

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

Radio

AdBiz™

From the Publishers of Radio Business Report Inc., 17 Years

Volume 4, Issue 2 February 2000

RAB2000:

taking another good, long look at Hispanic radio and the population that propels it

by Karen Maxcy

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Agency Perspective

CPMs should drive rates, not language, says Jessica Pantanini.

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Westwood One says network radio is outpacing red-hot local.

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Rush Limbaugh uses audience relationships to sell products.

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AdStats

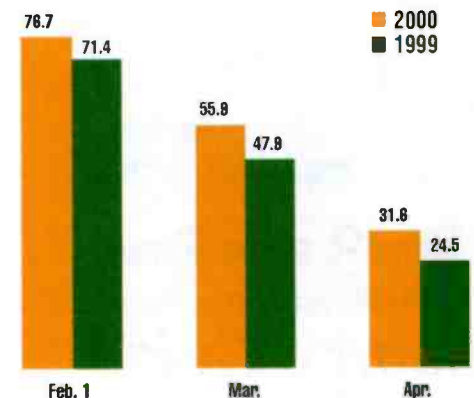
Radio soared to new heights in 1999

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RBR/Miller Kaplan Market Sell Out percentage report

Pacing powers on

Radio's \$17B in revenues for 1999 looks like a record that won't stand for long. Q1 has been pacing nicely ahead of last year and the first look at April shows another gain. The good news just keeps on coming, with across the board growth, notes **George Nadel Rivin** of Miller, Kaplan, Arase & Co.—JM



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These are definitely good times for radio. But it is the good times that make it easier, and also critical, to look at all aspects of the business. Sitting back and enjoying the momentum of booming radio revenues could be risky. When harder times roll around, it would be harder to allocate resources to better the business. So why not look at ways to improve when the pressure is off?

Perhaps the RAB2000 planning committee had these thoughts in mind—emerge out of boom times smarter and leaner, and better able to tackle challenges when the money is not quite as forthcoming. As such, the conference in Denver's Adam's Mark Hotel will feature Urban and Hispanic forums throughout the four-day event (2/16-2/19). For this month's *AdBiz* feature, we highlight the Hispanic part of the business; conference panelists, presenters and industry insiders tell us why targeting the Hispanic population via Hispanic radio just makes perfect sense.

**Hispanic Broadcasting Corporation:
TV no longer the 600lb gorilla**

Advertisers used to think they were making a complete buy just by using Univision. **Jack Hobbs**, VP/GM-Network, Hispanic Broadcasting Corporation, says that the TV network positioned itself as the be all and end all in Hispanic media. Hobbs admits that Univision does have a huge share but radio has a different cume. In fact, Hobbs says that in the mornings, HBC delivers network numbers that are equal or better than Univision's and Telemundo's.

His colleague, **Doug Darfield**, Director of Research, agrees with him. Darfield, who will be presenting at the conference, says that Spanish TV is undoubtedly a great medium and has done a great job "telling people that essentially, you do a buy here and you've dealt with your Spanish 'problem.'" But not everybody has that mentality or the Spanish stations wouldn't be doing so well. Hobbs says that HBC Radio Network ended 1999 as the 7th largest radio network revenue-wise, bringing in close to \$8.2M.

En Total to the rescue

For those fearful of abandoning the TV-only plan to reach Hispanics, HBC and People En Español created a program called En Total

which helps media planners and buyers see what introducing other media into the mix can do to the reach and frequency of a campaign. By entering your demographic target into the program, you can find out the net reach, average frequency and effective reach of a plan.

For example, "a 200 GRPs schedule on Hispanic TV only achieves a 64.5 reach and 30.0 effective 3+ reach, while a combined schedule of 140 Hispanic TV GRPs, 30 Hispanic radio GRPs, and 30 Hispanic magazine GRPs achieves a 73.8 reach and 31.6 effective 3+ reach."

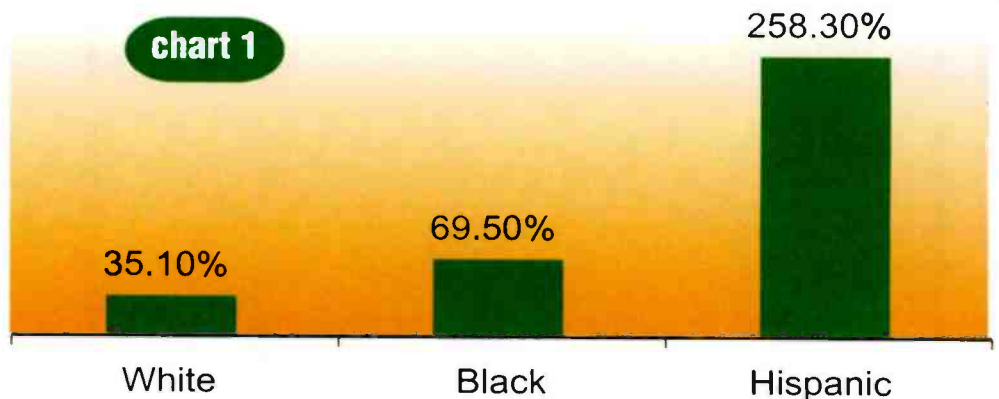
Darfield says there are certain assumptions that people have when they buy general market media—and it is based on the way Anglos use media. But these assumptions may not necessarily work with the Hispanic population. En Total addresses these differences. Media planners can now look at the impact Spanish language media has on Hispanics in a multi-media environment.

Growth is about targeting growth

"Business is about growth, how to beat last year's numbers," states Darfield. "How are you going to meet your growth forecast in Los

continued on AB 4

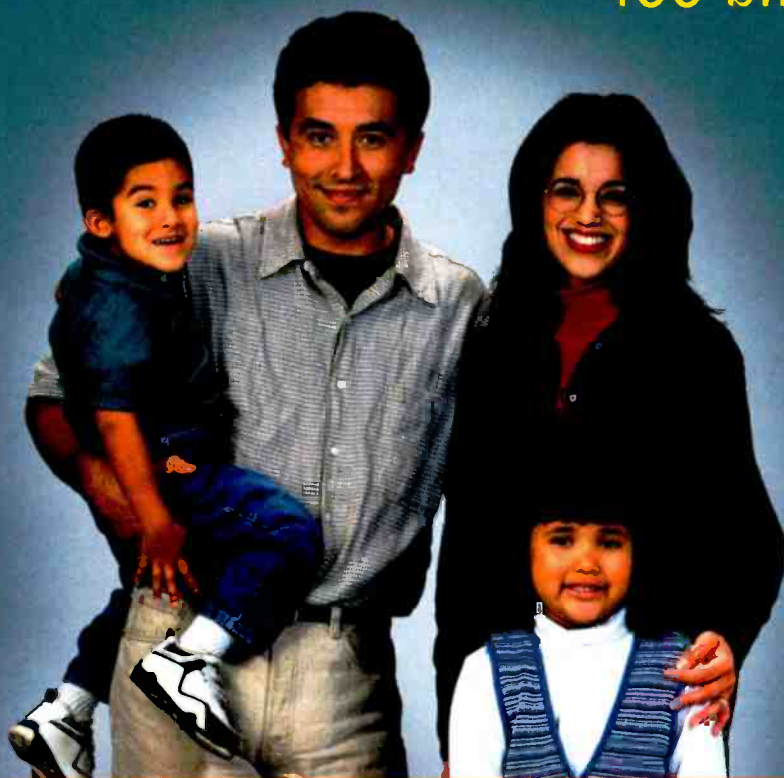
**Estimated Population Growth Rates
1995-2050**



GET TO KNOW SOME POWERFUL CONSUMERS

The buying power of the fastest growing population has more than doubled in a decade, with 34 million Hispanic consumers representing almost 400 billion in buying power.

Source: 2000 U.S. Hispanic Market Strategy Research Corp.



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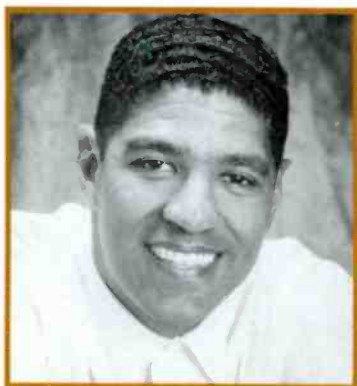
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continued from AB 2

Angeles, Miami or Texas if you are not marketing to the key fastest growing segment of the population?" Darfield explains that if the Hispanic segment accounts for so much of the population growth (see Chart 1 and 2), then it has to account for a disproportionate percentage of sales growth as well.

But there is something else at work apart from the steep population growth. "If the medium was essentially static and the people were using the medium the same way they did 10 years ago, then the share of Spanish radio should be growing as fast as the population," Darfield says. That is not the case (see Chart 3). Spanish radio listening is actually outpacing the Hispanic population growth. Darfield explains the theory of the mores—more Hispanics listening to more Hispanic stations for longer (more) periods of time. "It's a better medium than before," he concludes.

CreatAbility: discovering the differences of Hispanics pay dividends

John Doscher, Managing Partner, New York, CreatAbility, who will be presenting advertiser case histories at the conference, knows a thing or two about the fastest growing segment of the population. Pharmacia and Upjohn employed the services of CreatAbility for the launch of Rogaine in the Hispanic market.

Doscher's agency used a fully integrated campaign using network TV, spot TV, cable TV, network radio, spot radio, event market-

ing, in-bound telemarketing and public relations. But it was radio that was critical in moving the product from the shelves. Doscher says there were two things that were different with the Hispanic population compared with the general market when radio ads were aired.

The radio ads gave 1-800 numbers for both the point of sale and also for the radio stations. People started calling the radio stations a lot more than calling the Rogaine 1-800 number first. Doscher says, "What we had to do was to rethink what we were doing and we went out to our radio stations and reeducated the people from the front desk to the back, to make sure there were materials in place so that questions can be answered, and also, to redirect to the other 1-800 number." What's unusual, even for the Hispanic population, was that Doscher didn't see the same response with TV or print. So in terms of getting trusted information, the Hispanic segment thought that the radio station would provide that before the 1-800 Rogaine number.

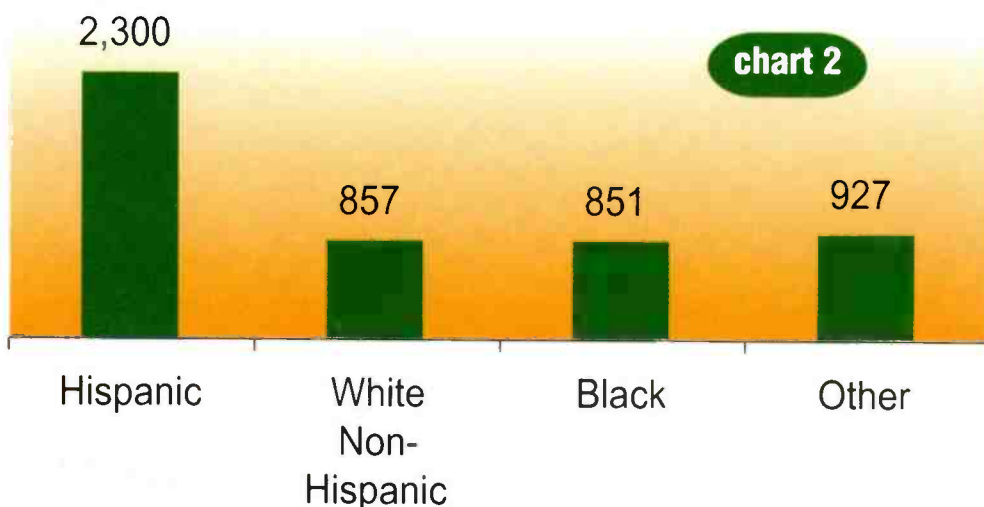
Another thing that was different was that Hispanic radio was a key vehicle to reach out to women. On the general market's 1-800 line, about 60% of the callers were male and 40% were women. It was the other way around for the Hispanic 1-800 line. Even at events and remotes, Doscher noted that it was the women who were pulling their sons and husbands to the Rogaine booth.

Dramatic results for Rogaine

When CreatAbility took up the campaign,

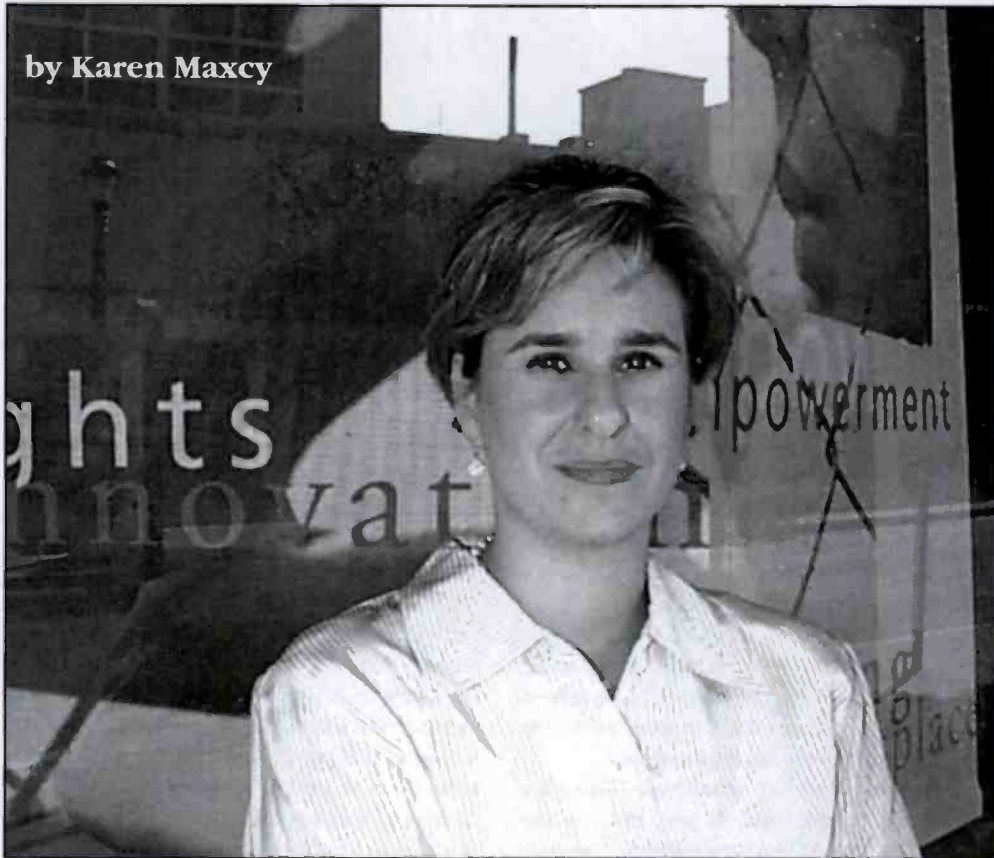
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Contribution to U S Population Growth 2000-2010 (000s)



Bromley Communications' Jessica Pantanini: Nothing in the world she'd rather do

by Karen Maxcy



You would think being Latina helps a whole lot in the business of reaching out to Hispanic consumers. But **Jessica Pantanini**, Media Director at Bromley Communications in San Antonio, doesn't think so. Long before joining Bromley, she was offered a position with a Hispanic group. She turned it down because she sensed that she was chosen because she was Latina. That didn't seem right to her; she thought the right person should know what he or she is doing, regardless of race.

After a brief stint in radio sales, Pantanini decided that she was better suited on the opposite side of the desk. In 1999, she accepted a position at Noble Y Asociados as a media buyer. In 1995, Noble and Bromley merged. Five and a half years later, Pantanini says that "it was the best career move ever."

Pantanini now oversees the planning and buying of companies like Continental Airlines, Western Union, The American Legacy Foundation, Sprint, Pontiac and Avon. Bromley is also the Agency of Record (AOR) for Procter & Gamble and Mars.

Since you're experienced in both general market and Hispanic radio, what would you say are the major differences?

Inequality. If an English-language radio station hits number one, everyone talks about what format or personality changes took place in order to get to where they are. If a Spanish-language station ranks number one, stations and buyers question the integrity of the measurement.

Reverend Al Sharpton has made a concerted effort to bring attention to the lower rates and subsequent lower revenue that "ethnic" media has to contend with. What are your thoughts?

I believe that comparisons should be made on a CPM basis. In television most often you will find that Spanish-language CPMs are higher than that of the general market. In Spanish-language radio, that is not the case.

Are you suggesting that all Spanish-language stations go out and raise their rates?

If the market conditions justify it, then they should be able to raise their rates in reasonable increments.

My understanding is that television has been the preferred medium for most clients in the Hispanic market. Is there change in the future?

There were two catalysts at work here. First, when I started in the Hispanic business just 10 years ago, Spanish-language television was very inexpensive in comparison to the general market. As a result, it made sense to focus efforts on a broad reach vehicle. Secondly, for most national clients, Hispanic advertising is just one of their many jobs and television was safe.

Five years ago, Univision made an aggressive effort to increase rates. It was the best thing that happened to radio. Now that the tide has shifted, clients are looking for ways to build efficient reach. Over the past several years, we've seen television budgets shrink and more dollars being allocated to radio.

Many English-language radio stations have strong numbers against Hispanics. Are you purchasing these stations?

The Hispanic market was built on the "Spanish-dominant" consumer base. Initially it created a niche that marketers could get their arms around—reach those that cannot be reached through English language efforts. It ended up being a double-edged sword. Cli-



The Hispanic marketplace is growing so fast and there's an unbelievable demand for bright people who are interested in the culture and who are willing to work hard.

ents wanted to focus on those that weren't being reached, not those that were getting the English language message.

I assume that this was the same situation that African American agencies faced from the onset. The argument is message effectiveness. Any national client that continues to have a problem on the West Coast after targeting the "Spanish-dominant" consumer for years is beginning to understand that.

So to answer your question, in some cases we plan general market radio, and the general market agencies will purchase the activity on behalf of the client. In others, we may purchase it ourselves. It all depends on who can get the best deal.

How strong is network radio in the Hispanic market?

It's back in full swing again. This market has seen network radio come and go, but this time I believe it's here to stay. There is a tremendous amount of flexibility in creating programming environments that suit individual client needs, and there are efficiencies to be gained. What more can we ask for?

Since you oversee both planning and buying, which do you like best?

I really enjoy both equally. They both are so unique and the learning gained by doing each is so different but yet so satisfying. For example, in planning not only do you get knee deep into the marketing plans and sales data of your individual clients but you also get to understand how different mediums work together to best deliver the clients' objectives. In buying, you gain a better understanding of how combinations of vehicles within a medium can be leveraged to expand. I think that

media people should have an opportunity to experience both. It's very hard to find someone who can do both planning and buying equally well. Planning has a much more holistic effectiveness, and watching trends and doing the research behind each of the stations sets the ground work for negotiations.

Do you believe that media people should have experience in both?

I believe that people should be exposed to both. Each discipline requires unique traits. A planner needs to be someone who can think big picture, but not get so absorbed in it that they can't bring it down to a tactical level. A buyer needs to be extremely detailed and organized, to be able to look at data in its finest detail in order to be able to develop a strategy for negotiation.

Exposure is the key word here. There are people who are terrific at one, but not the other. They should be given enough exposure to the other disciplines to understand the basics and appreciate the work that their counterparts do.

What do you think is missing in the industry today?

Talent. I hear the same cry from general market and Hispanic agencies from coast to coast. The Hispanic marketplace is growing so fast and there's an unbelievable demand for bright people who are interested in the culture and who are willing to work hard. The rewards are incredible. There aren't as many layers as you find in the general market. I have planners with just a few years of experience meeting and presenting to the VPs of marketing. Now, some may be of the opinion that that's not necessarily a good thing, but think about it for one moment—you go to college for four years, have a

few years of experience under your belt, and you're bright, so why shouldn't you be able to present your work? That's not to say that everyone gets the same exposure at the same point in his or her career at Bromley, because not everyone develops at the same pace.

So what do you like best about radio?

Definitely the flexibility. The most creative ideas come from radio.

So let me guess, your favorite format is Spanish?

I actually enjoy several formats. Salsa and Merengue are at the top followed by Spanish ballads. But I grew up in LA and I love KROQ. I have great memories of listening to **Richard Blade** in the morning, the Poor Man, and **Freddy Snake-skin**. So now when I go home to visit, I am a flashback "weekend-aholic." I also enjoy Hip Hop, some Pop and of course Alternative.

If you could give station executives one piece of advice what would it be?

I recommend that they pick up a media planning book and read it. Local station representatives spend a lot of time trying to convince us to spend more money in their market. The problem is that they don't understand that geography for a client is based on several marketing factors— sales, distribution, competitive pressures and etc. National reps need to spend more time understanding the client objectives. I can't tell you how many reps have tried to sell me on an idea that was totally off strategy. Forget the time wasted on putting the presentation together and in the actual presentation. From the agency perspective, we analyze each package that crosses our desk, then there are the internal meetings and client discussions.



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ADULTS 25-54 Up 7%

WOMEN 25-54 Up 15%

ADULTS 18-49 Up 15%

MEN 18-49 Up 9%

WOMEN 18-49 Up 24%

Percentage increase - Radar 60 vs. Radar 63 Sum of Premiere's average audience

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RadioNews

Westwood One sees strong growth for radio networks

There's no denying that radio is on a strong growth curve. Just check RAB's record revenue numbers for 1999 (page AB9). But as good as the local radio business is, says CBS (N:CBS)/Infinity (N:INF) CEO **Mel Karmazin** as he switched to his third hat as a Director of Westwood One (N:WON), "The network [radio] business is even better."

In a conference call with analysts and investors 2/10, WW1 officials reported that the company's 1999 net revenues grew by 38% to \$358.3M, operating cash flow gained 74% and after-tax cash flow rose 68%. But the story was even better for the year's final quarter. Q4 net revenues shot up 104% to \$154.5M, operating cash flow gained 186% to \$48.5M and after-tax cash flow rose 197% to \$29.7M. Even adjusted to be pro forma for WW1's acquisition of Metro Networks, Q4 revenues gained 22% and operating cash flow 48%.

Various reports have indicated that network radio upfront sales have been about 25% ahead of a year ago. "We're doing better than that," said WW1 President/CEO **Joel Hollander**.

Despite the company's growth, WW1 officials have been disappointed in the company's stock price. WW1 bought back \$54M of its own stock in 1999 and has already bought back \$7M in 2000. Until the stock price improves, Karmazin says there is no better use of WW1's free cash flow than to buy its own stock: "We think it is a buy, certainly at current prices."

Karmazin said he would prefer to see WW1 continue as an independent company, but he didn't rule out rolling the company up into Viacom (N:VIA) after it completes its pending stock-swap acquisition of CBS. "I wouldn't rule out anything in the future if our stock doesn't perform the way we think it ought to," Karmazin noted.—JM

The Wicks Group buys CBSI and Datacount

The "most fascinating transaction I've seen in my 17-year career," is how **Randy Jeffery, Sr.**, Chairman, The Jeffery Group, describes the "friendly buyout" of CBSI, Inc. and Datacount Inc. by The Wicks Group of Companies, L.L.C 2/4. The two acquired companies will be owned by newly-created Wicks Broadcast Solutions but will each maintain separate product lines. Jeffery says that this was a takeover initiated by CBSI 30 months ago. Unable to buy out CBSI President **Jerome Kenagy's** stock share, management decided to find a buyer instead. All the Kenagys will be leaving but **Bob Richardson**, GM, and **Wes Lockard**, VP, Research and Development will stay with CBSI. Jeffery says it was difficult initially finding the right buyer. Some fell short on the price; others thought that since CBSI is so successful, there was little upside potential for it. That was when Jeffery decided to consolidate the business—by combining CBSI and Datacount and presenting both to potential buyers. The Wicks Group, according to Jeffery, immediately took to the idea and seized the opportunity.

"We are very excited to have the opportunity to acquire two of the best providers of traffic and billing systems in the country," said **Pete D'Acosta**, President/CEO, Wicks Broadcast Solutions, in a press statement. He added, "These companies have long histories of being very well run and we expect to continue to provide the best service to the radio industry. The combined operations will now have the resources and knowledge to provide even better software and services to our customers. We are eager to work with the experienced and respected management teams in place at CBSI and Datacount."

Wicks Broadcast Solutions was formed to acquire and grow ancillary businesses to the broadcast industry. Jeffery says that these businesses have to consolidate, the way the radio industry itself has consolidated, if they are to stay competitive. Says Jeffery, "We'll be meeting with some more companies (next week) as we attempt to try to bring more companies into the fold. We're going to be aggressively pursuing other businesses."—KM

Blue Chip buys Quantum

Cincinnati-based Blue Chip Broadcasting has acquired the Quantum Marketing Group, located a short drive away in Columbus, OH. Quantum co-founder **Patrick Foy** will stay on as GM to run the company, which produces consumer-targeted promotion and marketing events across Ohio. Quantum's other co-founder, **LeAnn Engles**, is leaving to start her own firm.

5,000 attend NRB

National Religious Broadcasters reported that its 57th annual convention, which ended 2/8 in Anaheim, CA, drew 5,000 attendees. NRB President **Brandt Gustavson** announced that membership in the organization is also at an all-time high: 1,257.

Wayne Pederson, VP, Northwestern College Radio, is the new chairman of NRB. He succeeded **David Clark**, head of FamilyNet Television.

Laura Hagan has been promoted to President of Katz Hispanic Media (KHM), a division of Katz Radio Group (KRG), it was announced by **Stu Olds**, president of KRG. "Laura has been the heart behind KHM since the division was created in 1987," noted Olds. She moves up from KHM's EVP slot.—CM



Hagan promoted to President of Katz Hispanic Media

Lytle training company becomes Cumulus subsidiary

With more than 1,000 salespeople and an array of different training programs spread across its newly consolidated medium and small markets, Cumulus Media (O:CMLS) had been talking with various vendors about a group-wide sales training program. In the end, though, the winner went a step further and became a wholly owned subsidiary.

What had been known as The Lytle Organization and The AdVisory Board is now The Cumulus AdVisory Board. The sales training company, founded in 1982 by **Chris Lytle** and partner/spouse **Sarah McCann** will remain headquartered in Madison, WI—an easy drive from both Cumulus Media's corporate HQ in Milwaukee and the Radio Division HQ in Chicago. Lytle and McCann were in Atlanta over the weekend (2/5-6) to meet fellow Cumulus execs at a group-wide GM meeting.

"People are hungry for good training," Cumulus Vice Chairman **Law Dickey Jr.** told *RBR*. He said the addition of Lytle's sales training would help Cumulus recruit and retain good salespeople. A key focus of the training program will be going beyond existing radio advertisers to take ad dollars from the broader media market.

The Cumulus AdVisory Board will continue to serve clients besides Cumulus, although Dickey acknowledged that a few would be lost due to market conflicts with Cumulus.

Financial details weren't released, but we hear that the acquisition exchanged Cumulus stock for Lytle's assets, with a total value of \$3.5M-\$4M. *Broker:* The Jeffrey Group.—JM

AdNews

CMR and radio networks fine-tune reporting process

All who attended the meeting 1/6 (*Radio Adbiz* 1/00, AB7) and who were interviewed by *AdBiz* seem to be extremely happy with the outcome of the meeting. Executives from the networks—ABC, AMFM, American Urban, Premiere and Westwood One—met with executives at Competitive Media Reporting (CMR) and agreed that something had to be done if the industry's performance is to be portrayed accurately to advertisers and marketers.

Jerry Arbittier, SVP, CMR, says that representatives from the five networks reached a consensus at the meeting and are now consulting with their individual management on how to provide data to CMR for the latter to compile the industry's numbers. Until this issue arose, CMR had reported only ABC's and Westwood One's revenue numbers. Arbittier concedes that the change CMR has to implement to include all five networks is bigger than what he had originally anticipated. But he reassures that it won't be an issue.

Marty Raab, SVP, Marketing & Promotions, AMFM, acknowledges that the change may entail some work for CMR. "Life would be good for Jerry if everybody subscribed to one program." He explains that different networks use different programs to compute their revenues. Raab adds that while presenting the networks' information to CMR in a consistent and manageable way may be tricky, the important thing is to give advertisers a fair picture of the network industry.

The networks are hopeful that all is not lost with regards to 1998 and 1999 figures representing negative growth for network radio. Raab says that all the networks will be submitting revenue numbers for the two years. **Roby Wiener**, SVP, Marketing, Premiere, hopes that with new data available, CMR and trade publications will make efforts to alert their

readers of the new numbers. Wiener explains that presenting the new numbers won't mean the old ones were wrong; it will be different simply because now "there is a different historical base available."

George Mayer, Senior Director, Sales Marketing, ABC, says that CMR had all along admitted that the information they had was derived from only Westwood One and ABC. He argues, "So by definition, there are problems in the reporting methodology." Mayer says that it is "generally acknowledged that the network radio marketplace is booming." (See chart below) Other sources have shown that individually, Westwood One and ABC had seen increases in the last two years.—KM

	1997 Gross Revenues	1998 Gross Revenues	1999 Gross Revenues	Change 1999 vs. 1998 Amount	%
January	45,801	40,962	58,798	17,836	43.5%
February	47,693	48,309	55,170	6,862	14.2%
March	54,687	48,930	62,448	13,518	27.6%
April	52,510	56,634	66,057	9,423	16.6%
May	60,667	65,450	72,766	7,316	11.2%
June	56,929	60,828	70,010	9,182	15.1%
July	52,917	61,269	71,626	10,357	16.9%
August	54,082	68,421	75,217	6,796	9.9%
September	54,399	70,330	80,358	10,028	14.3%
October	58,991	75,789	94,188	18,400	24.3%
November	56,871	77,115	89,382	12,266	15.9%
December	50,487	64,930	82,408	17,478	26.9%
Total	646,033	738,968	878,428	139,461	18.9%

Source: Miller, Kaplan, Arase & Co

AdStats

1999 another record year for radio revenues

It was another double digit growth year for the radio industry—last year it grew 15% and reached an estimated \$17.6B in revenues, according to the Radio Advertising Bureau. Local sales were up 14% to \$13.6B; national sales increased 16% to \$3.2B; and network radio gained 19% to \$878M. December was a stellar month—the industry grew 20% compared to a year ago figures—making it the 88th consecutive month of growth for the industry.—KM

Radio Advertising Bureau Index of Radio Revenue Pool Numbers

December 1999 vs. December 1998
Local Revenue—December 1999

All Markets	21%
East	20%
S East	15%
Midwest	17%
S West	22%
West	29%

National—December 1999

All Markets	19%
East	20%
S East	8%
Midwest	24%
S West	30%
West	17%

1999 Radio Results Local Revenue—all of 1999

All Markets	14%
East	13%

S East	15%
Midwest	11%
S West	14%
West	16%

National Revenue—all of 1999

All Markets	16%
East	20%
S East	8%
Midwest	14%
S West	18%
West	16%

Dot-com Spending By Media

Rank	Measured Media	(\$) YTD Total	Oct 98/99 % Change
1	Network TV	406,139,000	456.7%
2	Magazines	340,535,700	75.4%
3	Cable TV	274,491,800	557.0%
4	Spot TV	232,273,400	890.2%
5	National Spot Radio	214,182,200	1,120.2%
6	National Newspapers	188,734,400	592.7%
7	Newspapers	86,066,000	587.2%
8	Network Radio	51,842,100	184.9%
9	Syndication	12,229,300	350.2%
10	Sunday Magazine	8,382,800	101.2%

Source: Competitive Media Reporting

Numero Uno: Rush!



by Carl Marcucci

What can we say? **Rush Limbaugh** is the number one listened to radio talk show host in history, and has been since 1991. He's been there and done that when it comes to radio—beginning as an afternoon jock in hometown Cape Girardeau, Missouri at the age of 16; Pittsburgh's KQV-AM four years later and then KUDL-AM Kansas City. After realizing his goal of being a Top-10 market superjock was not to be reached, he left to be the Kansas City Royals' Director of Group Sales in 1979.

However, in 1983 Rush got back in radio, this time taking an opportunity to be a political commentator on KMBZ-AM in Kansas City. A year later he was hosting a daytime talk show on KFBK-AM Sacramento where he tripled his time slot's ratings. As many in the industry know, when a local host takes ratings up to that degree, syndication isn't far away. Armed with his true calling and an uncompromising goal to be number one, Rush packed his bags for WABC-AM New York in 1988 and began syndication to 56 stations with **Ed McLaughlin's** EFM Media Management.

Now well beyond the household name status—through countless media profiles, guest appearances, two best-selling books, a previously syndicated TV show, a Marconi Award, the Radio Hall of Fame and NAB Hall of Fame inductions—Rush is now admired daily by 20M listeners on 600 Premiere Radio Networks affiliates.

What does it take to be the number one radio personality in the nation for so many years now?

First, it takes *that* as an objective. When I moved to New York from Sacramento, the objective was to become number one. It wasn't to become in the top five. At the time, the leading syndicated talk people were all at night: **Larry King, Sally Jesse Raphael, Bruce Williams**. The daytime guys had all tried and it failed. It wasn't because of them; it was just considered by the powerbrokers in media that radio in the daytime, Talk especially, had to be local. Numbers, issues, callers and all that—somebody doing a program about national issues out of New York would not appeal to local listeners. And I always thought, "Well, the hell with that!" People watch **Donahue**, they don't care where it comes from. They watch **Oprah** and they don't care where it comes from. Why should radio be any different?

Number two, you've got to know what it takes to make that objective come true. In my case, because of the way my career had played out, when I went to Sacramento from Kansas City in 1984, it was, in my mind, my last chance to make it in radio. If it didn't work, then I was going to have to do something else. So I said to myself, "I, Rush Limbaugh, am going to have to find out if I have what it takes to be the sole reason people will turn on a radio show." So I had no guests, no cash giveaways, no fancy promotions, just me. And when you are doing three hours alone every day with no guests, you have no backups, no crutches, you can't rely on anything but yourself. When you set that as an objective, a huge dose of responsibility slaps you on the face.

The next thing it takes is a realization that once you have reached that pinnacle, that staying there is tougher than getting there. You've got to know that. The reason that it is tougher is that you've built audience expectations along the way. So you've got to know that the audience has the highest of expectations every day and that you have to meet them. Better than that, you have to surpass them everyday. And then you've got to have a great staff of people who are on the same page with you.

Many spots on your show are read by you: Clean Shower, Snapple, Hooked on Phonics. What is your philosophy and ethics on getting involved with advertisers on that level?

The first thing is that the reason somebody like me is successful, is real simple. You establish believability and credibility with the audience. That is something that you can't ever tamper with. So when it comes to the endorsement of

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products—and you wouldn't believe the millions of dollars we reject every year because of the things that I won't do, to the mighty frustration of the sales department of my program—I only will endorse something that I either use, have used or truly, honestly like and believe in. It is the only way it will work. Network radio in the past was always used by advertisers who were into the “reach” business. They just wanted to make impressions. They just wanted to have as many people as possible to hear the brand name.

Long ago, as ratings insurance when I was just a local host, I wanted to get myself involved in the revenue stream of the radio station. I figured that rating books and their vagaries are going to be such that I'm going to have a down book now and then and I don't want to have to be worried about being let go because of it. If I can be directly responsible for income for the radio station, then I'm going to have insurance. The best way to do that is to be an effective advertiser for a company or a series of companies. So our objective with advertising is to move products off the shelves. Our objective is to sell products because we believe in them. The magic is that it happens. It is so effective that what happens now is that companies that do not have national distribution call us and say, “We'd like to do a two-stage campaign with you. First, we want you to endorse the product so that we will get it on the shelves. And then, we want you to get it off the shelves.”

What do you remember of working with our publisher, Jim Carnegie? It was at two stations, right?

Yes, at KQV in Pittsburgh and KUDL in Kansas City. What I remember about Carnegie is that he always took it seriously. He would do anything that they asked him to do, and he never bitched and moaned. He never joined (especially KQV) in the usual staff gossip play. He just did his job. He's the one who rescued me from unemployment! I was out of work for six months after getting canned at KQV and I had gone home just to spend some time with my parents. And he got the KUDL job and called. That led to 10 years in Kansas City and he was great to work for. He brought me in there and told the staff and built me up like I was some sort of conquering hero, because I had worked with him in Pittsburgh. He did a great job of building everybody up and inspiring people that worked for him. I've got nothing but fond memories of him. He's not the typical radio guy, but radio is filled with people who will tell you to “get out of this business. You'll fail, it doesn't work, it will eat you up and spit you out.” He was never that kind of guy. He always loved it and was always positive about it. He always believed in it, and

he was somebody that you could always go to get a positive bunch of feedback about what you were doing and about being in the radio business.

Everybody that I've worked with in one way or another played a key role in it. If he hadn't called me and gotten me off my ass and back to work in Kansas City, who knows what would have happened to me.

Now we are going to get into some politics. What influence do you think your program had on the '94 Republican election successes?

It is said by those who were elected that it was a profound influence. The freshman class that year made me an honorary member. Many of them credited me with sort of countering the “negative” editorials they were getting written about them in their local newspapers in their districts. To the extent that those elections were unique in this way, most House races traditionally have always been about local issues in those districts. Who, for example, has brought home more money for the nursing home center, the water district, or what have you—pork. Those congressional elections of 1994 were, for the first time, nationalized. In other words, voters were inclined to vote for their member of Congress based on their opinions and likely stances on national issues—defense, cultural, budget deficits—rather than local issues. And to the extent that that's what I was talking about, I think that I was instrumental in helping those elections be determined on national issues rather than on local.

What are your views on the 2000 presidential race?

Well, in primaries, I don't endorse anybody. I never have. I think it is a two-man race with **McCain** and **Bush** right now. And it is going to remain that way. I think that because of the structure of things, that Bush is going to end up winning it. I don't think any of the Republican candidates are the bad guys. There is not one of them that if they were nominated, I would have any trouble supporting. To me, the people that need to be stopped from winning are **Gore** and **Bradley**.

Where has the Clinton presidency left America after almost eight years now?

Dispirited, confused, disoriented and basically unhappy. I am stunned, with an economy as robust as it is, the amount of suspicion that people have for one another, the amount of anger that is out there. The Clinton Administration has left us in a situation where more and more people are attempting to control the speech of others. We've got things being forced down our throats that we don't want.

We've got the Administration doing everything it can to take as much property out of play for purchase by private property owners. We've got more federal regulations telling private property owners what they can't do with their own property. Some people don't want to deal with all this, so they tune it out. We've got apathy; we've got people who don't care about some of this stuff, the Constitution being violated day in and day out. We've got a President of the United States that has been held in contempt of court for the first time.

Dealing with this stuff requires dealing with it. If you are going to care about it, you've got to do something about it. A lot of people, because of the economy, say “To hell with it. I'm just going to sit around and ignore it.” So there is a lot of apathy at the same time. One of the keys for people like me and Republican candidates, or whoever else, is to tell people why they ought to matter and why they ought to care, and how they ought to matter and what they ought to do to get involved. The future of the country is always at stake. There is a never-ending argument over what is the best way to manage our affairs: letting the government handle everything for everybody and spreading misery equally, or letting the private sector provide the answer for all of everybody's wants and desires. And then dealing with the so-called inequities and unfairness that result from it.

The world cannot yet show a success story in socialism. Yet there are people continuing to pursue it because, for them, it's personal empowerment: having that kind of power over people by having that many people need them.

Where has he left us on defense?

Only the Marine Corps is in decent shape right now. Whoever is the next President, his primary job is going to be rebuilding the military, much like Reagan had to do, but he is not going to have the money to do it. It's going to be a huge challenge. You talk about dispirited and demoralized—US Military. I can show you email after email. It is tragic what has happened. We've got military meals on wheels. Enlistment is down. Why do you think enlistment is down? It's morale! It is morale because they don't know what the mission is. They are afraid that the mission is going to be delivering food to dictators in Haiti. Things like this. The US Military has been corrupted here and its stated purpose has been redefined. People have an instinctive understanding of this. This is going to have to change...[or] we are going to be faced with a war that we are not going to be able to win. Because we are not going to have properly trained capable soldiers. Those are unique people, people that are able to win wars.

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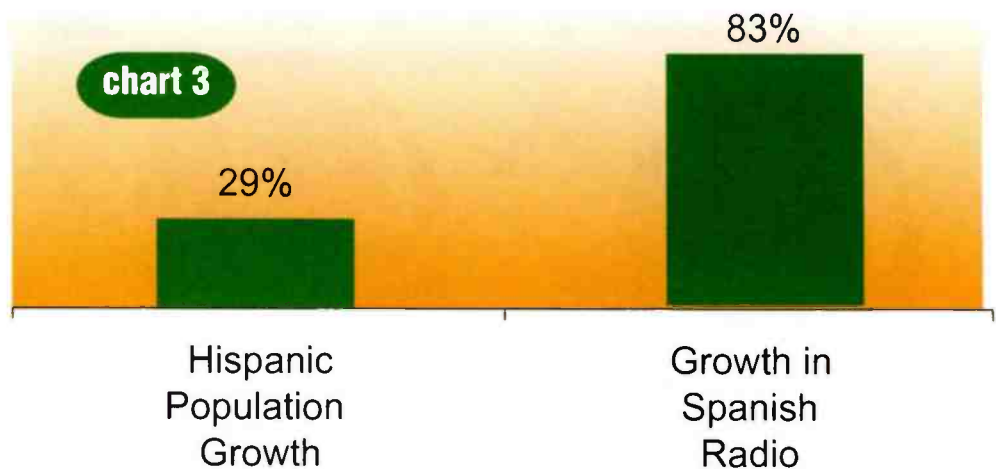
Doscher says that Rogaine was struggling in the general market. After the Hispanic launch, "the IRI (a scanner measurement device) data dramatically showed a tremendous growth in the Hispanic store sample" and Rogaine fended off the generic attack. Doscher summarizes, "In other words, there is a very clear and simple message—when we ask people to buy, they come and they buy. And we prove that what we did here, when we do the communications properly, when we reach down within the community using radio as one of our primary media, people went to the store and they trusted Rogaine and they purchased it."

Sprint PCS—Targeting the women

After countless focus groups in key markets such as New York, Miami and LA, Doscher says that one message came through loud and clear—the Hispanic women in the households were the critical decision makers. More importantly, the women control the budgeting process for the family. The men too thought that the women were the gate keepers for the family. For the launch of Sprint PCS in Miami, CreatAbility targeted a large portion of their ads against women, which was the opposite strategy of the general market agencies. And "sales took off like rocket ships," according to Doscher.

Don't take his word for it because there is concrete evidence showing the overwhelming success of targeting the Hispanic population using radio, and specifically, targeting Hispanic women. Within a month of the Hispanic launch in Miami, the sales district saw increases of over 400%. After four months of marketing, Miami-Dade County sold more phones in a one month period than the rest of the US Sprint PCS markets combined. The success of this campaign prompted The Greater Miami Chamber of Commerce of name Sprint PCS and CreatAbility "Hispanic Marketer of the Year" for "launching the most powerful marketing campaign targeting Hispanic consumers."

Growth Rate 1990-1998 in Major Hispanic Markets



El Sitio.com: US launch features radio prominently

Dot-coms were a big player in radio revenues last year and converts are being won to radio daily. New to the US, El Sitio.com understands that radio drives traffic to websites. Launched 9/99 in the US (El Sitio had already launched country websites and offices in Argentina, Brazil, Mexico and Uruguay), the company is using primarily radio and outdoor. VP/GM **Paola Prado** will be a panelist at the conference and **Debbie Nason**, DNA Media, shares with *AdBiz* why her client, Prado, uses radio so extensively in the launch.

"The ability to use format targeting in Spanish has become more refined over the past several years as a result of large station buy-ups by companies like HBC. More Spanish stations bring tighter formats to the marketplace," explains Nason. With more formats to pick from in English and now Spanish radio, advertisers can much more effectively target narrower groups of people. El Sitio's target audience of Adults 18-34 are highly mobile, bilingual and bicultural and Nason

believes that radio is exactly the medium to reach this group.

For El Sitio, Nason says that buys were placed in both Spanish- and English-language radio in order to broaden their audience reach to take advantage of what Nason feels is "the emotional and cultural crossover link that music can provide." For the general market stations, Nason picked those that had a high composition of bilingual, 18-34 year-old Hispanics.

But the great thing with radio, according to Nason, is its ability to "heighten brand exposure through value-added promotions." Both Spanish and English stations participated in Ricky Martin ticket give-aways and website contests that "provided brand strengthening and traffic generation."

Like general market radio, Nason says that Spanish radio also enjoys the advantages of being able to establish presence in the local marketplace. Spanish radio personalities are great to work with and oftentimes, they are celebrities in the eyes of their listeners. Using radio gives the product a local flavor when the personalities get involved with the promotional events.

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