothing to worry about, says **George Nadel Rivin** of Miller, Kaplan, Arase & Co., and “the August numbers look especially promising” since August '99 was a strong month.—JM



June 2000, Volume 4, Issue 6

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AdStats

Dot-coms continue as number one radio category in New York

According to the New York Radio Market X-Ray, prepared by Miller, Kaplan, Arase & Co., CPAs, dot-coms as a radio advertising category remains number one in New York, and extended its lead over number two, automotives. In Q1, dot-coms represented 15.3% of radio expenditures—they totaled \$27.1M or a 434% increase over Q1 last year. For the month of March, dot-coms poured \$10.7M in radio, up 528.3% from a year ago numbers.—KM

**Top 5 Radio Advertising Categories, New York Market
January-March 2000**

Category	Spending in Millions	% Change over '99
Internet/E-commerce	\$27.1	+434.0
Automotive	\$20.5	+ 42.6
TV Stations/Networks	\$12.6	+ 51.1
Comm/Cellular/Pub. Util.	\$10.0	+ 20.0
Health Care	\$ 7.8	+ 39.7

Source: NY Radio Market X-Ray, prepared by Miller, Kaplan, Arase & Co., CPAs

Top 25 radio advertisers in 1999

Interep's latest analysis of Competitive Media Reporting (CMR) numbers show that in 1999, radio's top 25 advertisers spent \$677M and accounted for about 24% of all national radio billing. Compared to 1998, these advertisers increased their spending in radio by 9%. This despite more than one third of the group increasing their budgets in radio by more than 25%. Dot-coms were absent from the top 25 list; however, on the individual brand basis, four out of the top 50 radio brands were dot-coms.—KM

AT&T	\$41,354
Daimler Chrysler Dealers Assoc	\$40,933
Berkshire Hathaway	\$37,729
Time Warner	\$37,171
Daigeo	\$34,430
GTE Corp	\$34,283
AllState Corp	\$31,175
News Corp	\$31,007
SBC Communications	\$30,128
General Motors	\$28,979
National Amusements	\$26,775
Daimler Chrysler	\$25,679
Walt Disney	\$25,416
Target Corp	\$24,893
US Govt	\$23,580
Ford Motor Dealers Assoc	\$22,279
Albertson's Inc	\$22,021
Ford Motor Co	\$21,620
Procter & Gamble	\$21,105
Sprint Corp	\$20,581
Sears Roebuck	\$20,203
Bell Atlantic	\$19,595
Ito-Yokado	\$18,399
Airtouch Communications	\$17,486

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Source: Interep

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Here, based on 1999 radio station revenue estimates by BJA Financial Network, data filed with the US Securities and Exchange Commission and *Radio Business Report's* 17 years of covering the radio industry, are the biggest of the big—radio's ten largest group owners.

#1 Clear Channel Communications

910 stations in 155 markets (including pending merger of AMFM Inc.)
1999 radio station revenues: \$3,012,633,000 (pro forma for acquisitions and divestitures)
1999 net revenues: \$6,335,500,000 (incl. AMFM and SFX)
Radio subsidiaries: Katz Media Group, Premiere Radio Networks, AMFM Radio Networks
Other businesses: TV, outdoor advertising, entertainment events and venues, sports representations
Investments: Hispanic Broadcasting Corp., Lamar Advertising Co., XM Satellite Radio, American Tower and several foreign radio companies
Headquarters: San Antonio, TX (Radio: Covington, KY)
Public stock: CCU (NYSE)

The little radio company that Lowry Mays launched in San Antonio in the 1970s with a single money-losing FM and financial backing from a local car dealer, Red McCombs, has grown into an international media giant—with no indication that the growth is slowing. A pending \$23.5B stock-swap acquisition of AMFM Inc., which should close in the next few months, will vault Clear Channel to the top of the radio heap (this list is pro forma for announced acquisitions), along with giving it a second radio network company and an in-house rep. Randy Michaels will move up to CEO at Clear Channel Radio and Kenny O'Keefe will become President.

Clear Channel is already the world's largest outdoor advertising company (although Eller Media is only #2 in the US) and it has the largest portfolio of overseas radio investments of any US company. A pending \$4.4B stock-swap acquisition of SFX Entertainment will take Clear Channel into new businesses, booking concert tours, managing concert halls and outdoor venues and even the nation's largest sports agent business.

Top executive shareholders	Shares owned	Options	Total value
Clear Channel			
Lowry Mays, CEO	29,204,719	1,370,000	\$2,201,379,768
Red McCombs, Dir. (& family)	23,505,827	4,000	\$1,251,071,732
Mark Mays, COO	950,960	52,008	\$72,213,696
Randall Mays total			\$40,648,875
•CFO, Clear Channel	495,385	52,008	\$39,412,296
•Dir., XM Satellite Radio	26,757	0	\$770,949
•Dir., American Tower	0	10,000	\$465,630
Randy Michaels, Pres./Radio	440,428	532,135	\$70,024,536
Karl Eller, CEO/Eller Media	0	1,448,112	\$104,264,064
AMFM Inc.			
Tom Hicks, CEO	4,189,839	0	\$278,100,564
Steve Hicks, CEO/New Media	698,309	1,172,553	\$124,178,465
Geoffrey Armstrong, CFO	160,195	125,610	\$18,970,307
William Banowsky Jr., Exec. VP	34,526	149,548	\$12,217,912
Kenny O'Keefe, Pres./Radio	1,004	500,000	\$33,254,141



Lowry Mays



Mark Mays



Randy Michaels

#2 Infinity Broadcasting

183 stations in 40 markets
1999 radio station revenues: \$2,135,950,000 (pro forma for acquisitions and divestitures)
1999 net revenues: \$2,790,571,000 (\$20,231,800,000 for parent Viacom, including acquisition of CBS Corp.; \$358,305,000 for Westwood One)
Other businesses: Outdoor advertising (parent Viacom has an extensive media empire, including CBS TV Network, UPN TV Network, several cable networks, TV stations, movies and publishing)
Investments: Westwood One; both Infinity and Viacom have numerous investments in Internet companies
Headquarters: New York
Public stock: INF (NYSE); parent Viacom is VIA, Class A & B (NYSE); Westwood One is WON (NYSE)

Viacom got out of radio in 1997, selling its 10 stations to Chancellor (predecessor to AMFM) for \$1.075B, but got back into radio in a big way last year by acquiring CBS Corp. in a \$34.45B stock swap. A year earlier, CBS had spun its radio and outdoor division off into a new tracking stock which Mel Karmazin named after his previous radio company, Infinity, which had merged with CBS/Westinghouse in 1996. Viacom now owns 64.3% of Infinity, which in addition to radio owns the nation's largest outdoor advertising conglomeration, Infinity Outdoor (the former Outdoor Systems) and TDI, and is expanding overseas in outdoor as well.

Although Infinity owns only 17.3% of Westwood One, it operates the nation's largest radio network company (it surpassed ABC when CBS Radio Networks were incorporated into WW1's inventory) under a management contract.



Sumner Redstone



Mel Karmazin



Dan Mason

Top executive shareholders	Shares owned	Options	Total value
Sumner Redstone, CEO, Viacom	197,993,996	1,499,998	\$10,934,862,649
Mel Karmazin total			\$543,237,640
•COO, Viacom	4,440,847	4,403,508	\$479,412,993
•CEO, Infinity	50,000	58,333	\$3,676,605
•Director, WW1	404,298	1,296,000	\$60,148,042
Fred Reynolds, CFO, Viacom	20,282	705,249	\$39,327,783
Farid Suleman total			\$118,183,639
•Sr. VP, Viacom	71,741	1,540,015	\$87,366,123
•CFO, Infinity	20,000	33,333	\$1,810,015
•CFO, WW1	0	820,000	\$29,007,500
Dan Mason total	\$29,539,559		
•President, Infinity Radio	13,785	33,333	\$1,599,091
•Viacom	622	514,832	\$27,940,468
William Levine total			\$1,251,718,675
•Chairman, Inf. Outdoor	36,863,449	0	\$1,251,071,732
•Viacom	11,935	0	\$646,943
Arturo Moreno total			\$1,180,582,271
•CEO, Infinity Outdoor	34,030,949	723,817	\$1,179,507,249
•Viacom	10,850	0	\$588,130
Norm Pattiz, Chairman, WW1	1,179,060	544,000	\$60,953,248
Joel Hollander, CEO, WW1	4,200	100,000	\$3,686,075

(Hollander was previously a CBS/Infinity employee and presumably has stock and options in Viacom and Infinity.)



Norm Pattiz



Joel Hollander

#3 ABC Radio

45 stations in 19 markets

1999 radio station revenues: \$405,575,000 (pro forma for acquisitions and divestitures)

1999 net revenues: \$23,402,000,000 for parent The Walt Disney Co. (\$7,512,000 for Media Networks division)

Radio subsidiary: ABC Radio Networks

Other businesses: Parent Disney has an extensive media empire, including ABC TV Network, TV stations, cable networks, movies and theme parks

Headquarters: Dallas (parent Disney is headquartered in Los Angeles)
Public stock: DIS (NYSE)

Although ABC Radio has made a few acquisitions in recent years, it hasn't joined in the post-deregulation buying frenzy. It's hardly surprising then, that radio has gone from comprising about 3% of total Disney revenues to just over 2%. Outsiders have often suggested that Disney would, or should, sell out of radio, but there's been no indication that CEO Michael Eisner is interested in the idea. Indeed, he's been an enthusiastic backer of the Radio Disney network for kids. In addition, former ABC Radio boss Bob Callahan is now President of ABC Inc., making it even less likely that the division will be divested. On the other hand, there's no indication that ABC will change its conservative stance on radio acquisitions.

In its annual report to the SEC, Disney said the ABC Radio Networks reach more than 147M US listeners with 8,900+ program affiliations on more than 4,400 radio stations. Some of those programs are also syndicated internationally to more than 90 countries.



Michael Eisner



Roy Disney



John Hare

Top executive shareholders	Shares owned	Options	Total value
Michael Eisner, CEO, Disney	12,387,409	0	\$540,400,718
Roy E. Disney, Vice Chair, Disney	17,771,976	600,000	\$801,477,453
Bob Callahan, Pres., ABC Inc. (presumably participates in company stock plan)			
John Hare, Pres., ABC Radio (presumably participates in company stock plan)			

#4 Cox Radio

81 stations in 17 markets

1999 radio station revenues: \$361,405,000 (pro forma for acquisitions and divestitures)

1999 net revenues: \$300,500,000 (\$6,100,000,000 for parent Cox Enterprises)

Radio subsidiary: Small syndication operation ("The Motley Fool," Clark Howard and Neal Boortz programs)

Other businesses: Majority owner Cox Enterprises is a privately owned company which also controls Cox Communications, a publicly traded cable MSO, and several privately owned businesses, including TV stations, TV rep firms, newspapers, Cox Interactive Media, ranches and auto auctions

Headquarters: Atlanta

Public stock: CXR (NYSE)

continued on AB 14

The Radio Edge's Kim Vasey: ensuring the edge when advertisers use radio

by Karen Maxcy



Kim Vasey joined The Media Edge in July of 1998 as VP/Associate Director, Local Broadcast. In April 2000 she was named Senior Vice President for The Radio Edge, a recently created division of The Media Edge. The Radio Edge is a unique consolidated unit which will focus on all aspects of radio including spot, network and the Internet. Prior to joining The Media Edge, Vasey was VP, Spot and Network Radio for Horizon Media for nearly eight years. She has been in the advertising community for over twenty years and shares some of her insights with *AdBiz*.

Why was The Radio Edge created?

With the departure of the former head of the Network Radio Division, **Bob Igiel**, President/National and Local Broadcast, took the opportunity to bring together the Spot and Network Radio Divisions under my direction. Under the current rash of consolidation in the radio industry, Bob's vision was to consolidate everything under one roof in order to bring a united radio division together for the benefit of our clients. This strategy enables me to have a pulse on the prevailing conditions in each of the radio medium (spot, network, satellite, Internet) during any quarter, and thus capitalize on opportunities across the different entities. It will enable us to build integrated programs for our clients, to maximize our client's budgets, to take advantage of promotional opportunities and develop an innovative approach to building multi-level platforms with some of the strongest ownership groups in the industry.

My background has been in both spot and network radio and, over the past year or so, I have been pretty diligent in trying to stay current about Internet radio, satellite radio and all of the new advances in the technology of streaming. Thus, with my prior background in spot radio and network and my newfound interest in streaming, Bob felt confident that I could lead the team under this new structure. This is an extremely exciting opportunity for me because I always enjoyed both the spot and the network side of the business. I am certain that the growth of the Internet/streaming properties will provide a wide array of creative outlets that can target specific audiences and deliver results for our clients.

How will it be different from your radio division under The Media Edge?

The Radio Edge is the radio division of The Media Edge, but it is an enhanced group by

virtue of the fact that everyone in the department will have the benefit of learning and understanding all aspects of spot radio, network radio, satellite radio and Internet radio. My goal is to spend a great deal of time educating, not only myself, but also every member of the department in order for them to be able to understand and evaluate packages that may have several components to them. The Radio Edge will be unique in its approach to having an integrated team. I believe we are the first and only agency to have such a department.

What will The Radio Edge be focused on?

The Radio Edge will be focused on all aspects of radio. This may include fully integrated programs that potentially could have spot, network, Internet and/or satellite radio components to them. Additionally, it will be focused on developing new and creative approaches to utilizing each medium.

Do you consider Internet radio a new medium?

Most definitely, as does the rest of the advertising community. It is a very exciting dimension to the area of radio broadcasting. It is radio with an added twist. It's audio, it's visual, it's interactive, and it's an e-commerce engine. It's truly multi-dimensional. Internet radio (webcasters) enables broadcasters to be more creative in content and in format.

Of course some content is better than others and very often the strength of the consumer's computer will have an impact on their ability to listen to streamed content. But the technology is improving every day. A product like Kerbango, which is about to be launched this summer, will enable a consumer who may not have a home computer or a computer at work (with a sound card and speakers) to listen to a station that is streaming. The consumer must have access to the Internet to use the product, but even the cost of that service is coming down at a rapid pace. This unit will open up the world of streamed media to a whole new audience. My understanding is that it will retail for under \$300. The unit is no bigger than the size of your average table radio and it's very portable. I can run a line to any room in my house from the phone line that I have for my Internet access and I will be able to bring my Kerbango unit into any room of my house.

This is very exciting for me because I live in upstate New York and cannot get some of the New York stations on my traditional radio dial. Now I will be able to tune in to any radio station that is streaming its content and have CD quality sound with none of the inherent problems such as having my computer crash or having the signal interrupted.

Many stations are now coming to the table with an Internet component as part of their media package and are looking to get a fee for it. It is no longer a "throw in." Your once "traditional" media buyer needs to be educated about this new medium so that he can analyze the numbers, evaluate the cost efficiencies and negotiate a package that incorporates one or more components of radio.

Can you recommend media plans that include media other than radio with The Radio Edge?

No, per se. However, while my department is responsible for all of the radio activity, we have been approached by some of the major groups that own properties across several media. We have taken advantage of some of the cluster packaging and will continue to explore and take advantage of these packages. We have worked with CBS Plus, which is a sales division that specializes in implementing packages that incorporate other CBS/Infinity owned properties (TV, outdoor, etc.). My group would evaluate the radio portion of the package. The other components would be evaluated by each respective department here at The Media Edge and then we work together internally to bring it all together to make it work.

State of the local and network marketplace – what do you think in the near future?

Oh, if only I had a crystal ball! It's very hard to say, actually but one thing I can say for certain is that it will be very exciting! At least that's my

feeling. In May I attended the Radio and Internet Conference that was hosted by Inside Radio in Scottsdale, Arizona. I was amazed at the vast array of products and services that are about to be launched and I feel that what I saw was only the tip of the iceberg. The technology is advancing at a very rapid pace. Some of the major players in the industry were in attendance at this conference. This was an indication to me that the stations are waking up to the realization that the Internet is a viable source of additional revenue and a powerful tool to keep their listening audience tuned in, whether it be on the Internet or the dial. It was only just a few years back that the stations would include banner ads or use their web page as an "added-value" enticement with their media schedule but we see that changing already. Many stations are now coming to the table with an Internet component as part of their media package and are looking to get a fee for it. It is no longer a "throw in." Your once "traditional" media buyer needs to be educated about this new medium so that he can analyze the numbers, evaluate the cost efficiencies and negotiate a package that incorporates one or more components of radio. I know there will come a time that they may receive a sales pitch for an Internet-only package from some of their local stations.

New technology enables a terrestrial station to play one commercial that is heard by a consumer listening from a standard radio, while another listener on the Internet will hear completely different ad. I know that most of the radio networks and the syndication companies have started up interactive units and I fully expect to receive proposals that will incorporate their "traditional" terrestrial properties along with interactive properties. Then, of course, there are the two satellite radio companies that will launch late 2001 or early 2001 which are expected to eventually have about 100 radio formats on their service. This will be another avenue of potential audience.

With permission-based marketing there will be many applications that can be used to know the consumer and target commercials to their particular interests. It is a changing environment and our role at The Radio Edge, is to keep current with the changes in the industry and to take advantage of these changes to the fullest extent possible.

AAF forms alliances with AdNoir.com and HispanicAd.com

In an ongoing effort to inform and educate its members of the shifting demographics of the US, the American Advertising Federation has formed strategic alliances with HispanicAd.com and its sister site, AdNoir.com. Through the AAF's non-profit educational foundation, the AAF will promote the two websites' content and services to its membership base of 50,000 advertising-related organizations and 260 college chapters.

According to **Wally Snyder**, President/CEO, AAF, "Multicultural is fast becoming mainstream. With nearly three in 10 Americans of ethnic heritage, they are no longer a 'minority.' We must find smarter and faster ways to access multicultural technical expertise, media outlets and human capital to reach these consumers. Through our alliance with AdNoir.com and HispanicAd.com, we can make that access instantaneous for our members and the ad industry at large."

Eugenio Bryan, President/CEO, HispanicAd.com, agrees with Snyder. He adds, "This alliance will go a long way to help empower the multicultural ad industry. I'm looking forward to working with the AAF to promote multicultural advertising and to connect that community with the resources they need." HispanicAd.com is a trade journal for advertising and media professionals who target US Hispanic consumer markets. AdNoir provides news and information on African American, Urban and Caribbean advertising, promotion and consumer trends.—KM

More preliminary findings from Strategic Attrax

Expecting to launch surveys in New York and Chicago in coming weeks, Strategic Media Research (*AdBiz*, April, AB7) has more preliminary results from Strategic Attrax, now testing in Los Angeles. Some key findings are detailed below. With New York and Chicago coming on board, Attrax will do cross market analyses both by format and by individual stations.—KM

- Of respondents with Internet access, 40% have downloaded music
- When asked what types of sites were visited (unaided): 12-24 year olds mention music sites most
- Radio stations are mentioned by only 1.3% of the people unaided, but 27% have visited or plan to visit in the next 30 days
- When shopping online, women shop most for books, then travel while men shop most for music, then books
- When mentioning music sites, CD Now mentioned three times more than MTV
- Top radio station mentioned was KROQ-FM (LA) for the web—almost exclusively by M18-34

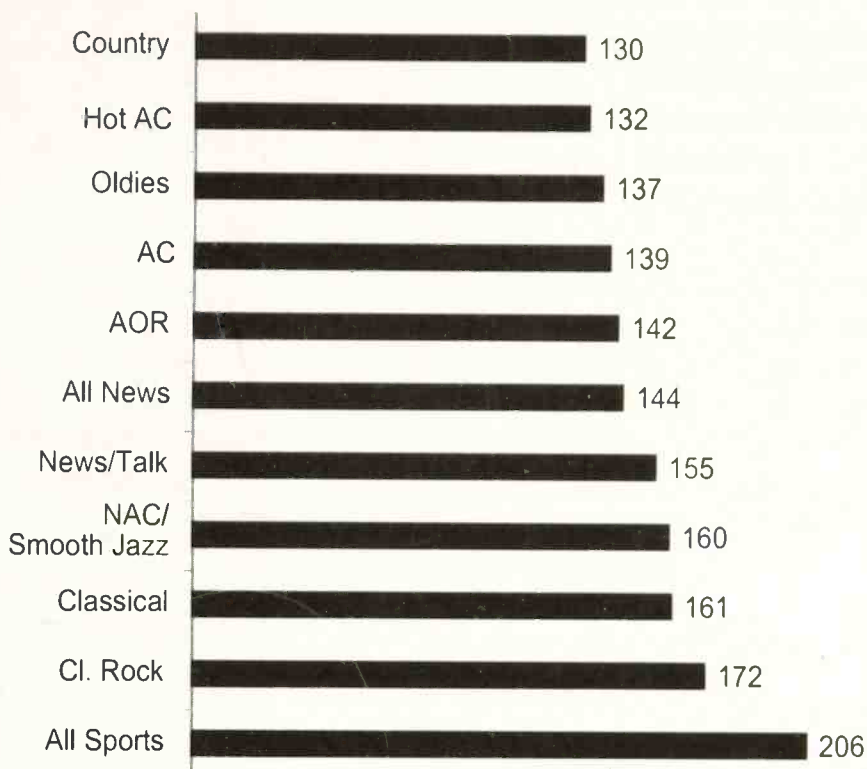
Cliff Freeman & Partners most nominated agency in Radio Mercury Awards

46 finalists were announced for the 9th annual Radio-Mercury Awards with Cliff Freeman & Partners clinching six nominations in the general category. Other agencies with multiple nominations are: DDB Chicago and Goodby, Silverstein & Partners, San Francisco with four spots each; Blazing Paradigm, San Francisco; Citron Haligman & Bedecarre, San Francisco; GSD&M, Austin; and Oink Ink Radio, New York each have two nominations. These finalists together with others from the general, Hispanic and station-produced categories will vie for the \$100K Grand Prize for the best in radio creative. The invitation-only awards ceremony will be held 6/15 at The Waldorf Astoria in New York.—KM

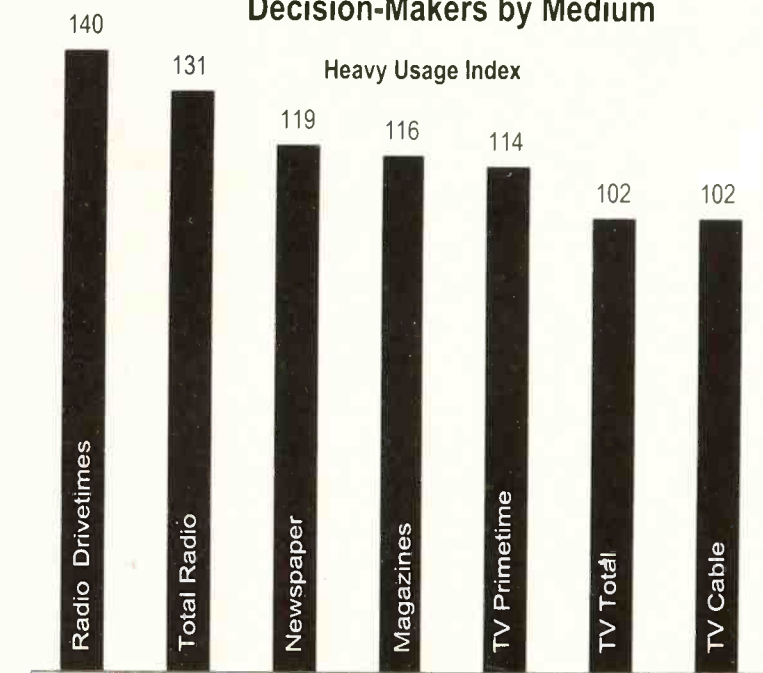
Radio delivers business decision makers

Interep Research's latest findings indicate that radio tops other traditional media in its ability to target business decision makers. According to **Michele Skettino**, VP/Marketing Communications, Interep, "The speed of doing business and increase in communications avenues has affected all advertisers, including the B-2-B sector. B-2-B companies no longer feel that they can rely solely on trade-related media for their branding efforts. The lines between consumer and B-2-B advertising are becoming increasingly blurred, and consumer media, including radio, is feeling the benefit." **Deb Durbe**, EVP/Regional Director, Interep Marketing Group, adds that B-2-B is the fastest growing segment in online advertising and radio needs to continue to provide reasons why B-2-B sites should use radio.—KM

Decision-Makers by Radio Format



Decision-Makers by Medium



Source: Interep

Cumulus continues restructuring

The latest change at troubled Cumulus Media (O:CMLS) has **Lew Dickey Jr.** moving up to President and CEO and consolidating the company's headquarters in Atlanta. Dickey had previously been Executive Vice Chairman and he and Executive Chairman **Richard Weening** had repeatedly referred to each other as "my partner." The latest move makes it clear that Dickey, who took over day-to-day operations of the operating company, Cumulus Broadcasting, in March, is running the whole show. Weening retains his position as Executive Chairman and a member of the board of directors.

In addition, **John Dickey** is joining his brother in the executive suite as Executive VP of Cumulus Media. He had been Director of Programming and Executive VP of the operating company. Recently hired **Martin Gausvik** (*RBR* 5/22, p. 2) continues as Executive VP and CFO. All HQ and financial operations are to be consolidated in Atlanta by 10/1.

AdBiz observation: Changing titles is all well and good, but no one on Wall Street will really care until they see concrete results in the company's quarterly results. Otherwise, the Dickey brothers may just be rearranging the deck chairs on the Titanic.—JM

ABC Radio Net President Andrews calls it quits

After seven years at ABC Radio Networks, almost three as President, **Lyn Andrews** has resigned her post, effective 6/9. She ends a grueling weekly commute to Dallas to stay in New York with husband and daughter. Andrews was appointed president when **David Kantor** left to head up the new AMFM Radio Networks 10/97.

A source close to ABC tells *AdBiz* Andrews' replacement will be internal and soon: "In all likelihood it will be an internal candidate. The decision will be made sooner rather than later. I think **John Hare** [ABC Radio President] is looking to make that decision within a couple weeks."

SVP Sales **Traug Keller** and EVP **Daryl Brown** are two possible replacements. Adds the source: "I would think the GMs of the radio stations might be possibilities. He has two guys that have been running the radio division—**Mitch Dolan** and **Mark Steinmetz**. These are all strong candidates."—CM

Arbitron signs with Nielsen for People Meter use

Arbitron and Nielsen Media Research announced 6/1 an agreement that allows Nielsen the option to join Arbitron in deployment of its new Portable People Meter (PPM), a new radio, TV and cable technology Arbitron is testing in Philly Q4. Nielsen will supply both financial support and TV survey expertise as part of the deal. PPM is a pager-sized device worn by ratings individuals that detects codes broadcasters embed in their signals, aimed at eventually replacing the diaries. PPM has already been successfully tested in England in the last two years.—CM

CBS Interactive Group lays off 24

In an apparent streamlining and money-saving effort, the CBS Internet Group, headed by President **Russ Pillar** (*MBR* March), has laid off 24 of its 100 employees (6/2). Former chief of Sony's online division **Lisa Simpson** was recently brought in as CFO; two other Sony staffers, **Mark Kortekaas** and **Robert Gehorsam**, were also brought in (6/6) to become Chief Technology Officer and SVP Programming and Production, respectively.

Says VP Communications, CBS **Gil Schwartz**: "Others will be [hired] soon. What you're talking about here is a management reorganization and a reorganization of CBS.com. This was not a financial issue, nor was it a backing away from the commitment to being the best online company in the network business."—CM

LPFM filing window deadline extended

The FCC has extended the window deadline for new LPFM CP applications, both paper and electronically-filed, from June 5 to June 8. The Commission said it received reports that potential applicants had difficulty filing electronically on 6/3 and 6/4. In addition, "because the window filing period was short in the first instance and because it represents the only opportunity that applicants from 12 states or territories will have to file Form 318 for at least 12 months, the Bureau has concluded that, as a matter of equity, an extension is appropriate." Alaska, California, DC, Georgia, Indiana, Louisiana, Maine, Mariana Islands, Maryland, Oklahoma, Rhode Island and Utah are in this first window.—CM

Clear Channel Radio team confirmed

The executive suite at Clear Channel Radio is being rearranged in preparation for closing of the long pending deal to merge AMFM Inc. (N:AFM) into Clear Channel Communications (N:CCU). To the surprise of no one, Clear Channel President **Mark Mays** has named current Clear Channel Radio President **Randy Michaels** to the top post. His titles will be Chairman and CEO. When **Kenny O'Keefe** joins the company from AMFM he'll become President and COO of Clear Channel Radio. The merger is currently on track to close in Q3.—JM



FCC to re-examine market definition

Following months of complaining by Commissioners **Gloria Tristani** (D) and **Susan Ness** (D), the FCC is getting ready to re-examine how "markets" are defined when it comes to counting radio stations for the various local ownership tiers under the 1996 Telecommunications Act. "The NPRM (Notice of Proposed Rulemaking) will address whether the FCC should use Arbitron market definitions, rather than its current overlapping signal contours standard, to obtain a more accurate measure of radio markets," the Commission said in its Biennial Review report to Congress (5/30).

When the final touches were being put on the wide-ranging overhaul of the nation's communications laws (the first in 32 years), House and Senate negotiators cobbled together the four-tiered local ownership limit on radio station ownership—eliminating national caps altogether and allowing a single owner to have as many as eight radio stations in the largest markets, those with 45 or more stations. To determine those tiers, the lawmakers grabbed the overlapping contours rule that the FCC had been using for three and a half years for duopolies, which had been allowed since late 1992. There was never any public hearing on the idea and it wasn't until after the bill was sent to President **Bill Clinton** for his signature in early '96 that broadcast engineers began to figure out the implications of the new law—and how it could be used to create top tier

combinations in many places and second-tier combos (seven stations) just about anywhere except the most rural sections of the nation. Now the FCC wants to revisit the whole idea of how to count stations for the various tiers, although a separate statement by Ness notes that she doesn't want to recount existing combinations. "I believe, however, that any changes the Commission might make should be prospective only and should not undermine the legitimate investment expectations of parties who hold combinations lawfully assembled under our current rules," she said.

NAB will oppose any change in the market definitions. "We think the current definition is perfectly appropriate," said **Dennis Wharton**, Sr. VP, Communications.

As expected, the FCC will consider relaxing the dual network rule—allowing Viacom (N:VIA) to keep both CBS and UPN (over Tristani's objections)—but is sure to anger Congressional Republicans by refusing to budge more than a tiny bit on newspaper-broadcast cross-ownership, perhaps allowing such combinations only in the largest markets. Newspapers, facing declining readership, have been pressing both the FCC and Congress to allow them to buy in-market TV stations (and radio, although that's a secondary concern). NAB has also called for the rule's elimination.

"This rule is a relic of a bygone era and ought to be eliminated, particularly given the explosion of media alternatives," said Wharton.

The Commissioners also indicated that they have no interest in raising the 35% TV audience cap. That would require Viacom to go through with divestitures or swaps to get back under the limit by 5/4/01 (*RBR* 5/8, p. 6). Fox immediately announced that it would sue to have the cap ruled unconstitutional—JM

Senators decry vulgarity

Four Senators are complaining about what they say is a "dramatic increase in graphic sexual depictions and vulgar dialogue" on broadcast TV. In a letter to FCC Chairman **Bill Kennard** (D), the Senators called on the Commission to launch "a broad reexamination of the public interest standard and the license renewal process" and to "review and rearticulate the Commission's indecency standard." They also asked for Kennard's thoughts on whether to resurrect the old NAB radio and TV codes (which were abolished in 1982 due to an antitrust ruling). The Senators who signed the letter are **John McCain** (R-AZ), **Joe Lieberman** (D-CT), **Robert Byrd** (D-WV) and **Sam Brownback** (R-KS).

The Senators' complaint focused exclusively on TV and quoted from several studies

from 1982 through last year that tallied sexual content on network TV. Although it's hard to recall the last time a TV station was fined for indecency (more than a decade), several radio stations are cited for indecency each year and radio station owners have frequently complained of a double standard that lets TV stations get away with content that draws fines on radio.

Kennard quickly replied: "I applaud Senators Lieberman, McCain, Brownback and Byrd for their thoughtful letter regarding the effect of violent and sexually-explicit television programming on America's children. We will carefully review their recommendations and look forward to the ensuing dialogue."—JM, CM

Inspector General clears Kennard

FCC Inspector General **H. Walker Feaster** has cleared Chairman **Bill Kennard** (D) of allegations that Kennard violated ethics rules and abused his office. Although Kennard was not named in the Inspector General's semi-annual report to Congress, **Richard Lee**, former head of the FCC's Compliance and Information Bureau, had gone public with his allegations against the Chairman (*RBR* 11/15/99, p. 4). Lee had accused Kennard of political favoritism in allowing a Texas racetrack operator to continue operating an unlicensed low-power TV station because a Republican Congressman had contacted Kennard on behalf of the track owner.

The Office of the Inspector General reported 5/30 that it "was unable to find any evidence of misconduct by the employees or that they had exceeded their authority in allowing broadcasting at the track."—JM

Lucent testing in Washington on WAMU-FM

Albeit unofficially announced, Lucent Digital Radio (LDR) has begun testing on American University's NPR affiliate WAMU-FM Washington, DC. LDR President **Suren Pai** confirms it: "We announced at NAB Vegas that we would soon be testing in Washington and San Francisco. This is our station in Washington. Our plan is to go out to eight or nine stations across the country."

Lucent was testing on KNPR-FM at the NAB Spring Show and continues testing on WJJB-FM Lincroft, NJ, WPST-FM Trenton, NJ. All tests now include different versions of Lucent's Multistreaming technology, which is said to assure a graceful degradation of the digital signal, as opposed to signal dropouts.

Meanwhile, USADR continues its testing in

Washington on WHFS-FM, WJFK-FM, WETA-FM; WPOC-FM Baltimore and WNEW-FM NY.—CM

Dick Purtan hosting Marconi awards

Dick Purtan, legendary Detroit radio personality currently airing mornings on WOMC-FM, has been chosen to emcee this year's NAB Radio Show Marconi Awards. The event takes place 9/23 at the San Francisco Hilton. Purtan has received numerous awards, including the Marconi for "Major Market Personality."—CM

Winstar Global Media selling Internet audio ads; Soundsbig 1st client

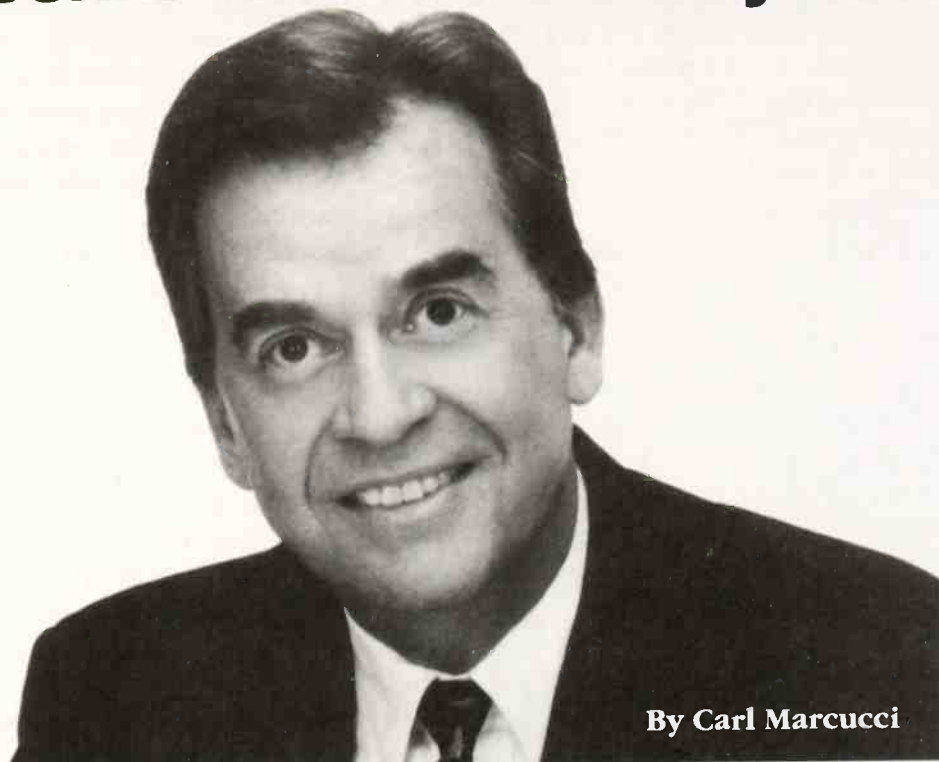
Winstar Global Media (WGM) announced its entry (6/1) into the Internet audio marketplace. The first client is Soundsbig.com (*RBR* 5/29, p. 8). In the deal, Winstar Global Media will sell audio inventory on Soundsbig's 100+ formats to a variety of narrowly-targeted advertisers. Winstar Global Media, a unit of Winstar Radio Networks, is the first independent radio advertising sales operation to focus on this emerging market. WGM has "two or three other" webcasters they are trying to sign at present, according to President **Lou Severine**.

How will they take this to the agencies? "Right now, what we do as a company, is package inventory to the advertisers in the different demos. That's the beauty of a Soundsbig.com—they have 100 different formats. And they may have five formats in one area, but they have young formats, middle formats and they have older formats," Severine tells *RBR*. "We will take however many of their formats that fit a particular demo by that we have up, and we will put all that together in with our other programming and services and packages. That's one of the reasons we want to get into this—because we really realize that this is a perfect extension of what we're doing now and is really part of a future of where it's going. National advertisers are concerned with one thing only—the number of ears that you can bring to them, and that's all we're trying to do here."

Severine has talked extensively with Arbitron a month ago. They are going to start 7/1 surveying Soundsbig.com, in addition to the others they have. Says Severine: "By January, we'll be able to start to see what type of audience all of this derives."

Winstar Interactive Media handles banner ad sales for websites, and may be packaged with the buys.—CM

Still rockin' after all these years



By Carl Marcucci

ABC's "Rockin' New Year's Eve" and "American Bandstand": two long-running TV features that made **Dick Clark** an American entertainment icon. Clark began in radio, and after a career that so far spans 53 years, is still on the mic with three United Stations Radio Networks shows: "Rock, Roll & Remember," "US Music Survey" and "Days to Remember," a daily 90-second vignette. Part owner of United Stations, he hooked up with CEO **Nick Verbitsky** in 1981 and helped form the world's largest independent network. We asked Dick about the state of the industry, his career, and at 70 years of age, of course we asked, "How do you remain the world's oldest teenager?"

How did you first get into the entertainment biz?

I saw my first radio broadcast when I was 13 years old. It was **Garry Moore** and **Jimmy Durante**, the "Rexall Comedy Hour" or whatever the devil they called it. It was done in an old theater in New York. I said to myself, "Boy this sure looks interesting!" I went home and told my dad that someday I'd like to be in the radio business. He was a little fed up with living in New York and he had been involved in the cosmetic business for most of his career. An opportunity came along when my uncle, who owned a newspaper in upstate New York in Rome, called and said to my father, "Dick, we're going to open a radio station. Do you want to come and run it? Be part of the team?" I guess that was the way he put it because he went up as the Sales Manager and ended up being the General Manager. He did it because he knew undoubtedly that would help me later on and he needed the change of pace. So my appeal of the radio was long before my days at WRUN [Utica, NY]. I got the job there as a mailroom boy working for my father while I was in college. In all honesty, he had no idea where it would take me.

You made your name doing American Bandstand. Tell us the history there.

I had been at WFIL in Philadelphia four years doing radio and television stuff. I didn't get the job on "Bandstand" until 1956 when they fired the guy that was doing it. So I did it for a year before it debuted nationally [as "American Bandstand"]. I was part of the sales team that convinced ABC to give it a seven-week trial. In four weeks, it went to number one in the daytime. It commanded over 60% of the Philadelphia audience, so I knew that when I got the opportunity to work on it, it was a chance of a lifetime.

How did you convince ABC on that? Was it hard?

I knew it was already big locally and it was my dream that it would work everywhere. Of course, everybody said to us, "Who in the heck would want to watch kids dancing to records in Philadelphia?" Apparently somebody did.

I went up with what was then a Kinescope. That is a 16-mm film in black and white taken off the screen. We didn't have videotape. I wrote (I still have the letter here) to **Ted Fetter**, Director of Programs. I said, "I'd like to

come up and make a presentation." He wrote me back a letter which was "Don't call us, we'll call you."

My secretary read the letter to me and in my youthful enthusiasm, I thought that was a positive response instead of a kiss-off. So I came back from my vacation and immediately set up a meeting with the guy. I showed him the Kinescope. It must have impressed him. He sent some people down to look at it and one of them was a fellow named **Dan Mellnick**, who went on to become an extraordinarily successful movie producer. He reported back to ABC saying, "I don't know why in the hell I'm going to recommend this thing, but I think we ought to do this." So they gave us a seven-week trial and it did succeed.

Yes it did. I remember watching it in 1974 when I lived in Cleveland. I would imagine that was probably an ABC station.

WEWS. I knew every call letter of every ABC affiliate in those days, because we put them up on a board on a map and we did it in the early days when it was on five days a week. You saw it when it was on once a week.

I do remember the big hair and the big shoes and the bell-bottoms.

That was part of one of the many pieces that made it popular—what did they wear, what did they say, what did they look like, who was dancing with whom? It was a combination of ingredients.

Why isn't it being re-run? You've got TV Land, Nick at Night, a bunch of nostalgic channels out there.

It was rerun for two years on VH-1, "The 70s episodes" and will probably pop up on another cable channel very shortly. Plus I think you'll see, I'm hoping, AB2000, which is the updated version on an entirely different twist from the old days, but maintaining its roots in the old show.

When is that debuting?

As fast as I can sell it.

I know you've heard this a thousand times...You are the world's oldest teenager, not only because you can identify with multiple generations, but also the fact that you haven't aged in 40 years. What's the secret to both of those successes?

I think that probably it has to do with two things. One, I was forced to be in the midst of a lot of people who were younger than I. I was

27 years old when I first started working on Bandstand. I had to think young—that's a good inducement. The second most important thing is I found work that I loved. I've never had the desire to be anything else except to be involved in radio and television and entertainment and so forth. I've been living out a dream that has always been a carrot in front of my nose, some inducement to make me keep charging on. That will keep you young.

Tell us how you met Nick Verbitsky in '81 and how this relationship has gone on with friends and business partners even to this day?

As I recall, we met over dinner to talk about a countdown show for Mutual Broadcasting, which is where he was at the time. **Marty Rubenstein** was the head man and Nick worked for him. Whatever the pecking order was, Nick was high up there. He had come to me to talk about a countdown show—their version of the **Casey Kasem** thing. I said, "Yeah, fine. Let's give it a try."

We dreamed about, in the earliest days, formatting radio stations via satellite in every format and allowing management to virtually run the station with nobody but an engineer and salespeople. It was a great idea and we cobbled it all together. We got it ready to go, had all the satellite stuff all lined up and everything when we went to an NAB convention or something or other. One of our potential competitors got up and said, "And we are going to give it away." At which point we said, "Oops! that is going to die," which it did. We changed into a syndicated network where we have been doing the same thing for the past 25 years or so.

On the first incarnation of United Stations, it was very successful. And eventually we turned it over to **Mel Karmazin** and he took it beyond that. Nick and I were precluded from re-entering the radio business for a couple of years, but we were not precluded from recapturing the name United Stations. We started the company again; it turned out to be fortunately another success. It is the largest independently owned and operated radio network at this point.

Those are getting fewer and farther in between.

The amazing thing is that in spite of all the conglomerates, we still serve 2,600 rated radio stations across the nation, with every conceivable kind of format. We've got statistically 64 hours of long form programming weekly, 14 comedy prep or writing services daily. It's every conceivable kind of need that a radio station would need. I don't care whether you have one or 400 stations, everybody has got to have this stuff. We fill a niche.

Tell me a little bit about the other side—Dick Clark Productions. You were savvy enough to found that in 1957.

The quick thumbnail was, when I was 26, I was very busy, and I had the foresight to set up a production company because I realized someday I would be unhireable. I would get to be too old or demographically unappealing or whatever. I said that if I wanted to continue to do what I loved, I better have a production company, so that I could slide into the background. Well, that hasn't happened quite yet, but about 90% of what I do is background stuff. Every now and again they will throw me out front.

So what I did was take the income that I earned as a performer and reinvested it in the talents of other people, which grew to be a lot of people. Right now we have about 1,000 people under our employ. Most of them are in the restaurant business [American Bandstand Grills] and probably this week there are about 100-150 that are in the entertainment area. We do practically everything—all kinds of movies, theatrical and television, game shows, award shows, sporting events, we are a very strange little company. We serve a lot of masters and try to do a good job. What we pride ourselves on is that we do it right, we do productively so that it makes a profit for the company, and we do it on time, on budget.

What significant industry trends have you observed over the years?

In the old days we didn't have the competitive atmosphere that we have now or the fractionalization of not only the formatting of radio stations, but the fractionalization of music itself. There is something in there that appeals to every demographic group, every ethnic group. It is a little hard to keep track of. It wasn't computerized in my day. We did it by seat-of-the-pants knowledge. Nowadays you can pretty much predict where that music is going to fall and what kind of radio station wants to get it on. We are living with very rigid restrictions. Other than that, the only significant thing is that the world is turned upside down, history has repeated itself, and we have these teen baby bands and baby female vocalists swarming all over us like they did in the fifties. And the other thing, is the Latin thing, which is only an indication of the rise in the population mix where Spanish music has become hot for everybody.

How has the Internet changed the music industry and the relationship between the artists and the listeners?

We don't know what the impact will be, but eventually I've been saying for 25 years now, soon your music will be delivered to your house over some invisible means or wire over

the air and will go into a machine. You will play it. You will never see a record or CD. By God, it's happened.

So what you've got now is a mess of record companies, five of whom are multi-national conglomerates trying to figure out what they are going to do with their pressing plants and how they are going to distribute this and how they treat their retailers that they've been so indebted to all these years; how to adapt radio into the mix. The artists really need their record companies still because, despite the fact that they can say, "Hey, I'm going on the Internet to sell my own records," nobody has done it yet real successfully.

I don't know how many hundreds of radio stations are up on the Internet now and how many will be affected by direct satellite to cars. That all has to take its measure. We are living in a period of tremendous change: change for not only the marketing people, but also the artists themselves and the people who listen to music and love it. And all of us involved in radio, we are going to have to adapt and live with all this competition. The trick is how to make a living.

You've done just about everything you can do with Dick Clark Productions and United Stations. Is there anything else that you'd like to do?

I'm working on a couple of Broadway projects. I've tried there before unsuccessfully twice and I want to beat that if I can. It's a feature motion picture. I'd like to have a big hit in that area someday and I haven't ever done that, though we've done 20-some odd motion pictures for television and theater.

Tell us about your three programs running on USRN: "Rock, Roll & Remember," "US Music Survey" and "Days To Remember."

"Rock, Roll and Remember" is now entering its twentieth season on 167 stations, which is pretty extraordinary. Our flagship station on "US Music Survey" is KOST-FM in Los Angeles, which is one of the always top-five rated radio stations. I'm real proud of that one.

"Days to Remember" started out as a Millennium sort of thing and the station said, "Oh my God, can you continue it?" So we just switched it from a Millennium countdown to this day in history. It used the audio archives and the BBC and the AP. It's on 93 stations now, which is unique because it's all over, in many different kinds of formats.

What I'm happy about is that they still have me working. I'm still doing radio, which I love!

More power to you—just keep on going.

It is still fun. That is the important thing. You find something you like and continue as long as it remains fun.

Tracking Trends:
Married Male

49 years old.

2 kids.

Listens to 7.4 hours of
news talk radio a week.

Prefers easy listening.

Just stepped in gum.

Want to know what
all this
really means?

Unless you know how to use it, research is useless. That's where Strategic Media Research can help. We give you more than just reams of data. You get actionable, customized solutions that'll help you succeed. To find true meaning, call 312.726.8300 or visit us online at www.strategicmediaresearch.com.

STRATEGIC
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What's New. What's Now. What's Next.™

Once a small, somewhat sleepy division of one of the nation's largest and oldest media companies (Cox Enterprises dates back more than 100 years), Cox Radio shifted into high gear after radio ownership was deregulated by the 1996 Telecommunications Act. By the time the year was finished, Cox Radio had sold its IPO on Wall Street and announced several major acquisitions, including a \$250M buyout of the entire NewCity group which nearly doubled the company in size.

If any existing radio company has the potential to join Clear Channel and Infinity in the billion-dollar-plus club (annual revenues), it's Cox Radio. Despite its rapid growth in recent years the company still has virtually unlimited access to cash for acquisitions through Cox Enterprises. It is a most unique blending of an aggressive, public stock company with an old-line, family run (sisters Barbara Cox Anthony and Anne Cox Chambers still own 98.5% of the media empire their father started in 1898) private company.

Top executive shareholder	Shares owned	Options	Total value
Bob Neil, CEO	102,564	381,690	\$11,702,805
Held by parent company			
Cox Enterprises	58,733,016	0	\$1,419,381,200



Joe Field



Bob Neil



David Field

#5 Entercom

96 stations in 18 markets
 1999 radio station revenues: \$358,600,000 (pro forma for acquisitions and divestitures)
 1999 net revenues: \$215,001,000
 Headquarters: Bala Cynwyd, PA (Philadelphia)
 Public stock: ETM (NYSE)

Entercom may have been off many people's radar screen until about a year ago when it sold its IPO, but the company has been around since 1968 when Joe Field launched the start-up with a few doctors and lawyers as investors (they're now wealthy media shareholders). According to its latest annual report, Entercom has bought 91 stations and sold 14 since 10/1/96. One of the few things that has remained constant through that period has been Seattle as a lynchpin market. Today Entercom is far and away the revenue leader in Seattle radio, with the market's #1 and #2 billers among its eight stations.

While others have been touting middle and small market opportunities, Entercom has remained focused on big markets. The company says it wants to buy more stations in the top 50 markets, but will look at potential deals down to market #75. Its only forays beyond those bounds have been in #87 Gainesville-Ocala, FL, adding to a long-time holding, and a couple of suburban markets adjacent to its big markets.

Top executive shareholders	Shares owned	Options	Total value
Joe Field, CEO	11,606,960	0	\$493,295,800
David Field, COO	3,041,344	0	\$129,257,120

#6 Citadel Communications

207 stations in 42 markets
 1999 radio station revenues: \$319,650,000 (pro forma for acquisitions and divestitures)
 1999 net revenues: \$178,495,000
 Investments: Small Internet investments
 Headquarters: Las Vegas
 Public stock: CITC (Nasdaq)

Middle market specialist Citadel Communications shed its smallest markets and now has all but a handful of its stations in Arbitron markets from 50 through 150. The company's leading markets, in terms of station revenues for the past year, were Albuquerque, NM (11% of Citadel's total revenues), Providence, RI (9.9%), Salt Lake City, UT (9.2%), Little Rock, AR (6.1%), Modesto, CA (5.8%) and Colorado Springs, CO (5.7%). Unlike larger market groups, which get a larger portion of their revenues from national spot buys, 81% of Citadel's 1999 revenues came from local and regional sales.

As the gap between actual 1999 revenues and pro forma radio revenues indicates, Citadel has been on a buying spree and still has several major acquisitions pending.



Larry Wilson

Top executive shareholder	Shares owned	Options	Total value
Larry Wilson, CEO	1,760,546	407,410	\$84,008,295

#7 Cumulus Media

301 stations in 58 markets
 1999 radio station revenues: \$251,635,000 (pro forma for acquisitions and divestitures)
 1999 net revenues: \$180,019,000
 Other businesses: Digital studio systems, radio sales training
 Headquarters: Milwaukee
 Public stock: CMLS (Nasdaq)

The business plan for Cumulus Media was to acquire "mom and pop" stations in small and medium markets, consolidate operations and turn those small market superduopolies into well-oiled radio machines that could churn out cash flow just like big market radio stations. That plan ran into trouble in recent months, though. The company's stock plunged as Cumulus had to restate its earnings for most of 1999, pink-slip the head of its radio operation and hire a new auditing firm after PricewaterhouseCoopers quit.

Now Executive Vice Chairman Lew Dickey Jr. is trying to get day-to-day operations back on track and Executive Chairman Richard Weening is wearing out the soles of his shoes on Wall Street, trying to convince investors that all of the company's problems have been discovered and are being fixed.

The investment community and radio industry, alike, are waiting anxiously to see whether Cumulus is really going to be fixed or may have to be sold off.



Richard Weening

Lew Dickey Jr.

Top executive shareholders	Shares owned	Options	Total value
Richard Weening, Exec. Chairman	636,813	1,000,690	\$21,186,014
Lew Dickey Jr., Exec. Vice Chair.	441,282	1,000,690	\$18,656,234

#8 Radio One

49 stations in 19 markets

1999 radio station revenues: \$231,925,000 (pro forma for acquisitions and divestitures)

1999 net revenues:

Investments: Outdoor advertising, Internet companies

Headquarters: Lanham, MD (Washington, DC)

Public stock: ROIA (Nasdaq)

"The Urban Radio Specialist" is how Radio One bills itself. Founded in 1980 with a single AM station in Washington, DC, Radio One has grown into the nation's largest minority-owned radio group and the leading group targeting African-American audiences. The company now claims to be in 18 of the 40 largest African-American markets, leaving it plenty of room for additional growth.

Just three months ago, Radio One set a new US record for an acquisition by a minority-owned company in any industry—signing to buy 12 stations in seven markets for \$1.3B. Those stations were, of course, spin-offs from the pending Clear Channel/AMFM merger and included the crown jewel of the spin-off bidding—KKBT-FM Los Angeles.



Cathy Hughes



Alfred Liggins

Top executive shareholders	Shares owned	Options	Total value
Catherine Hughes, Chairman	11,920,752	0	\$228,731,416
Alfred Liggins, CEO	15,493,173	0	\$297,277,839
Mary Catherine Sneed, COO	692,766	0	\$13,292,563

#9 Hispanic Broadcasting Corp.

48 stations in 15 markets

1999 radio station revenues: \$231,500,000 (pro forma for acquisitions and divestitures)

1999 net revenues: \$197,920,000

Headquarters: Dallas

Public stock: HSP (NYSE)

Hispanic Broadcasting Corp. (formerly Heftel Broadcasting Corp.) is the largest Spanish-language radio broadcasting company in the United States. The company has grown by leaps and bounds by buying English-formatted FM stations to convert them to Spanish music formats. As the US Hispanic population has grown and advertiser interest in reaching

Spanish-speaking Americans has increased, HBC has been able to claim a disproportionate portion of Hispanic radio ad spending by being able to offer advertisers high-power FM stations with larger audiences than the old-line Spanish stations, which had traditionally been relegated to AM signals (often unable to cover their entire market).

With its pending acquisitions from the Clear Channel/AMFM spin-off derby (Clear Channel owns a large non-voting stake in HBC), HBC will have stations in 14 of the 16 largest US Hispanic markets.



Mac Tichenor

Top executive shareholders	Shares owned	Options	Total value
Mac Tichenor, CEO	1,618,654	0	\$162,979,034
Tichenor Family Voting Trust	6,768,873	0	\$681,544,285

#10 Susquehanna Radio

29 stations in 9 markets

1999 radio station revenues: \$221,550,000 (pro forma for acquisitions and divestitures)

1999 net revenues: \$271,266,000 (parent Susquehanna Media)

Other businesses: Parent Susquehanna Media also owns Cable TV systems and provides Internet access via cable; ultimate parent Susquehanna Pfaltzgraff also makes ceramic dinnerware

Headquarters: York, PA

Public stock: none (parent Susquehanna Media has \$145M in public bonds)

Susquehanna Radio pushed back into radio's Top 10 with a recent deal to acquire some Entercom spin-offs in the Kansas City market, barely edging Emmis Communications back to 11th place. Susquehanna Media proudly proclaimed in a recent SEC filing that it is the largest privately owned radio broadcaster and the 10th largest radio broadcaster overall in the United States based on revenues. "We are also the 23rd largest cable multiple system operator in the United States with seven cable systems serving approximately 187,000 subscribers as of December 31, 1999," the company said.

In a recent coup, Susquehanna succeeded in winning FCC permission to build the first new FM stations in decades in the under-radioed Atlanta market. To do so, it will jump an existing station, WHMA-FM, from Anniston, AL to College Park, GA.



David Kennedy

Top executive shareholders	
Louis Appell Jr., Chairman	7.2% of private stock (voting)
Peter Brubaker, President/CEO	1.1% of private stock (voting)
David Kennedy, Pres./Susquehanna Radio	Participates in company ESOP

Notes: All stock values are based on 4/28/00 closing prices. Former CBS shares have been converted to the equivalent Viacom shares for the merger which closed 5/4/00. Share totals for Radio One reflect a three-for-1 stock split on 6/2/00. Station totals as of 5/26/00.



AMFM Is The Key Piece To Solving The Advertising Puzzle



Top Markets

AMFM's line-up includes the strongest group of major market metro stations – most of them previously unaffiliated with any network.



Top Stations

AMFM's affiliates include major market metro stations that generally lead their market in ratings and formats.



Top Demo Targets

AMFM's advertising networks are #1 in many key demographic groups including females and young adults – providing minimum out-of-demo waste.

The Radio Network For The New Millennium

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San Francisco
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Detroit
248-614-7064

Atlanta
404-365-3054

Dallas
972-239-6220