Radio advertising news, trends, strategies & stats for stations, networks, syndicators, advertisers and agencies.

Radio AdBiz™

From the Publishers of Radio Business Report Inc., 16 Years
Volume 3, Issue 11 November 1999

Network radio: an "outsider's" look at the strength of the medium

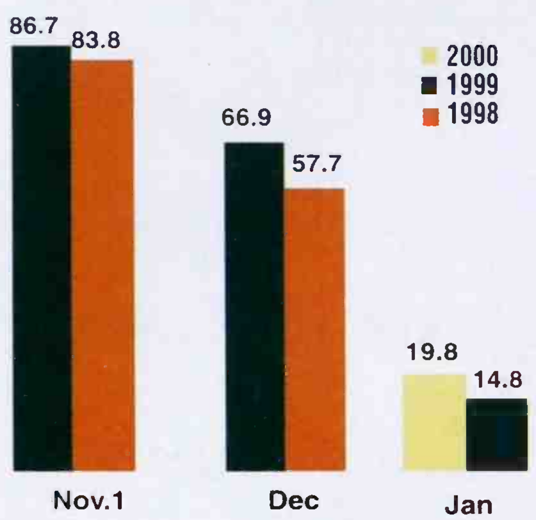
by Karen Maxcy

Network Radio rubs elbows with Ad community
(l to r) **David Kantor**/AMFM Radio Nets, **Marla Goldstein**/NBC-TV, **Joel Hollander**/Westwood One, **Lyn Andrews**/ABC Radio Nets, **Tom Joyner**/ABC, **Kaki Hinton**/Warner-Lambert, **Rush Limbaugh**, Premiere, **April Ryan**/American Urban Radio Nets, **Jay Williams**/American Urban, **Charles Osgood**/Westwood, **Casey Kasem**/AMFM, **Kraig Kitchin**/Premiere, **Bobbie Asano**/Kraft and **Reyn Leutz**/Ogilvy & Mather.

RBR/Miller Kaplan Market Sell Out percentage report

Y2K already in high gear

The first look at January 2000 shows radio inventory selling out considerably faster than the red hot pace of a year ago. Meanwhile, 1999 demand is still running strong, with December more than two-thirds sold.—JM



Radio AdBiz™

November 1999, Volume 3, Issue 11

Executive Editor .... Jack Messmer
Senior Editor .... Dave Seyler
Senior Editor .... Carl Marcucci
Associate Editor .... Tiffany Stevens
Associate Editor .... Karen Maxcy
Creative/Production Director .... Ronald Greene
VP Administration .... Cathy Carnegie
FCC Research Consultant .... Mona Wargo
Administrative Assistant .... April Olson
Editorial Assistant .... Amy Seyler
Editorial Assistant .... Jane Morrison

Publisher .... Jim Carnegie
VP/GM, Associate Publisher .... Ken Lee
General Sales Manager .... John Neff
Account Executive .... Sean Drasher
Account Executive .... Susanna Pritchett

Editorial/Advertising Offices
6208-B Old Franconia Road
Alexandria, VA 22310
or
PO Box 782
Springfield, VA 22150

Main Phone: 703/719-9500
Editorial Fax 703/719-7910
Sales Fax: 703/719-9509
Subscription Phone: 703/719-7721
Subscription Fax: 703/719-7725

Advertising Sales Information
Ken Lee Phone: 703/719-9500
John Neff Fax: 703/719-9509
Sean Drasher
Susanna Pritchett

Email Addresses
Publisher: JCRBR@aol.com
Editorial: Radiobiz@aol.com
Sales: KenLeeRBR@aol.com
JohnNRBR@aol.com
SeanRBR@aol.com
SPritch28@aol.com

Don't take it from us; listen to your peers and contemporaries. That is what happened at the radio networks presentation at the Association of National Advertisers' Annual Conference 10/11 in Amelia Island, FL, when five networks—ABC, AMFM, American Urban, Premiere and Westwood One—decided to let four people from the agencies and advertisers present their case studies.

A huge leap of faith on the part of the five network presidents you say? Not when the four are as wildly sold on network radio as they are. After all, what merit is there in tooting your own horn when you can gain more credibility when someone else sings your praises? **Peggy Conlon**, President/CEO, The Ad Council was certainly impressed. "I think it really spoke to the power of radio that they were able to pull out the people from the agency business; I was impressed with that. I thought that those people wouldn't be standing up there talking about their experiences and success stories with radio if they weren't really committed to it. I think that was really positive," she says. **Phil Shyposh**, SVP, ANA, agrees with Conlon. He adds that his members are "into best practices and benchmarking" and he thought the use of case studies really worked well with the attendees.

The network presidents could not be happier with the outcome of their first joint effort. **Joel Hollander**, CEO, Westwood One, thinks that the real success story of the day may be the way it came about and how it was organized. "I think it is great that all five of the network presidents were able to get together and be unified for network radio," he says.

That is no small feat considering how intensely competitive the five are. **Kraig Kitchin**, President/COO, Premiere, explains, "We compete very fiercely with each other for dollars and for the greatest cost per point premium. We also compete with each other for the best talent available in the marketplace." But he says the networks and radio personalities were able to set aside rivalries and realize that a collective effort to spread the message of network radio can only benefit everyone. "If we're smart enough to put down the battle gear long enough to build up the pool and become a lake or ocean, we're all going to thrive in that," he adds.

Setting down their battle gear certainly helped their cause. But their four recruits from outside the industry certainly donned their battle gear and wowed attendees with their affinity for network radio. *AdBiz* showcases and highlights the presentations and case studies of the four—**Reyn Leutz**, Ogilvy & Mather; **Kaki Hinton**, Warner Lambert; **Marla Goldstein**, NBC-TV; and **Bobbie Asano**, Kraft Foods.

Ignore radio but at your own risk

Reyn Leutz, Senior VP and Associate Director of National Broadcasting, Ogilvy & Mather, was the first to give the non-network insider point of view. No less enthusiastic than the radio network folks, Leutz, who buys for brands such as Sears, Kraft, Hersheys and Kodak, is bowled over by radio and wants attendees to be energized by the brand building power of radio.

First, Leutz highlights the fact that radio is second in daily media usage—but it is second only to TV. A Statistical Research Inc. study shows that on average, people spend 54% (four hours) of time spent on media on TV while 41% (three hours) is spent listening to the radio. Yet, Leutz encounters many advertisers who think that the medium second to TV is magazines.

The most important point of all, Leutz believes, is that network radio delivers in the top 25 markets. Citing Arbitron figures, Leutz emphasizes that the market delivery index for those markets are often more than 100. For example, it is 123 in New York and 113 in Los Angeles. Leutz says the importance of this set of statistics is magnified by the fact that 50% of the population lives in the top 25 markets.


Reyn Leutz, Ogilvy & Mather

Radio creative doesn't exist? Poor excuse according to Leutz (see Hinton p. AB4) because great creative already exists in many instances. For example, the DeBeers diamond commercial. DeBeers has a great gem in its distinctive and exclusive use of one musical score for its TV ad campaigns. It has obviously struck a chord with the public as Leutz recounts a CD he bought recently touting itself as "The popular diamond music as heard on TV." After 10 years, DeBeers has failed to make its foray into radio and exploit its very successful TV campaign.

As a counter-example, Leutz showcases a radio ad for Kodak Max disposable camera. The ad has two high school girls talking about leaving their camera at a party. A boy discovers it and develops the pictures. It is implied that the girls have some for-their-eyes only photos in it. It ends with them agreeing that they have to move to a new high school—in Tunisia. In this case, Leutz points out that if Kodak, a company all about visuals, can use radio effectively, then all other advertisers should have no excuses regarding the "limitations" of radio.

The Age of Possibilities
WITH NEWT GINGRICH

Who are we as Americans?
Where are we going as a country?
What should we as citizens care about?

Hosted by former Speaker of the House Newt Gingrich, **The Age of Possibilities** is a daily 90-second commentary about the people who make America succeed and how they, as citizens, are changing the world around them.

From his travels across the country, Newt believes technology and education are transforming society. And the knowledge, ideas, solutions and opportunities are empowering individuals to continue to make this country great.

Draw listeners and sponsors to an exciting daily feature that will introduce them to the people that make America strong.

Consider the possibilities.

PREMIERE
RADIO NETWORKS

For more information contact your Premiere Radio Networks representative at 212-445-3919

continued from AB 2

Radio: the only limitation is the listener's imagination

Nominated as one of the media mavens by *Advertising Age*, Warner Lambert's **Kaki Hinton** is no stranger to the values of using network radio. With Warner Lambert since 1987 Hinton, who is Senior Director of Advertising Services, supervises all media planning, consolidated buying operations, commercial production, advertising agency compensation and interactive media for the company.

According to Hinton, WL has continually ranked in the top 10 U.S. radio spenders in the past 10 years. In the packaged goods category, WL ranks number one in radio. In fact, radio has helped many of its brands become household names such as Benadryl and Trident.

Hinton also defines several critical success factors. One of them is the advice to not treat "radio creative as a stepchild to television." She explains that it is important to define the role of radio in the media mix—whether it is used solely as an extension of the TV campaign or if it is to be used for custom, tailored programs. Since radio production is relatively more affordable than TV, Hinton suggests the production of multiple executions to "avoid wear out in a frequency oriented medium." Testing the copy is a good step to take to make sure it is compelling to the listener.

Kaki Hinton, Warner Lambert

Dispelling the common myth that radio is a more limited medium than television, Hinton presents a quote from **J.J. Jordan**, J. Walter Thompson. Jordan says, "Some people, especially younger creatives, talk about the limitations of radio. I say 'what limitations?' Creatively radio is a vast medium because it's only limit is the listener's imagination. At the same time, it is an incredibly intimate medium because each listener imagines in his or her own way."

NBC-TV says yes to radio

She may have spent 15 years in one of the leading TV networks in the country, but **Marla Goldstein**, Senior Director of Media Planning, NBC, knows better than to ignore radio. Radio is the ideal medium for the network to create awareness and intent to view. "Network radio is enormously efficient on a CPM basis, while at the same time gives NBC, as an advertiser broad national reach and allows us to provide a base of support for every one of our 200+ affiliates. There is no other medium that allows us these advantages, except for our own air of course."

Marla Goldstein, NBC-TV

Recency is another big reason why NBC needs radio for its promotions. A radio ad can reach viewers when they are driving home and deciding what to watch that very night. "Recency allows us to reinforce the day and time part of our tune-in message," Goldstein explains. Besides, Goldstein deals with a product that is perishable. "If they don't watch it tonight, they won't have the opportunity to watch it tomorrow night. It's critical for us to get them there that night as quickly as possible." Generally, with few exceptions, Goldstein says that radio ads for a program are run on the same day of the program.

A great opportunity to use imagery transfer presented itself earlier this year with NBC's miniseries "The '60s." The use of evocative and easily recognizable '60s songs and dialogue from the show for the TV ads were perfect elements for transplant to radio ads. In addition, "The '60s" also sponsored **Dick Clark's** "Rock, Roll & Remember." Music from the miniseries soundtrack was played throughout the program, together with other "Songs With a Message" and "Soundtracks of Our Lives." NBC also had multiple :30 inventory within the show and the opening and closing billboards.

Recognizing that "imagery transfer makes it possible to use TV and radio in a way that achieves greater effect than if you use them individually" paid off big for Goldstein and NBC. As a result, the rating for "The '60s" was 20% higher than expected in night one of the miniseries, and 15% higher than expected for night two. It was number one across all demos both nights it ran.

Goldstein tells *AdBiz* that although it is impossible to quantify the ratings that are attributable to radio ads, NBC has been a long time believer of using radio ads to reinforce its TV message. Even before she joined the network, it was already using radio to promote its programs. There is a good reason why NBC pours money into radio and it is because it is the perfect complement to TV.

continued on AB 14

Unity Media's Jim La Marca

on the economics of radio where free market policies do not work in a non-*laissez faire* marketplace

by Karen Maxcy

Higher costs transferred to media buyers and consumers, but with no appreciable improvement in the product—radio. Has consolidation overtaken content quality in the business? In this month's Agency Perspective, **Jim La Marca**, EVP, Media Director and co-founder with **Bob Tassie** of Unity Media, shares with *AdBiz* the implications of consolidation and the transience of the current white hot market. Sound business principles may be cast aside in extreme good times, but sound business principles should be adhered to in good times or bad—in fact, practice in good times makes austerity measures easier to implement during stormy periods.

Unity Media is the largest independent media service specializing in the Black and Hispanic market segments, although it does plan and place general market media as well. Its clients include Western Union and Kraft Foods. With over 40 years of experience in the media business, La Marca knows a POA when he sees one.

In general, how do you view the current state of the radio business?

The first word that comes to mind is "change." But the change is in the business of radio, not content. There have been convulsive changes in the business side of radio in recent years, but as far as content goes, it very much the same.

How have the changes in the business of radio affected your attitude toward radio?

Everybody talks about consolidation, but nobody does anything about it. We now have an oligarchy of just a few radio owner/operator companies that effectively control the radio industry, its pricing and what the advertiser gets for his money. Radio owners are driven by the need to meet extraordinarily high acquisition costs and accompanying debt. To date, there's been no effective counterbalance on the advertiser side to combat ever increasing radio costs. From the media, we constantly hear the nostrum that "it's a supply and demand business" as an excuse for exponential increases in costs. Unlike open markets, there is no objective measure of demand for radio time, only what sellers tell us. The supply and demand equilibrium works reasonably well in a free market. Radio is not a free market in the fullest sense of the word, with its limited inventory in a government-protected shared monopoly, exacerbated by owner consolidation. Competition that self-regulates free markets is largely missing. Managers of group-owned stations in a market regularly "consult" with one another over what accounts are active, cost-per-rating points, and other matters that previously were unknown by competitive stations. There is a huge temptation to "arrange" pricing, and a huge disadvantage to buyers.

But hasn't there been an increase in demand for radio advertising?

Yes. With an economy growing without a recession for nine years, there is bound to be increased demand as businesses, flushed with revenues and profits, seek to grow their business further. Now, there are the so-called dot-coms, spending like drunken sailors to shore up their IPOs and to gain a quick share of the rapidly growing Internet market. There have been other hot segments inundating the media in the past, notably the telecoms, but none quite like the dot-coms. They seem to have no concern for cost efficiency, and whereas only a few telecom companies were competing for share of voice, the stream of dot-coms seems endless. Some of the prices they are paying can only be described as marketing madness.

In this climate, isn't it reasonable for stations to raise their prices if they can get them?

I suppose so, if their view is strictly short term, which apparently it is. As soon as rational marketing takes hold in the dot-com business, these advertisers may see that they are paying through the nose. More likely, most of this ephemeral business eventually will be gone and there will be an inevitable dip in the economy. But we know from experience that prices never go down as quickly as they go up, so it will take some time for the correction in the radio marketplace to take hold.

Earlier you mentioned that radio content has not changed much. What do you mean by that?

Radio programming is largely a "me-too" business. Programmers copy the leader, hoping to squeeze out a few more share points. Fine distinctions without a difference, often resulting in audience rating variations of just tenths of a share point. Radio programming is undisturbed by imagination or experimentation in developing new formats or ideas. In that sense, the radio business is very conservative.

Can you be more specific on how radio's current climate affects advertisers?

Yes. Bottomline—advertisers are getting substantially less for their money. Not a little bit less, but a lot less. This is the result of two factors. Unit costs over the past two years are increasing in some cases at a rate of 20% or more a year. Network radio cost per rating points have increased up to 40% in just a year. At the same time, those value-added benefits that used to magnify an advertiser's radio budget are fast disappearing. In radio lingo, they now fall under the euphemistic rubric of "Non-Traditional Revenue." In other words, what advertisers used to get as a value-added inducement to include radio in media plans, they now have to pay for. Out-of-station events are now packaged at a price, usually $10K to $50K, with very little on-air media value except short announcements promoting the event, not the advertiser's brand. Many of these "promotional packages" closely resemble what used to be value-added benefits to using radio.

Where do you see these trends going?

Short term, I see little change, barring an economic recession—which is not out of the question in the next two to three years. A little further out, it's just an economic fact of life that radio cannot continue to increase year-to-year costs 20% in an economy that's growing at 3-4%. It will hit a wall when enough advertisers come to realize how much its value has diminished, or when media buyers do their own form of "consolidation," which is not a likely scenario. More ominously for the traditional radio business, new technology will vastly increase competition. It's already happening, but I see the real effect hitting in the next three to five years. The two main coming forces are digital radio, putting many more stations onto the band, and Internet radio. Audiences will fragment as listeners have more choices, and the business may become more competitive once again. It will also put a premium on media buying strategies that will require much greater selectivity.

How does Unity Media deal with the current radio climate?

Unity Media is unique. Bob Tassie and I founded the company on the premise of responding to a perceived need to better serve clients in reaching targeted market segments—the Black and Hispanic markets. Together, these two segments comprise about 25% of the population—60M people—and are growing faster than the overall population, not only in numbers but in consumer spending power. Our business model is designed to bring the disciplines of our general market experience to bear on the strategic use of media planning and buying tactics to reach these consumers.

What does this mean to advertisers?

Advertisers are now realizing that no matter what products they're selling, these segments are critical to marketing success. In an ever-increasing competitive business environment, they can no longer ignore 60M potential consumers. It's not social spending, but a real business goal—speaking directly to these segments, inviting them to buy your products. There are still advertisers and agencies contending that they are reaching these segments with their general market media, but general market media outlets are ineffective. Advertisers must speak to these groups in their cultural environments of choice—in their own language and media. Intuitively, advertisers know this. We just show them how to do it effectively and cost-efficiently.

What makes a good radio buyer?

The same thing that makes a good buyer of anything. A good buyer seeks value. I've spoken a lot about the rising cost of doing business with radio stations, because cost is an integral part of value. Cost is the thing that has changed most because overall radio listening is relatively static. Audiences shift from one station to another, but in the aggregate they are growing only about 2% a year, the same as the overall population. It is the cost factor that's grown out of whack. A good radio buyer works hard to contain costs. Even in this environment, it is still true that some advertisers pay more than others for exactly the same media. We've developed strategies insuring that our clients are in the lower realms of this cost spread. It is quite amusing to me that stations often object to the rates we offer to pay with the question, "Where did you get those rates from?" My answer is usually something like, "The same place you got them—POA—picked out of the air." Stations often react as if their "rates" are sacrosanct, not to be tampered with by buyers. Our attitude is very different. We believe that we have as much right to advance our rates, the price we are willing to pay, as the stations do. That's really what negotiation is all about, isn't it?

AdNews

Four New SVPs for AMFM

AMFM Radio Networks President, **David Kantor**, announced 11/2 the promotion of four of its executives to the position of Senior Vice President. Former VPs of their divisions, the four are: **Marla Bane**, SVP, Operations; **Karen Childress**, SVP, Affiliate Marketing; **Rhonda Munk**, SVP, Advertising Sales; and **Martin Raab**, SVP, Marketing and Promotions. Kantor notes that the group had led their various departments to the many successes experienced by the two year-old network. "I am very proud that my management group has shared a strategic vision that has grown our entire business. They have outstanding departments that field the best people and have demonstrated business practices that have been beneficial to all," Kantor adds.—KM

(l-r) Kantor, Childress, Raab, Bane, Munk and AMFM Inc. COO Ken O' Keefe

Clear Channel partners up with BuySellBid.com

A chance to pick up more non-traditional revenue and increase and improve its Web presence, Clear Channel Communications (N:CCU) has signed a three year agreement with BuySellBid.com to be the primary supplier of classified ads on the former's radio station Web sites. BuySellBid.com already has over 1600 partnerships with other media Web sites including equity partner NBC, and with the Clear Channel agreement, will pick up 455 of Clear Channel's radio stations.

"We are pleased to be partnered with BuySellBid.com, who we consider the country's top locally-focused on-line classified network," says **Jenny Sue Rhoades**, Clear Channel's SVP of Internet Operations. "This partnership demonstrates Clear Channel's commitment to providing our listeners with the most valuable Internet resources and content and furthers our goal in making Clear Channel a strong player in the local web advertising space." **Jay Shepard**, CEO, BuySellBid.com also recognizes that a company's Web site is no longer secondary to the core business. "Now, music lovers can do it all—buy a car, find a home, or search for a perfect job—without ever having to leave the Web site of their favorite radio station," Shepard adds.

In exchange for BuySellBid.com's service, Clear Channel will have on-air and Web advertising for the Clear Channel and BuySellBid.com co-branded classified services for the duration of the partnership.—KM

Urban Mindsets: new group of trendsetters

No consumer group is a monolith and that includes the African-American population. The 1999 Don Coleman Advertising/Yankelovich Partners African-American MONITOR has unveiled a new and influential consumer group called "Urban Mindsets." "Urban Mindsets are quick to adopt the chic and the new, and are at the dynamic forefront of many of the cultural and consumer trends of modern America," according to Dr. **Hal Quinley**, EVP, Yankelovich Partners.

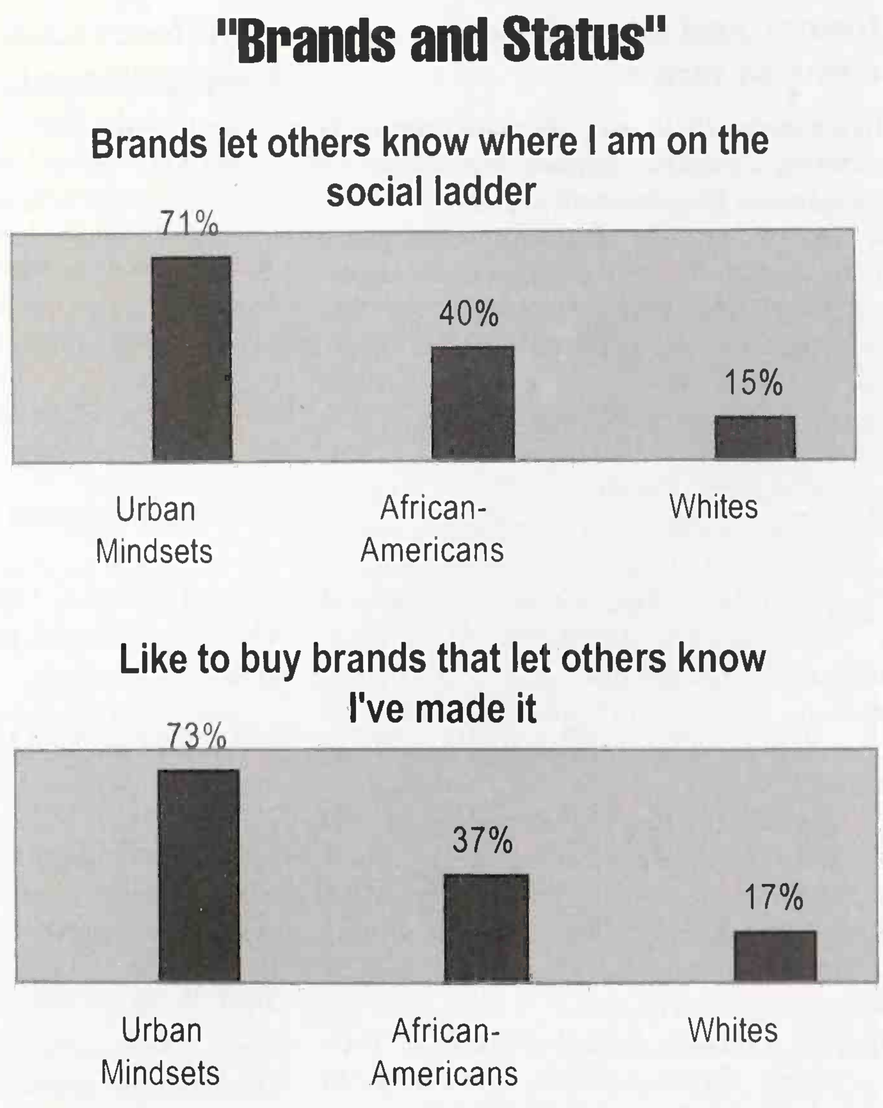
The study reveals that the predominantly young and unmarried group is highly style-conscious while strongly identifying with African-American traditions. This group also has a strong crossover influence in music, fashion, entertainment and decorating. For example, 77% of Urban Mindsets say they need to "keep up with the latest trends in movies, music and TV," compared to 42% of African-Americans and 33% of Whites.

Not only do they keep up with the latest trends, they also want to be a part of the trend. 66% of Urban Mindsets enjoy shopping for clothes and think it is "fun and exciting to see what's new." For African-Americans, 51% felt that way and only 31% of Whites held that feeling. More importantly, 78% of Urban Mindsets say they are willing to "spend more to get the best even if the best is not widely recognized."

"From a marketing perspective, urban culture is a catalyst for many of the styles, attitudes, and purchase preferences of a large segment of people worldwide," says **Ronald Franklin**, EVP, Don Coleman Advertising. "In terms of ethnic marketing, the findings of the study set the stage for strategic planning for the new millennium."

Brand marketers should be very pleased to know that Urban Mindsets are intensely brand-conscious. An overwhelming majority, 80%, of the group say that "the brands you buy tell a lot about the kind of person you are." Only 50% of African-Americans and 44% of Whites share the same sentiment. 78% say "the brand keeps them in the know about what's new and trendy," and 82% say "the brand gives me a level of emotional satisfaction."

Despite their strong identification with brands and trends, this group identifies more strongly with African American values and culture more than the larger African-American group. 82% say they "prefer their children choose African-American role models." Of the African-Americans, 63% has that preference. Additionally, 41% of Urban Mindsets strongly agree that they "like to participate in more activities that celebrate my African-American heritage," compared with 27% of African-Americans.—KM



Source: Don Coleman Advertising/Yankelovich Partners

Viacom-CBS merger defended on Capitol Hill

Viacom (N:VIA) CEO **Sumner Redstone** and CBS (N:CBS) CEO **Mel Karmazin** defended their plans to merge in a joint appearance 10/28 before the Senate Judiciary Committee's antitrust subcommittee.

"Viacom and CBS are not competitors intent on cornering markets," Redstone told the senators. Rather, he and Karmazin emphasized, the two companies don't compete in most of their businesses. And the combination will enhance cross-media synergies. "All of this, I assure you, will be to the consumers' benefit," Redstone stated.

Rather than focusing on broadcast concentration, Karmazin urged the congress to focus on the need to save over-the-air broadcasting. "Our competition is all of the cable channels. Our competition is Yahoo! Our competition is AOL," Karmazin told the committee.

"His facts are wrong," Karmazin said of testimony from former NBC News President **Larry Grossman**, who had claimed that fewer sources are covering news, regardless of the increasing number of media outlets.—JM

Prism Fund to help minorities see the light in ownership

Financially rewarding and socially responsible—that's what several industry notables who gathered at NAB's headquarters in DC last week said of their announcement on a major investment fund intended to increase minority and women broadcast ownership.

The Prism Fund (officially to be called Prism Communications Partners, L.P.) announcement came from CBS (N:CBS) CEO **Mel Karmazin**, who was joined at the podium by Clear Channel (N:CCU) CEO **Lowry Mays**. The group heads made clear that the fund, to be worth up to $1B in aggregate purchasing power, will be completely independent from the industry investors and is not driven by Clear Channel and CBS money only.

"It's possible to do things because it's the right thing to do...this has nothing to do with any decisions or deals at the FCC," said Karmazin, who came under criticism for setting up the fund as a way to help divest stations under the proposed CBS/Viacom deal. "Other companies have put up serious cash and could not care less about our deals."

Emmis Communications (O:EMMS), Bonneville International Corporation, Cox Enterprises Inc. and Disney/ABC (N:DIS), among others, have also pledged their support for the investment fund which will be managed by Chase Capital Partners, the private equity of the Chase Manhattan Corporation, and headed by **Reg Hollinger**, Chase's Managing Director/Global Media and Telecommunications Group.

"We're looking for business plans that make sense...and that will have above average returns," explained Hollinger. "The objective is to raise the bar so women and minorities can go after the bigger deals. The ideal candidate for this fund—it will be available to talented minorities and women entrepreneurs who already have experience in broadcasting."

According to Karmazin and Mays, approximately $175M of initial cash equity commitments have already been received, which they translate into approximately $350M of purchasing power. "It's kind of like a mortgage on a $1B house. You don't put all of that money down at once," Karmazin quipped.

Additional equity contributions from other broadcasters, pension funds and institutional investors are expected to help establish a $400M to $500M equity fund, which would have $800M to $1B of aggregate purchasing power.

FCC Chairman **Bill Kennard**, who has pledged a fight against the lack of minority ownership, called the initiative a "first critical step" in solving the problem.—TS

Joyner and CompUSA come to terms

In the studio 10/19 with ABC Radio Networks morning host **Tom Joyner** was CompUSA CEO **James Halpin**, there to publicly resolve a 10-week crusade that Joyner and Black Entertainment Television sidekick/commentator **Tavis Smiley** had concerning the computer retailer's lack of advertising on minority media outlets. The outcome: CompUSA will hire a black agency and all listeners that faxed CompUSA receipts (see below) will get a 10% discount on the next purchase. The live discussion was amicable and "well-intentioned," according to Halpin. "I think it was positive from both sides. I think that they were helpful to us in terms of helping us reach black consumers through black media. And while we have spent [there] historically, I think the spending goals probably should have been higher," he said.

After all was said and done, Joyner said there were no regrets and hopes for positive change in the industry as an outcome: "What I hope was learned from this was that other companies like CompUSA will look at their advertising strategy and see that they are making a mistake by not going after black consumers. And then refocus their strategy to include black radio and all black media."—CM

VNU loses CMR after acquiring Nielsen

Dutch publishing and information giant, VNU is meeting some roadblocks in its acquisition of Nielsen Media Research (N:NMR). The FTC is requiring the spin-off of its Competitive Media Reporting division if the deal is to be finalized. VNU and Nielsen both received 9/3 an FTC request for additional information under the Hart-Scott-Rondino Antitrust Improvements Act of 1976.

Sources say the latest development comes as a surprise as there appears to be little overlap in the services provided by CMR and Nielsen. CMR tracks advertising expenditure of over 90K brands across 14 media whereas Nielsen is best known for its television audience measurement in North America.

Nonetheless, VNU will not be relinquishing the ad expenditure business altogether. Nielsen's Monitor Plus will be adopted instead. No word yet on the status of CMR and who will take over its business. For now, it is business as usual.—KM

Broadcastspots.com to rescue your unsold spots

The broadcast and cable industry experiences a spoilage rate of approximately 20-30%. "Similar to hotel rooms and airline seats, media time is a perishable product with no residual value when it goes unsold," says **Jeff Trumper**, Founder/President/CEO of the company with the solution, broadcastspots.com.

Radio and TV stations and cable systems will be able to post available inventory on the website. Media buyers can go to the website and select the market, affiliates and target demos. Then they get to see the avails, prices, CPP and other information tied to the station. A buy is just a click away and the buyer gets a confirmation email or fax within 24 hours of the transaction.

This website is not looking to replace or upstage the traditional sales process. Rather, Trumper says, it is to complement the existing process by allowing buyers to access unsold inventory at a discounted price. Broadcastspots.com will launch in January.—KM

Jeff Wayne named president of Jones

Jones International Networks Chairman **Glenn Jones** has named **Jeff Wayne** President and COO. He was tapped from Providence Journal Company's Broadcast division, where he was VP Programming, overseeing cable's TV Food Network and America's Health Network.—CM

AT&T's Liberty Media invests in Emmis and BET radio ventures

For years, people in the radio industry have been speculating on what may happen to radio once high-tech communications growth companies such as Microsoft (O:MSFT), AT&T (N:T) and the Baby Bells identify radio as an investment target. Now it's no longer speculation. Hang on. The next wave of radio deal making may have been launched by the 10/25 announcement by AT&T-controlled Liberty Media (N:LMG Class A & B) that it is investing in radio via deals with Emmis Communications (O:EMMS) and BET Holdings Inc.

"We've been looking at the radio business for a while," said Liberty CEO **Bob Bennett** in a conference call with Emmis CEO **Jeff Smulyan**. "We think it's a good business with strong cash flow, lots of free cash flow and strong growth in the coming years. Also, we think it makes a good strategic fit with some of our other assets—our Internet access with Liberty Digital and our cable programming network assets, such as BET, there could be some strategic relationships that come out of this."

"We see potential synergies with everything Liberty does. We think there are some great opportunities," said Smulyan.

Bennett hailed Emmis' management team and said his company's acquisition of a 14% stake in Emmis for $150M should help position the radio group to take advantage of the spin-offs now being offered from the merger of Clear Channel (N:CCU) and AMFM Inc. (N:AFM).

On the same day as the Emmis announcement, Liberty also announced an expansion of its long-established relationship with BET founder **Bob Johnson** to back a new venture which plans to acquire stations for a BET radio group. BET announced that it had retained BNY Capital Markets Inc. as its financial advisor for radio deals.

Although BET had previously cut deals with Radio One (O:ROIA) to jointly produce radio programming for XM Satellite Radio's (O:XMSR) digital satellite radio service, Johnson had never acted on often-heard speculation that BET would launch a radio network or buy stations. Now he's ready to spend $1B on radio properties.

As a minority-controlled company, BET is obviously hoping to capitalize on the current opportunity to claim major market stations from the Clear Channel-AMFM spin-offs. BET's core operation, Black Entertainment Television, is available in 57.8M US cable households.—JM

Citadel takes on Partners to fortify the Northeast

Larry Wilson's Citadel Communications (O:CITC) is expanding with the $190M acquisition of Broadcasting Partners Holdings L.P., which consists of 36 stations in 11 markets (nine of them Arbitron-rated). The purchase will mainly enhance Citadel's presence in the Northeast section of the US, which is currently anchored by its superduopoly cluster in Providence.

Citadel will add stations in Providence's closest neighbors, getting a 1AM/2FM duop in New London, CT and an AM-FM combo in New Bedford-Fall River, MA. But the plums in this group are in upstate New York, including a 2AM/3FM superduop good for 3rd place in Buffalo NY and a 1AM/3FM cluster which holds down 2nd place in Syracuse. Citadel also gets an AM/FM combo in tiny Ithaca, NY.

Rounding out the Northeast part of the deal are a 1AM/2FM duop in Atlantic City, which is effectively a superduopoly due to an LMA with WKOE-FM which will carry over to Citadel. In Maine, there is a 2AM/2FM full-bore duop in Augusta-Waterville, and four more FMs in unrated portions of Down East.

Finally, Citadel will add a very unusual 4AM/1FM cluster in Tyler-Longview, TX and a 4FM superduop in Monroe LA.

Broadcasting Partners is a fairly unusual group, basically a group of groups, including Mercury, Pilot, Spring and Sound Broadcasting. The group's backer is VS&A Communications Partners II L.P., a private equity fund associated with Veronis, Suhler & Associates Inc. and led by chairman/CEO **Lee Simonson.**—JM

Ackerley invests, divests

The Ackerley Group (N:AK) has invested $1M in SpotTaxi.com, an Internet start-up that hopes to compete with companies such as DG Systems (O:DGIT) in the electronic delivery of radio spots from agencies and production studios to radio stations. SpotTaxi.com plans to begin operations in early 2000.

Meanwhile, Ackerley struck a deal to sell its Florida billboard business to Clear Channel's (N:CCU) Eller Media for $300M. Those outdoor advertising assets are in the Miami/Ft. Lauderdale and West Palm Beach markets. Seattle-based Ackerley's only other outdoor operations on the East Coast are in the Boston market.—JM

NBG to offer "Dr. Don Prepsheet"

NBG Radio Network has acquired the rights to syndicate the 10-year-and-running comedy, trivia and show prep "Dr. Don Prepsheet," founded by WYCD-FM Detroit morning host **Don Carpenter**. NBG is offering the service as barter for one minute of inventory per day. The three year deal begins 1/1/00 with 200 affiliates. Premiere currently syndicates the service.—CM

Automotive strong for September

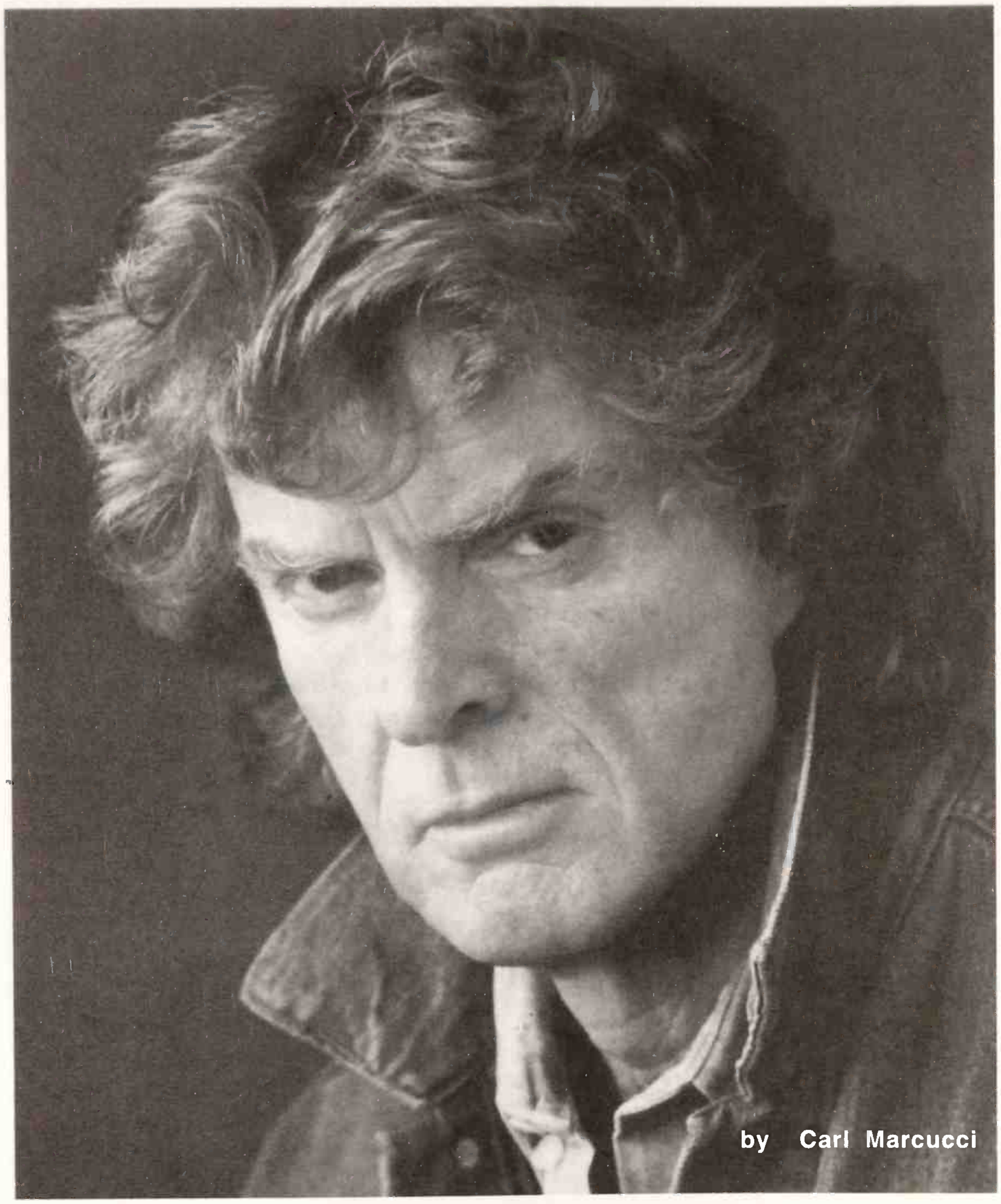
New car model introductions meant lots of NTR opportunities in the Automotive category for September. Leisure, always a strong category, was even stronger. Since any percentage chart has to add up to 100, other categories were pushed down proportionately for the month.—JM

Non-Traditional Revenue Track
% of Vendor/New Business by Category
(September 1999)

	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD
Automotive	12.16	9.42	16.01	4.29	16.09	6.76	19.67	11.15
Food/Grocery	21.06	18.83	23.20	49.33	25.44	30.62	13.31	28.71
Leisure	34.46	40.67	30.43	25.73	26.66	26.69	35.69	30.83
H& B C	9.37	6.94	9.26	2.67	10.60	3.31	11.53	6.53
Home Improv	8.02	9.08	3.57	5.50	5.58	5.58	6.41	6.06
Office	4.49	0.07	2.02	2.75	0.26	17.15	2.13	3.86
Clothing	1.41	12.35	2.75	6.38	7.62	2.88	2.24	4.53
Recruiting	9.03	2.65	12.78	3.36	7.74	6.99	9.03	8.33

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

Don Imus: Telling it like it is



by Carl Marcucci

After almost five years of syndication, Westwood One's (N:WON) morning driver **Don Imus** is still unconcerned with media etiquette or offending politicians. Straight-shooting, hard-hitting and humorous are the qualities that keep Imus fans coming back for more of the radio show and MSNBC TV simulcast.

While Imus has been in New York radio—WNBC/WFAN for almost 30 years, except for two years in Cleveland—his biggest break came from CBS (N:CBS) Chairman **Mel Karmazin**, who believed his show could make it outside of the big apple. Now on 83 affiliates and 15 million listeners strong, Imus talks about his career and the bottom line on a number of issues in this exclusive *AdBiz* interview.

In 1994 we interviewed you when you were just launching your nationally syndicated show. What did you like most about going nationwide?

Well, we like it because we actually go around to many of the affiliates and it gives you an opportunity to deal with national issues (we probably would ordinarily, anyway). We have an affiliate in Atlanta that we've had a thing going on with them over the Braves and the Mets. So it offers opportunities like that. It's fun.

Ferreting out weasels and uncovering untruths—that's really some of the core of what you do. What sort of enjoyment does it give you with guests?

I don't even know if I look at it that way. I think one of the problems, not to criticize some of the people who do this, is there is a very incestuous relationship between the big-time media and the big-time politicians. They all go to the same cocktail parties and they are all friends. They're interchangeable, as evidenced by some of them who ultimately run for office. They cross back and forth. So, I think there is an unwritten law between all of them that there are certain areas that they just don't get into or they don't —— with each other. I don't have that arrangement with them because I don't go to parties and I don't owe anybody anything.

What do you think about the Zen Master? What is the first word that comes to mind and beyond?

Loyalty probably. I mean it was his idea, by the way, to syndicate my program. Nobody did think it would work. It works to a good degree in some areas and others it doesn't. It's a no-brainer to syndicate **Stern** or somebody like that, because that's kind of a mass-appeal program—not difficult to get ratings. But this is a much tougher sell.

But he obviously thought it would work and to a great extent it has. He is a very trustworthy guy. If he tells you something, you can believe him. I think that's why he's successful. He has a great sense of humor, no self-effacing.

Any word for the folks at Viacom on what they should expect when this deal gets done?

Well, I don't know. I guess you could ask the people at Westinghouse.

Tell us a little bit about how the Imus Ranch came about and why it gives you so much satisfaction.

Well, I had gotten involved with this charity in New York—the Tomorrow's Children Fund—they had come to the radio station and asked (this is about 10 or 12 years ago) if they would raise the money for them. Up to that point, I had never heard, nor knew anything about it. Tomorrow's Children Fund is an organization of parents whose children have cancer and they wanted to involve themselves, trying to make the treatment for their children a little more pleasant for them and have created an atmosphere that was more conducive to healing the children.

So the radio station said they would. We were just a local radio station at that time, the show was local. The first radiothon we did was a one-day affair and we raised over a million dollars. Most local radio fund raisers would be happy if they raised $50K or $100K.

And so **Fred** [Imus' brother] lives out in Santa Fe and we were thinking about buying a ranch anyway. We were raised on a ranch. This is kind of funny, we were out there looking around and I was talking to **Paul Newman** at his Hole-in-the-Wall Gang Camp. One thing led to another and we thought, "Well, why not build a cattle ranch for kids? Teach them about that and put them to work, as opposed to creating a camp."

I don't know why anybody thought it would work, it just seemed like a good idea. So we went out and found some property and bought it. One morning, we sold 810 acres and raised $4M in about 3 hours. Since then, we've—my brother and my wife [**Dierdre**]—raised a little over $15M.

Why should advertisers use your show to market their products?

Well, I'm a great salesman, but I can't sell ——, you know. We have a great audience, I mean it's not, obviously, the biggest audience. There is a reason that the station in New York [WFAN], in spite of even the Sports revenue that we have (we've restructured the sports revenue) for this year, is still going to be the number one grossing station in the country by $10M or $12M dollars. It's because we've demonstrated that we can sell products. We haven't demonstrated, though, that we can sell B.S. It's the right audience—the audience skews higher economically, they skew higher in education and are in management positions.

It was reported in the press that someone tried to hire you away. Why did you decide to stay?

It wasn't for a lot more money, but money wasn't the issue. The issue was, at that point, I wouldn't have been syndicated if it weren't for

L-R: Tim Russert, Don Imus and Sen. John McCain (R-AZ) at a recent Imus roast in Washington, DC

Mel. He had been enormously loyal to me, but I also admired, frankly, the loyalty he demonstrated at the start. I always advised people if the only reason you are making a move is for money, it's always the wrong reason. If I had made a move, that would have been the only reason. And there were so many other reasons not to. It would have been disgraceful for me to go to work for somebody else and not work for him—I mean it would have been disgraceful. I just wouldn't have done it. I think actually my reputation would have suffered even with the audience. The audience is not stupid and when you make an issue out of your loyalty to somebody, you've got to back it up. I'm not underpaid, by the way.

Tell us about the now-classic 1996 Washington, DC Correspondent's Dinner where you hammered Clinton.

They had asked me to do it and I didn't want to do it. Mel and I talked about it and he didn't want me to do it. But other people did and my wife did. The material that we wrote, and when I say "we," I mean I wrote part of it, **Charles** [**McCord**—newsman and sidekick on the show] wrote part of it, **Rob** [**Bartlett**—a writer for the show] wrote part of it and **Bernard** [**McGuirk**—the show's producer] wrote part of it. I didn't have an agenda going down there and I didn't think the material was controversial. I didn't think it was offensive. In retrospect, obviously I was naive and not very realistic about it. It is one thing to say horrible stuff about people on the radio, or even on television, but it's quite another if you are in the ——— room with them and they are sitting three feet away from you. The tension in that room was just un——— believable. In addition to that, I mean everybody was there. Everybody was there! From **Mike Wallace** to...and I could see them all. They couldn't keep themselves from laughing, but the President was just glaring at me. And that ——— bucktoothed, crooked wife of his was all bent out of shape.

I think I had written a joke about **Peter Jennings** and an intern. Now that I think back, it was coincidentally 10 days after that speech that the President resumed his relationship with **Monica Lewinsky**. He had to be thinking that if I'm doing intern jokes (not that they are about him but are about Peter Jennings), then he has to be waiting for the bullet. He's got to figure out how would I know that. You are talking about him ——ing around and he *is* ——ing around. So, no wonder he was angry—he was mortified. I'm surprised the Secret Service (who by the way, I was sitting backstage shooting the —— with before I went on), I mean it's a wonder they didn't ——— shoot me! Except they knew what the deal was.

What does the future hold for the I-man? Are you still having fun? Where do you plan on taking the show that it hasn't been yet? (if that's possible)

Yes we are still having fun. It's a great job. I don't look at it as a job. I think I will do it as long as we continue to make money and as long as the stock continues to go up. I know it sounds like a lame answer, but I really feel that the bottom line is the bottom line. It is fun, but it has always been fun. It was fun when I was making $80 a week. It is just as much fun now so the money doesn't have anything to do with it. I don't want to continue to do it if we're not successful. And I don't mean in terms of ratings because we are never going to be number one anywhere—that's not the point. I think if at a point where we are no longer relevant, then I wouldn't do it anymore. But I'm not looking to not do it.

continued from AB4

Cool Whip whips competition

Bobbie Asano, Manager, Media Buying, Kraft Foods, knows the brand building powers of radio. Think about whipped cream for a moment. It is no accident that Cool Whip is the only big name that comes to mind. Cool whip may very well join the ranks of marketing successes such as Scotch Tape and Band-Aid in which brand name becomes generic term. Asano says the closest competitors to Cool Whip are private label store brands.

Starting out as one of Kraft's smaller brands in terms of marketing budget, Cool Whip had little money to spend on radio when it first started using the medium, but it was used very tactically. Asano explains that it was used "as an overlay to national TV and print, and it was used to create impact, increase awareness and to stimulate purchase." The key to the strategy was to step up the frequency of radio ads during key holidays. Network radio was scheduled seven to 10 days before a holiday where purchase and consumption of the product is the highest. It ended on the Friday before the holidays.

Bobbie Asano, Kraft Foods

Another tactic is to "use short flights ending right up before store hours and running it at 7 a.m. to 7 p.m. during store hours when consumers are close to shopping occasions." The ads also remind consumers to look out for recipe ideas in magazines and special offers in the Sunday papers.

The strategy worked. 1998 was the first year radio is included in the media mix and it contributed to a significant increase in sales. In fact, Asano says it was "the most efficient driver of increase per incremental pound of product."

Media Index

Radio's share held steady in July

By Jack Messmer

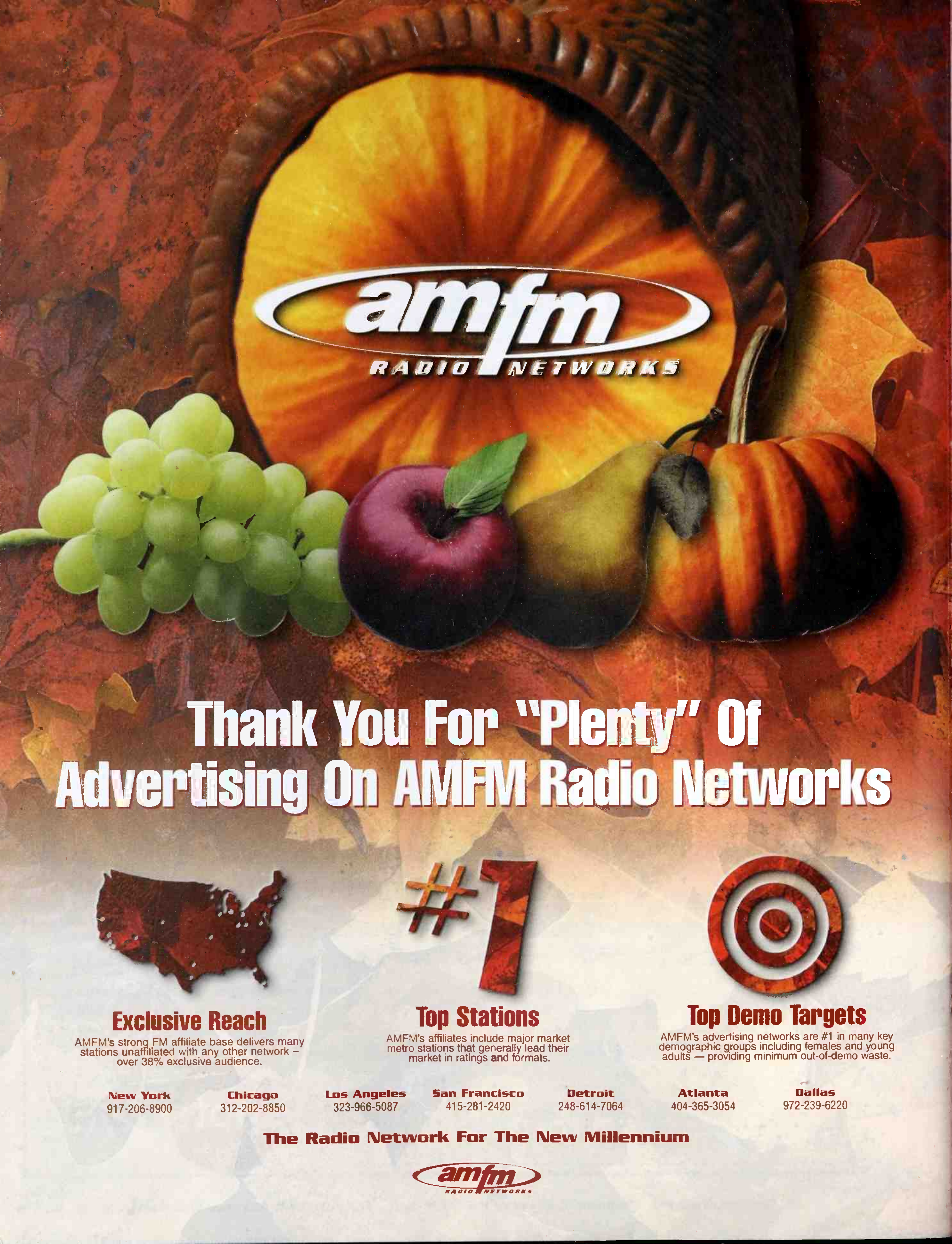
Despite an influx of dot-com advertising—where radio continues to be the medium of choice—radio's total share of ad spending in Miller, Kaplan's X-Ray markets was little changed from a year earlier. There were slight percentage declines in such categories as Financial Services and Movies/Theater/Concerts, but most categories held nearly steady. Overall, radio share slipped to 17.09% from 18.9%.

RBR/Miller Kaplan Total Media Index

July 1999 (Expenditures in 000)

Category	Radio	TV	Newspaper	Total Media	Radio % of Total
Automotive	41,820	152,979	209,930	404,729	10.33%
Restaurants	15,313	56,851	3,608	75,772	20.21%
Department Stores	7,680	13,096	51,657	72,433	10.60%
Foods	8,096	31,006	2,567	41,669	19.43%
Communications/Cellular	14,827	26,479	34,969	76,275	19.44%
Furniture	7,971	22,348	30,888	61,207	13.02%
Financial Services	11,453	15,836	30,417	57,706	19.85%
Movies/Theater/Concerts	9,226	24,911	26,477	60,614	15.22%
Grocery Stores	9,362	12,761	13,883	36,006	26.00%
Appliances & Elctronics	3,514	8,087	34,561	46,162	7.61%
Hotel/Resorts/Tours	4,454	7,484	29,399	41,337	10.77%
Drug Stores/Products	4,999	12,201	5,990	23,190	21.56%
Computers/Office Equipment	4,738	5,280	16,552	26,570	17.83%
Specialty Retail	10,538	16,759	22,354	49,651	21.22%
Health Care	6,655	13,463	9,179	29,297	22.72%
Auto Parts/Service	4,887	9,750	6,322	20,959	23.32%
Music Stores/CDs/Videos	4,078	9,532	2,255	15,865	25.70%
Transportation	2,082	2,537	6,253	10,872	19.15%
Entertainment-Other/Lottery	7,002	8,872	3,920	19,794	35.37%
Home Improvement	3,804	8,715	10,114	22,633	16.81%
Professional Services	6,991	9,978	6,617	23,586	29.64%
Beverages	16,802	18,907	1,694	37,403	44.92%
Television	6,181	6,377	6,595	19,153	32.27%
Personal Fitness&Weight Ctrs.	693	3,468	1,045	5,206	13.31%
Publications	2,901	2,754	17,412	23,067	12.58%
Internet/E-Commerce	11,160	9,884	7,472	28,516	39.14%
TOTAL	**227,227**	**510,315**	**592,130**	**1,329,672**	**17.09%**

*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.


amfm
RADIO NETWORKS
Thank You For "Plenty" Of
Advertising On AMFM Radio Networks
Exclusive Reach
AMFM's strong FM affiliate base delivers many stations unaffiliated with any other network – over 38% exclusive audience.
#1
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.
New York 917-206-8900
Chicago 312-202-8850
Los Angeles 323-966-5087
San Francisco 415-281-2420
Detroit 248-614-7064
Atlanta 404-365-3054
Dallas 972-239-6220
The Radio Network For The New Millennium
amfm
RADIO NETWORKS