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RADIO BUSINESS REPORT™

VOICE OF THE RADIO BROADCASTING INDUSTRY®

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AdBiz

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RADIO NEWS®

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Katz sold to Chancellor Media for \$373M

The nation's largest rep firm will soon be part of the second-largest radio group. Chancellor Media, the soon-to-be-merged Evergreen Media (O:EVGM) and Chancellor Broadcasting (O:CBCA), is acquiring Katz Media (A:KTZ) in a \$373M deal.

Katz president & CEO **Tom Olson** hailed the deal which will cash out Katz's largest shareholder, DLJ Merchant Banking Partners L.P., a venture capital arm of Wall Street's Donaldson, Lufkin & Jenrette. "Our employees and clients will be advantaged by [Katz] being part of a media company, rather than being owned by a financial institution."

Noting that Katz already has multiple rep companies in both radio and TV which have to keep secret proprietary information from competing clients, Olson said those safeguards will continue and there will be "firewalls" erected between Katz and its new parent company. "The integrity won't change," he said.

Dozens, maybe hundreds, of phone calls were logged last week as Olson, Katz Radio Group president **Stu Olds** and other Katz officials sought to assure clients, particularly those whose stations compete in the same markets as Chancellor Media, that the ownership change wouldn't change the way Katz does business. Similar phone calls were being made by Evergreen (and soon-to-be-Chancellor) CEO **Scott Ginsburg**.

"We plan to run this as a standalone entity," Ginsburg told *RBR*. He ac-

knowledged the concerns of other group owners, though: "People will be guarded."

"Guarded" is an apt description of the reaction from the head of one of Katz's largest radio clients. "We will study the situation," said **Bob Callahan**, president, ABC Radio, a Disney (N:DIS) company, for whom Katz recently created its first dedicated rep firm, Amcast.

Other large clients, however, were more upbeat.

"I hope it works well," said Jacor (O:JCOR) CEO **Randy Michaels**, who had strong praise for Chancellor Broadcasting president **Steve Dinetz**, who'll oversee Katz for Chancellor Media. "I think that Steve Dinetz is a wizard on the sales side."

If any radio group head knows something about the rep business,

continued on page 3

Mega-deal update

•At long last, Sinclair Broadcast Group (O:SBGI) has confirmed that it is buying the Heritage Media (N:HTG) radio and TV groups from News Corp. (N:NWS) for \$630M—as reported in *RBR* June 30, page 12. In fact, subscribers to our fax, *RBR Midweek News Brief*, learned about this mega-deal June 25.

•Children's Broadcasting (O:AAHS) says it now has a definitive contract for Global Broadcasting Co. to buy its AM group for \$72.5M (*RBR* 6/16, p. 15). A \$500,000 deposit is due July 30 and an additional \$3M on August 13.

At RBR deadline... Senate approves Klein for DOJ

At *RBR* deadline, the Senate was poised to confirm **Joel Klein** as Antitrust Chief of the Department of Justice, overriding objections from Democrats—including Sen. **Fritz Hollings** (SC)—who said Klein's telcom enforcement efforts weren't strong enough. The rhetoric began to rise after Klein unconditionally approved Bell Atlantic's acquisition of Nynex. Hollings said Klein's interpretation of the Telcom Act would lead to more consolidation. The Republicans got the Democrats to play ball and move on Klein's nomination by threatening to hold up another Administration appointee.

Prime air time wanted for campaign freebies

Not only do politicians want free air time to tout their campaigns, they want prime time—for radio and TV. In the latest campaign reform bill to be introduced into Congress, Rep. **John Tierney's** (D-MA) measure requires broadcasters to give a "clean money" candidate up to 30 minutes of free air time during a primary election and up to 75 minutes during a general election. Radio would have to provide the freebies during morning and afternoon drives (M-F) in blocks of no longer than 15 minutes each. TV would have to give its free air time during prime time, 6-10PM, M-F. The measure is one of 70 campaign finance reform bills before Congress.

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News Analysis

Should radio groups buy their vendors?

Chancellor/Evergreen and Hicks, Muse, Tate & Furst's announcement to purchase rep firm Katz Media for \$373M is the latest in a string of radio acquisitions that don't involve the purchase of radio stations, but of radio station vendors.

While not new, radio groups buying peripheral services is a growing trend in today's consolidation frenzy (See table, right). It often makes good business sense. Groups in acquisitive mode can streamline their operations, have more control over radio services they depend on, and expand the bottom line.

At the time he purchased Premiere (which included programming, MediaBase Research, BRg Music Works) for \$185M and NSN Network for \$11M (*RBR* 4/14, p. 3), Jacor President **Randy Michaels** said he was building a "three-legged stool" to support the growth of the radio group with the addition of content and the means to distribute it.

Radio groups (CBS, Group W, Jacor) have owned reps before and Katz once owned a radio group (which became NewCities, now part of Cox Radio), but the newer trend has been for groups to establish a dedicated rep for themselves under the bigger Interop or Katz umbrella in order to control and increase national sales. That doesn't seem to be the case with Chancellor/Evergreen, both long-term Katz clients. There was no mention of creating a dedicated rep within Katz, nor any announced

grand plan. "Katz Media will retain its name, organizational identity, management team, personnel, New York headquarters and 65 regional sales offices," said the press release.

The deal has raised concerns from a competitive standpoint, particularly at a time when national spot is hot, up 17% through May. The rep companies it owns also rep some of Chancellor/Evergreen's staunchest competitors in some of the biggest, most lucrative markets. Radio groups are "doing business on a number of multiple levels and we have to believe in each other's integrity," said **Scott Ginsburg**, CEO, Evergreen in the *Wall Street Journal*.

"What gets sticky is network and unwired, where they can shift dollars around," said one Katz client. "Competitors to Chancellor and Evergreen want assurances."

Some radio execs observed that no matter how many firewalls Katz erects, it cannot erase the competition. A single format flip in a single market could be cause for competitive concern, noted an *RBR* source.

Concerns aside, Hicks, Muse chairman **Tom Hicks** obviously believes Katz is worth a lot more than the 8.2 times cash flow that his group is paying. The big opportunity is to build Katz's TV business, but the new owners also can't afford to screw up Katz's biggest cash-flow generator, radio.

Since Telcom and, in some cases, before, radio groups in acquisitive modes have looked to expand the bottom line with the purchase of radio vendors. Below, some recent and top-of-mind examples.

Radio service	Company	Owner
Research	Critical Mass	Jacor
	Revenue Development Systems	Emmis
	Eagle Marketing	Cox
Syndication	EFM, Premiere	Jacor
Jingles	BRg Music Works	Jacor (Premiere)
Satellites	NSN Network	Jacor
Tower co.	Micronet	ARS
	AmericanTower Systems	ARS
	American Tower Comm.	Clear Channel
Outdoor co.	TDI	CBS (Infinity)
	Eller Media	Clear Channel
Production co.	Cutler Productions	Jacor (Premiere)

Katz continued from page 2

it's Michaels, since Jacor once owned Eastman, before selling the rep firm to Katz in 1990. "While we operated Eastman, there was some difficulty in owning a stations group and being a supplier," Michaels noted. But with the degree of consolidation in the industry today, he said it "should be a little simpler now" for Chancellor and Katz. Even so, he said it's inevitable that Katz will have to deal with clients upset over wounds, real or imagined, inflicted by Chancellor Media stations.

After paying \$373M for Katz, group heads doubt that Chancellor Media and its financial backer, Hicks, Muse, Tate & Furst, want to do anything which would send clients fleeing and reduce the value of their acquisition. "Out of self-interest, I would think that Evergreen/Chancellor will go out

of its way to maintain the relationships that Katz has established over the years," said **Steve Dodge**, CEO, American Radio Systems (N:AFM).

Anxious to calm whatever fears there may be in the radio industry, Katz released statements it gathered from some of its biggest clients. (Those cited earlier in this story were interviewed by *RBR*.)

"It gives Katz both a stable home for the future and financial security with resources that they did not have with the financial owner," said Heftel (O:HBCCA) CEO **Mac Tichenor**. Unlike DLJ, Chancellor Media is actively involved in operating stations and Hicks, Muse chairman **Tom Hicks** is a second-generation station owner. More on the Katz Media sale:

- Financial details and analysis, page 16

- Charts of Katz's operating units and its stock price, page 17

Pressure builds for rural FCC Commissioner nominee

Momentum is building in Congress for a rural candidate to be nominated as one of the FCC Commissioners. Fifteen House members led by Telcom Subcommittee member **Ron Klink** (D-PA) sent a letter to President Clinton to that effect. Other Telcom Subcommittee members who signed include: **Nathan Deal** (R-GA), **Elizabeth Furse** (D-OR), **Paul Gillmor** (R-OH) and **Bart Gordon** (D-TN). Thirty-five other members of Congress signed onto a previous letter asking for a rural candidate.

Thirty-seven members of the Congressional Black Caucus have sent letters to the White House asking the President to endorse **Ralph Everett**, a former aide to Sen. **Fritz Hollings** (D-SC), as FCC Chairman (*RBR* 6/2, p. 2). Everett, an Orangeburg, SC

continued on page 4

native, is seen as a rural candidate. Everett's name has also popped up to fill the vacancy left by former Commissioner **Andrew Barrett**. Although the White House has nominated **Harold Furchtgott-Roth**, Chief economist for the House Commerce Committee, Senate Minority leader **Tom Daschle** (D-SD) and **Byron Dorgan** (D-ND) have sent letters to President Clinton complaining about Roth's position on rural telephone issues.

Two radio dating services merge

Consolidation has even hit radio dating services, setting up a competitive battle as services vie to help radio stations create new revenue streams.

Two smaller providers of radio dating services, Plectel Telecommunications Inc. and Tango Communications, Inc., have merged to form Spark Services, Inc. Both Plectel and Tango were purchased by Stamford, CT-based CUC International in separate transactions earlier this year.

About 120 former Tango radio station clients will switch to the Plectel dating system, known as MatchLink. Sales will be handled through Date-line Marketing International, Inc., a subsidiary of CBS, which formerly handled sales for Plectel.

With more than 300 radio station clients, Spark claims it is the leading radio dating service, although Radio Date also has more than 300 stations.

The new company intends to expand beyond dating services to offer a full range of non-traditional revenue-producing services for radio stations. Spark President **Richard Fernandes** told *RBR* that the company is currently testing a new service which it plans to unroll Q1 1998. "There aren't a lot of cost cuts stations can make; you have to generate more revenue and that's tough with limited inventory," said Fernandes, who added that the company has goals to move into News and Sports stations "where dating services don't make much sense."

In the past couple of years, several companies have brought radio dating services to market. Spark's biggest competitor is Phone Trader, a 10-year old voice personals company, which debuted Radio Date in April 1996. Almost a year later, in March 1997, Guthy-Renker Select Network offered its service. The newest service on the

Events lead non-spot revs in June

June was the second highest producing month for non-spot revenue (May so far is the first), as stations stepped up their event marketing. For many, June and July are months when events, rather than transactional sales, dominate station revenue streams.

Outdoor events create good sampling opportunities for summer Foods such as ice cream and hot dogs and for certain advertisers in the Leisure/Electronic category looking to reach certain consumer prospects. ARS' WBMX-FM Boston and Emmis' WKQX-FM Chicago both hold annual summer concert events, attracting computer-related advertisers looking to demonstrate their products. "The only way these companies can reach people outside of the high-tech biz is to go outside stores and specialty magazines," said **Kathryn Maguire**, president, RDS.

Also fueling the month was business from the Office category. No surprise that most of the dollars went to recruitment efforts, as the unemployment rate continues at or near 5%, one of the lowest rates in years.

Overall, station non-traditional revenue (NTR) is up. One station that did \$800,000 last year is on track to pull in nearly twice that this year.

New business development track

% of non-traditional revenue by category

	Jan	Feb	Mar	April	May	June	YTD 97	YTD 96
Automotive	16.61	14.66	10.10	11.19	9.96	7.57	11.09	13.78
Food/Grocery	30.47	40.54	33.04	27.94	41.38	35.75	35.44	26.63
Leisure/Electronic	24.96	19.48	17.34	19.82	26.66	27.00	23.19	24.51
HBA	7.89	10.69	2.90	6.41	8.29	7.31	7.11	8.82
Home Imp.	2.53	3.39	5.13	19.16	3.92	9.05	6.82	15.33
Office	8.19	5.37	21.72	14.34	7.86	12.72	11.92	5.54
Clothing	9.34	5.87	9.77	1.14	1.93	.60	4.43	5.39

Source: Revenue Development Systems; based on revenues from 46 stations in 23 markets.

block, LoveLink, from Dial Radio Marketing, expects to have 12 radio station clients by September.

RBR observation: If CUC International's track record is any indication (\$4.3B in revenues in 1996 through offering non-traditional revenue services to banks, gas stations, credit card companies, etc.), Spark will be a tough competitor to beat. However, Radio Date VP Sales **Jim Spotts** believes that since his company has no connection with a radio group (DMI is a subsidiary of CBS), it gives him the upper hand as other groups may not want to pour more money into CBS' coffers.

Jones adds "The Classical Collection"

Jones Radio Network debuted its 12th 24-hour format, "The Classical Collection" July 9. Differing from its other offerings, this format targets non-commercial stations for a fee. There are four minutes each hour for station ID and underwriter support.

Radio's other 24-hour Classical format, SW Classical, targets commer-

cial stations. It also is available on a cash-only basis. SW has 12 affiliates.

Fred Goldman behind the mic

It may only last a week, but **O.J. Simpson's** civil trial victor will be hosting a two-hour talk slot on Clear Channel's WOAI-AM San Antonio the week of July 28. Operations Manager **Andrew Ashwood** met with Goldman in L.A. and was impressed enough to ask him to be a part of the "Great WOAI Talk-off." The show features different hosts each week until a replacement is found for a 21-year vet. who left the station.

Hundt still on the liquor hunt

Liquor was on outgoing FCC Chairman **Reed Hundt's** mind last week when he endorsed a Senate bill to encourage TV networks to develop "voluntary" programming codes to cut back on sex and vulgar language when children are likely to be in the audience. Hundt thinks the bill should include restrictions on advertising certain products, like liquor. NAB rejected that idea in April, when Hundt proposed it at the Las Vegas convention.

@Home IPO soars!

@Home Corp. (O:ATHM), which had total sales of \$676,000 last year, is a \$2B company, based on its stock price in trading after this month's (7/11) IPO. The company, which provides Internet access via cable TV systems, sold its stock offering at \$10.50. Investors lucky enough to get a piece of the oversubscribed IPO saw the value of their shares soar. @Home stock sold as high as \$25.50 in its first day of trading and closed at \$17. Part of the company's appeal to investors was its original financial backers, some of the nation's largest cable companies (including TCI and Cox Communications), guaranteeing it access to as many as 44M homes.

Music merger completed

Remember when digital music service start-ups for cable TV were hot stocks and a potential threat to radio? No one ever did figure out how to connect coaxial cable to moving cars and subscriber loyalty to cable audio channels proved to be virtually nonexistent. Still, a few of the services survive and two recently merged. TCI Music, a subsidiary of cable giant TCI (O:TCOMA) acquired DMX Inc. and the merged company is continuing to trade under DMX's old stock symbol, TUNE, on Nasdaq.

Internet revs up 18% Q1 and growing

Nowhere to go but up, Internet/online revenues increased by 18% to \$129M in Q1, according to the Internet Advertising Bureau.

Another source, Cowles/Simba Information, forecasts Web and online revenue to grow by two-thirds over last year's \$234.4M and reach \$2.57B by the year 2000. In April, online revenues reached \$37M, up 208.3% from a year ago.

Wireless firms can't cough up financing

Companies that offered \$10B for a new form of cellular phone service now say they can't pay for their licenses. Staffers say the FCC is prepar-

ing to let bidders pay for their licenses annually, instead of quarterly. The change is likely to allow bidders to seek more money from foreign investors (since they're having trouble raising it here).

Small town newspapers hot properties

Media mania is hitting the newspaper biz. So far this year, seventy-one dailies have gotten new owners in 30 transactions totaling \$3.4B, according to *Business Week*. Driving the deals: lower newsprint costs and a strong advertising market. What's astounding newspaper analysts is the 10 times cash flow multiples. Guess they haven't looked at radio multiples recently.

Disney sells more print

Disney's (N:DIS) sell-off of its print operations is nearing completion. It's suburban Detroit daily, *The Oakland Press*, and six smaller Michigan newspapers were sold to an investment group headed by former Stauffer Communications president **Frank Shepherd**. NILS Publishing, an insurance-industry database publisher, was sold to Wolters Kluwer NV, a Dutch company. The Chilton auto trade magazine group was sold to Reed Elsevier for \$1.65M.

Nat'l spot radio & cable nets pacing neck and neck

Even without syndication dollars in the mix, national spot radio as measured by Competitive Media Reporting (CMR) was up 19% in Q1, trailing cable TV nets by only 1%. Network TV is still posting healthy gains, but spot TV is faltering, up just 1%.

Q1 - Competing Media Ad Revenues (\$'000)

	1996	1997	% chg
Newspapers	3,173,631.8	3,331,928.3	5%
Network TV	3,404,415.4	3,713,006.8	9%
Spot TV	2,987,042.3	3,027,876.1	1%
Cable TV Networks	979,818.8	1,175,999.4	20%
Network Radio	199,578.5	209,350.4	5%
National Spot Radio	275,676.3	328,972.4	19%

Source: Competitive Media Reporting, Interep

Upped & Tapped

Iger sanction: ABC Inc. president **Robert A. Iger** has named **Stu Bloomberg** as Chairman, ABC entertainment, ABC Inc.

The new president of the Washington State Association of Broadcasters is Entercom's **G. Michael Donovan**. His term will last three years.

Declaration of Warfield? Evergreen has installed **Charles M. Warfield, Jr.** as the new VP/GM for WDAS AM-FM Philadelphia.

Veteran broadcast money man **Ed Ruffley** has joined Saga Communications as VP, CFO and treasurer.

Jones Satellite Networks has looked to the past to launch two new 24-hour formats and named Operations Managers for each. **Rich Bryan** will look back a decade or two as he takes on Rock Classics, while **Frances Padilla** looks back a century or two for The Classical Collection.

Medialink Worldwide has tapped former WABC News Director **Robert Bucci** as its director of audio services.

Stephanie Nussbaum has signed on with SportsFan Enterprises as manager of sports marketing.

Two for One-on-One: A pair of GMs will be in place when One-on-One Sports closes on its multiple-large-market AM station purchase from the Spanish Broadcasting System. **Jamie Rush** will quarterback the New York station, with **Bob Koontz** calling the plays on the other coast.

T.K. to come: United Stations Radio Networks has signed **T.K. Wilson** as senior account exec. She will concentrate her efforts in the eastern region.

Washington: **Chris Broullire** has been upped to director of sales at WBIG-FM (Oldies) and WGMS-FM (really old Oldies...er, Classical). Additionally, **Chuck Cowdrey** will be the new GSM at WBIG.

Metro Networks moves Holland to Phoenix: **Mary Holland** is the new director of operations for Metro Networks in Phoenix AZ, with **Eric Zotcavage** along as assistant dir/opns. In Tampa, **Ed Hartley** is named director of operations, and **Chuck Whitaker** bags the director of affiliate relations gig. Meanwhile, **John Levitt** has been named news bureau chief, Miami.

Television Business Report

NBC helps boost GE

General Electric (N:GE) said NBC-TV, GE Capital Services and GE's aircraft engine division were the stellar performers among nine GE divisions which posted double-digit increases for operating profits in the second quarter. Overall, GE's net income rose 13.3% to \$2.16B as revenues rose 15.4% to \$22B.

Paxson buys more TV

Bud Paxson is continuing to buy TV stations after agreeing to sell his radio group to Clear Channel (N:CCU) for \$693M (RBR 6/30, p. 3). Paxson Communications' (A:PXN) buy of WKZX-TV (Ch. 28) Nashville will give Bud 56 stations coast-to-coast—and there's a report that he's also the top bidder to buy a bankrupt station in San Luis Obispo, CA.

Speaking of Bud...

What do you suppose it costs to LMA a TV station in the nation's largest market? Usually the FCC doesn't require the financial details of LMAs to be disclosed, but for some reason the FCC staff required Paxson Communications to file detailed financials for its LMA of WPXN-TV (Ch. 31) New York, which it is buying for \$257.5M. The monthly fee for the LMA, which began June 30, is \$1.25M.

TV ratings deal cut; NBC holds out

The TV industry—bowing to pressure from elected officials and kidvid advocates—has agreed to add symbols to their content code to indicate if a show includes sex, violence or adult language. NBC fears a chilling effect on programming and prefers to stick with the current age-based system.

TV analog giveback still debated

A House-Senate committee began work last week aimed at reconciling the differences in budget bills. The measures give TV broadcasters wiggle room on when they must give up their analog channels, which the government wants returned by 2006. The

House bill allows TV broadcasters to keep their analog channels beyond 2006 if more than 5% of households in a market can't receive local digital signals. Under the Senate version, broadcasters could apply for FCC waivers if more than 5% of households in a market don't have access to digital signals, either off the air or through digital cable or DBS.

TV commercial ratings in the works

A deal between Nielsen Media Research and Lucent Technologies (the AT&T spinoff company that has Bell Labs) may result in ratings for TV commercials. The two companies are reportedly working on three projects: measuring audiences to TV commercials; increasing sample sizes; and developing a technology to encode digital TV receiver.

Interactive TV makes a comeback

NBC has signed a deal with Wink Communications that will add interactive elements to NBC's TV programming. Wink's technology uses cable set-top boxes and the VBI (vertical blanking interval) in the TV signal to send interactive programming to the TV.

TV ch. 60-69 reallocation begins

The FCC has begun the process of reallocating TV channels 60-69 (the 746-806 MHz band.) A chunk is expected to be set aside for public safety agencies like police and fire departments, while the rest could be sold at auction and used for commercial wireless services.

KKIQ-TV \$10,000 EEO fine stands

The FCC stands by a \$10,000 EEO fine for KKIQ-TV in Livermore, CA (near Oakland). KKIQ had asked for the penalty to be rescinded, but the Commission said it was justified because of the station's inadequate efforts to recruit minorities and lack of self-assessment of its EEO efforts. The fine was originally levied last December when the FCC granted the station's renewal.

Non-cable homes skip TV nets

The big four broadcast TV networks are hemorrhaging viewers so dramatically

their primetime Nielsen ratings have plunged even in homes without cable. That's according to the Cabletelevision Advertising Bureau, which analyzed the May Nielsen sweeps from '92-'97. The aggregate prime time rating of the big four in non-cable homes dropped from a 45.9 in May '92 to 38.1 in May '97. The networks dispute the study, especially CBS which came out with a few numbers of its own.

CBS TV goes to commission sales

Mel Karmazin has put the CBS TV Station Group on a mostly commission compensation plan as of July 1, doing away with a 75% salary and 25% commission structure.

Hitachi to license WebTV; Microsoft deal still pending

Hitachi Home Electronics, a subsidiary of Hitachi, Ltd., plans to sign a pact with WebTV to license, ship the terminals, and provide the network service to U.S. customers. With the threat of more competition and customer complaints, WebTV is offering numerous perks and new services to secure its subscriber base (and to keep the deal attractive for Microsoft). The estimated \$425 million buyout was announced April 6th, but as of 7/14 had not received regulatory approval.

Sinclair switches net affiliation to WB

Sinclair Broadcast Group said it would switch TV network affiliation for five of its stations to The WB Television Network for 10 years beginning January 16, 1998. Three other Sinclair stations have extended their WB affiliation in a new contract; one other LMA'd station will also switch to WB in late 1999.

The move promises to shake up network affiliations by increasing WB's coverage to 87% of US households and reducing UPN's national coverage to 72% of households, according to Nielsen.

Grant fined for indecency

The FCC has fined Grant Broadcasting, licensee of Virginia TV stations WJPR (Lynchburg) and WFXR (Roanoke), \$2,000 for airing what the Commission considers indecent material outside the 10PM-6AM "safe harbor." Grant has 30 days to respond.

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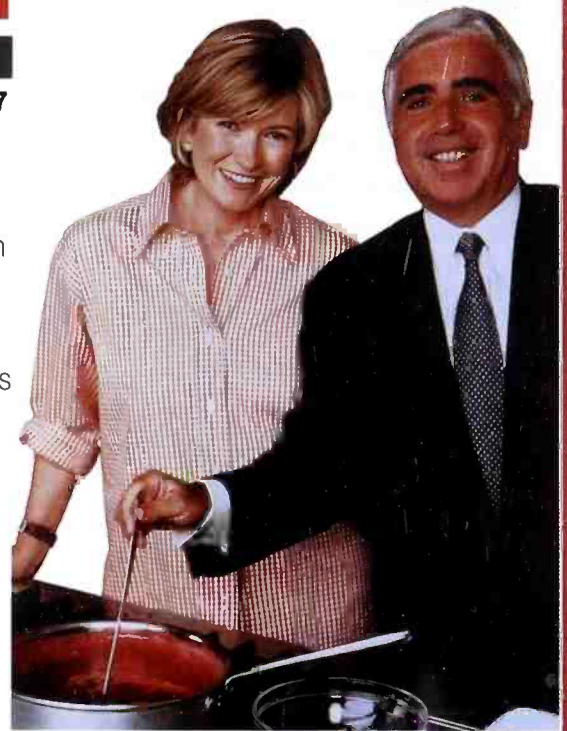
From the Publishers of Radio Business Report Inc., 14 Years

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A year and a half ago, a new product called Clean Shower claimed "you'll never clean your shower again." Today, it has hundreds of radio jocks singing its praises and consumers clamoring for more. Find out the secrets behind this radio-only ad campaign, page AB3.

CBS' Mel Karmazin is cooking up a lot more than another new acquisition. It's a good thing he has Martha to help him. Martha on radio, page AB6.



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 The Victoria Jones Show
 Dick Clark's Rock Roll & Remember
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 Sonrise
 Dick Clark's US Music Survey
 The Elliot Report
 News From Nashville
 The Morning Show Fax
 Annual Country Specials
 Backtrax USA
 The Rock and Roll Hall of Fame and
 Museum's Psychedelic Era 1965-1969
 Dr. Dave's Comedy Drops
 The Apollo Comedy Minute
 Dr. Will Miller
 Country Comedy Jamboree
 Headline Songs
 The Comedy Central Minute
 The Daily Show with Craig Kilborn
 Comedy Plus on Demand
 The Last Laugh
 Major League Sports Comedy
 Characters on Demand
 Laugh Attack

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The "Clean" machine

CBS' Charles Osgood (center) and ABC's Tom Joyner (right) are just two of the hundreds of radio personalities that use Clean Shower and plug it on their radio shows, creating one of the most persuasive "word of mouth" networks ever to bring a



new product to market.

The results of this all-radio marketing campaign speak for themselves. Since it was introduced in June 1995, Clean Shower made it to the shelves of 1,000 stores in one year. Today, it is sold in more than 15,000 stores in 48 states.

What began as a city-by-city campaign with a \$1M budget has now moved to



national radio and a \$3M budget. Clean Shower recently signed a one year contract with Westwood One/CBS Radio Networks' Charles Osgood, "The **Osgood Files**," Jacor's (via EFM Media) **Rush Limbaugh** in April, as well as contracts with ABC Radio's **Doug Banks** and **Tom Joyner**.

The Clean Shower success story began like most entrepreneurial endeavors with limited resources. Automation, Inc. VP/COO **Paul Porter** had to solve three problems in figuring out how

to market the product and get it on retail shelves. "First, I had to create word of mouth. Second, I had to change consumer behavior. Third, I had to demonstrate the product."

As President of Clean Shower's inhouse advertising firm, East Pointe



continued on page AB6

AdStats

Demo Dynamics: 25-54 still the demo of choice

When it comes to national buys, advertisers and agencies placed more than half of avails against the 25-54 demo. However, that's slipping in the top 50 markets, indicating that radio formats targeting more discrete demos may be starting to pay off.

According to an Interep study of the allocation of national spot dollars in the top 50 markets, 29 markets saw declines in the percentage of dollars allocated to the 25-54 demo from 1995-1996. The market with the greatest decline in 25-54 national spot dollars was San Jose sliding from 49.7% to 43.3%.

The second most lucrative demo, 18-49 (the TV demo), slipped slightly, from 19.1% of the dollars to 17.7%. Markets with the largest percentage of dollars going to this demo: San Jose (28.6%), Las Vegas (28.1%), Riverside/San Bernardino (25.1%), and Norfolk (23.7%).

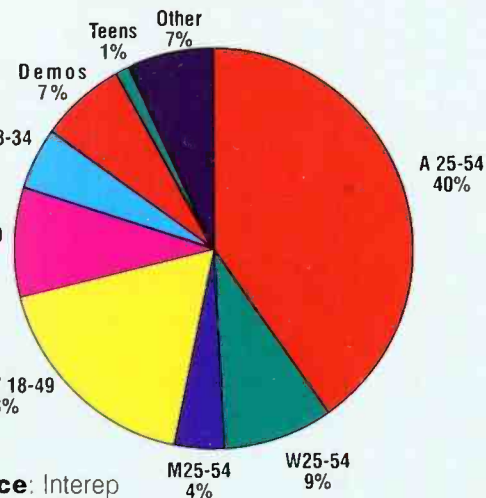
Demos on the upswing: The 35+ demo, which garnered 6.5% of national spot dollars, up from 4.6% in 1995 and 3.6% in 1994. Markets leading the way: West

Palm (10.7%), San Diego (10.9%), Los Angeles (9.6%), Detroit (9.5%) and San Francisco (9.0%).

Female demos, overall, are capturing more dollars than the male demos, with 15% of all national spot dollars, compared to 8.9% for males.

While the younger-skewing 18-34 demo hasn't gained significant ground yet, the percentage of dollars have been increasing slightly since 1994, from 3% to 4.6% in 1995, to 4.7% in 1996. San Jose got the largest percentage at 12%, followed by Providence (7.9%), Charlotte (7.9%) and Detroit (7.8%).

Allocation of Dollars by Demo Top 50 Radio Metros



Dollars by Demos Top 50 Markets

	\$(Millions)		
	1994	1995	1996
25-54	55.1	54.8	54.2
18-34	4.3	4.6	4.7
35+	3.6	4.6	6.5
18-49	18.5	19.1	17.7

Source: Interep

AdMarket

Houston (9)

An anonymous Houston radio item appeared on the Internet recently. It said that Houston has undergone "a reasonable amount of consolidation," and that CPP's have jumped after five years of stagnancy, and that the "jump in rates appears to be directly related to a virtually sold-out market." Then, after identifying the proven supply-and-demand cause of rate increases, the item notes that "it is coincidental that it follows a consolidation of station ownership."

Using the same logic, we offer this little item: Two plus two equals four. While this appears to be directly related to adding them together, it is coincidental that it also follows the advent of interleague play in major league baseball.

Thank you, Anonymous, for your cogent analysis of CPP's in Houston.

Format	Stns	%AvSh	Index
CHR	2	16.9	+7.7
Country	3	14.4	-8.0
AC	2	13.9	-1.8
Spanish	10	12.1	+9.5
News-Talk	4	10.1	-1.8
Classic Rock	2	7.4	+1.4
Urban	2	6.9	+0.5
Standards	1	5.4	+1.1
Oldies	1	5.1	-1.4
Alternative	1	3.6	+0.1
NAC	2	2.4	+1.3
Religion	2	1.0	-1.5
Classical	1	0.9	+0.4

(%AvSh adjusts each format's 12+ total for below-the-line and lost listening; index show how each format's share compares to the national average for that format).

Duopoly Dimensions

	Owners	Stns	Pct.
Superduopolies	4	22	55.0
Duopolies	4	11	27.5
Combos	0	0	0.0
Standalones	7	7	17.5
Total Consolidation	8	33	82.5

Revenue Estimates

Medium	\$(millions)
Radio	210.9
TV	416.9
Newspaper	348.3

Top owners

Owner	AMs	FM's	12+sh
**#Clear Channel	3	4	19.6
**SFX	1	3	14.5
*Chancellor	2	2	11.8
**CBS	3	2	9.3
*Nationwide	0	2	8.5

(* = duopoly, ** = superduopoly # = LMA; chart based on assumption that all announced deals will close)

Sources: RBR database, Arbitron, BIA

ProgramNews

Paula Gwynn Grant joins USA Music Magazine

American Urban Radio Networks announced **Paula Gwynn Grant**, former Miss Black America, will co-host a two-hour weekend show with **Vinny Brown**. Carried by more than 90 Urban stations, the show will be targeted to 18-49 adults.



Grant, a radio and TV veteran, began her career as producer of BET network's "Video Soul" with **Donnie Simpson**.

"The Group Room" adds two

Syndicated radio's first call-in cancer support show, "The Group Room," will now be heard in New Orleans on WSMB-AM and on WTAL-AM Tallahassee. Sponsored by Bristol-Myers Squibb and Ortho Bio Tech Inc, the show first aired in February, 1996 and now includes 13 affiliates in the U.S. and Canada. Air time is **Sundays** from 4-6P ET.



"The Group Room" is hosted by **Selma R. Schimmel**, founder of "Vital Options" TeleSupport Cancer Network—a non-profit cancer support group for young adults.

Gil Brandt teams with SportsFan

SportsFan Enterprises announced a multi-year agreement on 6/3 with NFL legend, **Gil Brandt**. Brandt, of Dallas Cowboys fame, will appear on up to five weekday shows for the 24-hour SportsFan Radio Network, and on weekends as the schedule provides. The network claims more than 500 affiliates.

WW1 takes listeners 'round the world

Westwood One is launching a new one-minute daily feature, "Today's Traveler." The program, which debuted June 30, focuses on travel tips and information provided by co-producer *Condé Nast Traveler* magazine. Hosted by **Wendy Perrin**, consumer news editor of the magazine, the program will be heard on more than 1,100 WW1, NBC Radio Network and Mutual News affiliates.

Supermarket Guru® joins WOR New York

"Shopping Smart with Supermarket Guru® **Phil Lempert**," a live 2-hour call-in show, began airing Sundays 2-4P ET on 50-60 WOR Radio Network affiliates, June 22. Lempert, a food marketing analyst brings experience from his syndicated *Chicago Tribune* column and numerous TV correspondent slots.

Family Channel goes radio

"The Family Channel Radio Network" debuted June 16 on more than 100 affiliates, targeting fami-

lies on summer vacations. Part of FAM's "You Ain't Seen Summer Yet" promotion, the weekly 30-min variety show features everything from celebrity interviews to entertainment ideas. Some segments are similar to FAM's "Home & Family" weekday talk show 1-3P ET. The program is hosted by **Glenn Alan**, of "PM Weekly" and "The Lighter Side" fame.



Radio Network

KMOX takes homespun show national

St. Louis' KMOX-AM has entered an agreement with Nostalgia Broadcasting Corp. to syndicate their "Entertainment and Trivia Program" with **Harry Hamm** nationally. The show will debut in 40 or so markets, with a goal of 100 markets in the next year.

Tune in and drop out!

United Stations Radio Network and The Rock & Roll Hall of Fame and Museum have teamed up to

deliver a Summer music series dubbed "The Psychedelic Era 1965-1969." Launched on the July 4th weekend, the show coincides with the Rock & Roll Museum's new exhibit."

The weekly 1-hour show, produced by the museum and **Ben Manilla** Productions will air through the Labor Day weekend on 52 Classic Rock and AOR affiliate stations.

Hosted by **Paul Kantner** of Jefferson Airplane and **Ray Manzarek** of the Doors, the program will feature a behind-the-scenes look at the Psychedelic music scene through interviews of dozens of artists and legends from the period.



ABC Radio net gets "Connected with Gina Smith"

ABC Radio will launch "Connected with **Gina Smith**" October 4. Featuring computer news, consumer tips, internet

Victoria Jones brings tabloid to talk radio

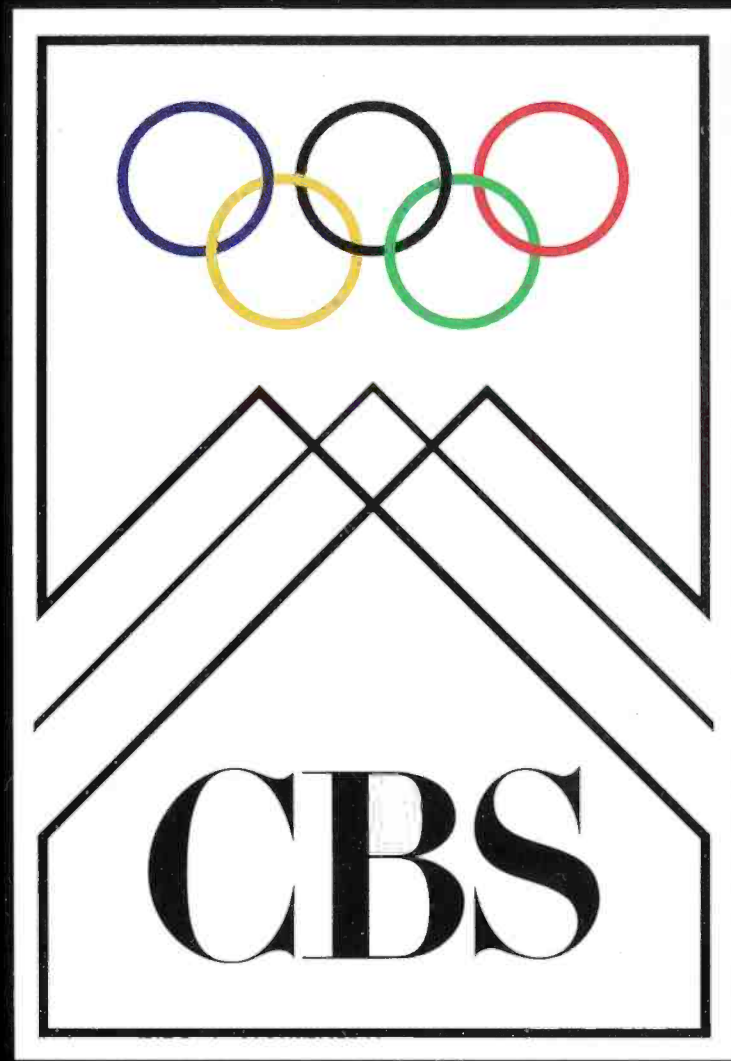
Battle of the sexes? Debuting August 4th, United Stations Talk Radio introduces **Rush Limbaugh's** new antithesis, "On The Air With **Victoria Jones**." Filling a huge gap for female audiences in the 12-3P ET slot, Victoria Jones will deliver the dirt—scandals, entertainment gossip—in a live call-in show. Her last gig was morning drive on News/Talk WWRC-AM Washington, and along with other radio experience in her portfolio, she's made appearances on tabloid TV such as "Rolonda," "Inside Edition" and "Hard Copy."

"Political Talk is starting to erode in ratings, and male-oriented Talk shows are maxed-out. We wanted to offer listeners something different. There are plenty of tabloid publications and TV programs, but none in radio," said **Mike Castello**, Managing Director, US Talk Radio. "We chose to parallel Rush's time slot across the country for three reasons: 1.) Competitors for the female audience, **Dr. Laura** and **Dr. Joy Browne**, are in different time slots 2.) It gives stations and advertisers another option without competing for the same audience. 3.) Air time won't be at drive time, where much of the talk radio audience is lost." Castello estimates 50 affiliates for the launch, and 125-150 by year one.



Victoria Jones

Only One ■■■



NAGANO 1998

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To advertise, call 212-641-2102



Westwood One.

information and listener phone calls, the program will air Saturdays 10A-1P. Smith is ABC's Technology Correspondent, with regular contributions on the TV network's "Nightline," "World News Tonight," and "This Week" programs.

HBO and WW1 deliver knockout punch

Westwood One and HBO are in the ring to broadcast, exclusively, the only radio network coverage of live championship boxing. "Before TV took the sport, it was popular in the golden Age of Radio. Now, with modern technology and sound effects, we find the play-by-play action brings listeners to the ropes," said **Ted Kelly**, VP/Marketing, WW1. "We're bringing boxing back as the mass-appeal sport it used to be before exclusive cable and pay-per view coverage."

United Stations adds three for Sundays

Targeting Sunday morning programming, United Stations has acquired Right Turn Radio, which produces three Contemporary Christian programs for the Country, Hot AC and AC formats. The programs, "American Christian Music Review," "Face to Face," and "Face to Face II," complement United Stations' other program, "SONRISE." Total affiliate count for Right Turn's three programs is just under 100. SONRISE has about 50 affiliates.

"Life Begins at Fifty" launches on Talk America

Offering advice, tips and a forum for the approaching golden years, the newly launched (7/7) live call-in program will initially be carried on 20 affiliates, according to **Tom Star**, VP Talk America Radio Networks. Hosted by **Tom R. Holter**, a lifetime radio veteran, air time is M-F 7-9P ET. Show topics will cover retirement, investments, fitness, travel, health care and more.

Martha Stewart brings 'good things' to radio

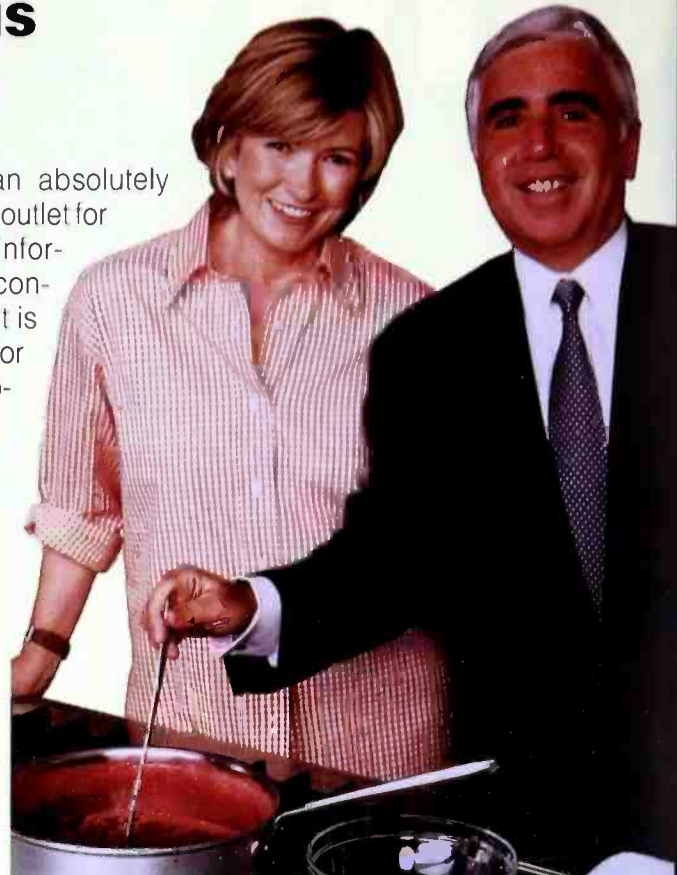
Lifestyle-maven **Martha Stewart** is coming to radio. Westwood One Entertainment (WW1E) plans a Martha launch (of daily :60-:90 features) in late summer. "Her branding is unbelievable," WW1E President **Greg Batusic** told *RBR*. "This is an information show relative to living. We see longevity in Martha." Unlike her TV program which features intricate demonstrations, Martha's radio show will be more advice-oriented.

The target demo for advertisers is women 18-49 and 25-54. WW1E believes homeowners and apartment dwellers can appreciate Martha's approach to living, and that her show will attract a broader audience than that of regular cooking, gardening or home repair shows. WW1E expects NewsTalk, AC and Hot AC stations to be the most likely candidates to air the program. Potential advertisers include: cookware, gardening, crafts, antiques, home repair and restoration companies.

"Radio is an absolutely perfect media outlet for our lifestyle information and content because it is ideally suited for my most up-to-the-minute seasonal tips and hints," said Stewart of her show, to be called "ask Martha."

In addition to her daily radio program, WW1E plans longer quarterly specials with guests, listener call-ins and live e-mail chats.

WW1E sees great opportunities to cross-promote between the radio show, Martha's magazine, her appearances on CBS-TV, and on a web site in development. WW1E hopes to list her radio affiliates in the magazine.



Fellow entrepreneurs Martha Stewart and WW1 President/CEO Mel Karmazin at Martha's contract signing, cooking up a national radio show!

Martha will also record station liners and do call-ins with morning show hosts around the country to promote the show.

The show will be offered on a barter basis with opportunities for national and local sponsorships.

Clean Shower continued from page AB3

Advertising, Porter rejected setting up demonstrations in grocery stores, which would be good to demonstrate the product but limited to small audiences.

Porter turned to radio. But he didn't just want to buy ads on radio shows. Porter wanted DJs who had actually used the product and could testify to its effectiveness. Real testimonials, not purchased ones. "They had to use the product. If they loved it, we negotiated the schedule. We refused to buy ahead of time," said Porter.

In targeting Women 35-64 and Adults 25+, Clean Shower focused on AM Talk and Country stations, with the exception of several Oldies stations in select markets. "We were looking for active morning drive listeners who

would complain to the store to carry our product; we had to have proactive listeners," said Porter.

The test market for Clean Shower was Boston with American Radio Systems WRKO in late Fall 1995. From there, Porter personally visited with hundreds of radio personalities across the country, explaining Clean Shower's campaign. Only five stations turned Porter down. Most stations were game. "We had them listen to other DJs and what they said about our product. We provided a 20-page manual with different sections that lead them through a four-week campaign," said Porter.

Clean Shower works with the station in developing a special schedule so that the stores can



John Lanigan

"get a feel of how fast Clean Shower sells once we are on the air," explains Porter. Typically, Clean Shower buys four weeks spread out over a ten-week period to avoid stock outs.

Porter credits the local radio personalities with motivating listeners to go to the stores and demand they stock Clean Shower, such as **John Lanigan** of Nationwide Oldies WMJI-FM Cleveland, **Dick Purtan** of CBS Oldies WOMC-FM Detroit, and **Dave McKay** of CBS Country WQYK-FM Tampa. Said Porter: "They didn't just endorse it, they created 'word of mouth.' We just asked them to tell the truth."



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“Scarborough isn’t just a media study; it is an information resource that helps us guide our clients toward making effective and efficient use of their marketing and media dollars.”

*Joe Abruzzo
Director of Marketing/Media Research
The Media Edge, New York, NY*

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 Phone _____
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 Act#/Exp. Date _____
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BROADCAST INVESTMENTS

July 16—RBR Stock Index 1997

Company	Mkt:Symbol	7/9 Close	7/16 Close	Net Chg	Pct Chg	7/16 Vol (00)	Company	Mkt:Symbol	7/9 Close	7/16 Close	Net Chg	Pct Chg	7/16 Vol (00)
Ackerley	A:AK	12.000	13.375	1.375	11.46%	206	Jacor	O:JCOR	39.875	46.250	6.375	15.99%	5532
Alliance Bcg.	O:RADO	4.250	3.625	-0.625	-14.71%	207	Jeff-Pilot	N:JP	69.750	70.937	1.187	1.70%	891
Am. Radio Sys.	N:AFM	40.437	43.312	2.875	7.11%	2440	Jones Intercable	O:JOINA	12.750	13.250	0.500	3.92%	96
Ceridian	N:CEN	39.437	39.312	-0.125	-0.32%	9915	Katz Media Group	A:KTZ	6.750	10.750	4.000	59.26%	2624
Chancellor	O:CBCA	42.000	42.875	0.875	2.08%	219	Metro Networks	O:MTNT	26.250	26.375	0.125	0.48%	17
Childrens Bcg.	O:AAHS	4.625	4.750	0.125	2.70%	654	New York Times	A:NYTA	52.750	53.250	0.500	0.95%	1784
Clear Channel	N:CCU	59.000	60.000	1.000	1.69%	1049	Pacific R&E	A:PXE	3.250	2.750	-0.500	-15.38%	5
Cox Radio	N:CXR	25.000	25.187	0.187	0.75%	108	Paxson Commun.	A:PXN	12.000	12.375	0.375	3.13%	3317
DG Systems	O:DGIT	4.500	4.750	0.250	5.56%	587	Pulitzer	N:PTZ	53.437	52.812	-0.625	-1.17%	304
Disney	N:DIS	77.062	78.875	1.813	2.35%	20786	Saga Commun.	A:SGA	18.250	20.062	1.812	9.93%	12
Emmis Bcg.	O:EMMS	42.250	42.000	-0.250	-0.59%	58	SFX Bcg.	O:SFXBA	42.625	48.125	5.500	12.90%	828
Evergreen	O:EVGM	46.750	47.375	0.625	1.34%	4406	Sinclair	O:SBGI	28.500	29.750	1.250	4.39%	264
Faircom	O:FXCM	0.281	0.312	0.031	11.03%	502	TM Century	O:TMCI	0.468	0.468	0.000	0.00%	0
Fisher	O:FSCI	128.500	130.500	2.000	1.56%	7	Triathlon	O:TBCOA	7.937	7.937	0.000	0.00%	442
Gannett	N:GCI	103.750	103.625	-0.125	-0.12%	3442	Tribune	N:TRB	48.500	54.125	5.625	11.60%	3260
Gaylord	N:GET	23.062	23.125	0.063	0.27%	1299	Viacom Cl. A	A:VIA	30.562	28.500	-2.062	-6.75%	1046
Granite	O:GBTVK	10.125	10.000	-0.125	-1.23%	236	Viacom Cl. B	A:VIAB	30.812	28.500	-2.312	-7.50%	8287
Heftel Bcg.	O:HBCCA	59.250	61.625	2.375	4.01%	490	Westinghouse	N:WX	23.562	24.750	1.188	5.04%	36170
Heritage Media	N:HTG	18.687	18.937	0.250	1.34%	740	Westwood One	O:WONE	31.750	31.750	0.000	0.00%	613

SFX stock soaring!

A month ago, you could buy stock in SFX Broadcasting (O:SFXBA) for \$35 per share. Now its price is more than a third higher. There have been rumors of a takeover bid by Capstar, but so far those are just rumors. More recently, Furman Selz analyst **Vinton Vickers** listed SFX and Clear Channel (N:CCU) as his top radio stock buys, based on Q2 earnings expectations.

Last hurrah for Gannett Radio

Radio revenues were up 17% in Gannett's (N:GCI) report on Q2, the last before the remaining five stations were sold to Evergreen Media (O:EVGM) on July 2. Revenues rose 8% for Gannett's 18 TV stations, giving the broadcast division an overall gain (pro forma) of 9%. Broadcast cash flow rose 18% to \$111.7M.

For all of Gannett, revenues rose 7.1% to \$1.19B and net income gained 29.8% to \$194.7M.

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by Jack Messmer

Katz Media sold to Chancellor/Evergreen

Chancellor Media, backed by Hicks, Muse, Tate & Furst, is buying Katz Media (A:KTZ) for \$155M in cash and assumption of \$218M in debt. That's a total deal value of \$373M to make Katz, the nation's largest media rep, part of the company to be created by the merger of Evergreen Media (O:EVGM) and Chancellor Broadcasting (O:CBCA).

If you are a Katz shareholder, your perspective on this deal may well depend on when you bought those shares. After acquiring a majority interest in Katz from Sandler Media, DLJ Merchant Banking Partners, a venture fund affiliated with Donaldson, Lufkin & Jenrette, took the company public in April 1995 at an IPO price of \$16. The stock price peaked at nearly \$22 in September

1995, then began a gradual slide that bottomed out near \$5 through April, May and June of this year. (See chart, page 17.) As recently as last Monday (7/14) you could have bought shares for \$9 or less, although takeover rumors had dramatically increased trading volume late in the previous week.

Katz shareholders will receive \$11 per share. That's a 120% profit if you bought in April 1997, but a 31% loss if you bought in April 1995.

Value, rather than synergy, appears to be the main driver for this deal. Hicks, Muse chairman **Tom Hicks** has wanted to own Katz for years. He made unsuccessful bids in 1993 and '94.

As soon as last week's buyout was announced, speculation began that Hicks will also try to buy Petry Media,

the only free-standing TV rep company remaining (it owns the Petry, Blair and Fox rep firms). That would make TV representation the domain of two mega-reps, Katz and Cox Enterprises (TelRep, HRP and MMT), much like the Katz-Interep split for national radio spot sales.

Also, **Mel Karmazin**, CEO, CBS Station Group, is exploring options to outsource national representation for the CBS-TV O&O group, much as he rolled all CBS radio representation into a dedicated rep at Interep. There's no indication, though, that ABC or NBC have any interest in dropping in-house TV representation.

Even without adding more client bulk, Katz president **Tom Olson** says the TV division is back on track, after losing several large clients in buyouts. "I believe we've been through the worst, the trough is behind us for the television business," said Olson. Investment bankers: (for Katz) Donaldson, Lufkin & Jenrette, plus fairness opinion by CS First Boston; (for Evergreen/Chancellor) Smith Barney

See related story, page 3.

RBR observation: We haven't said much about Katz's radio rep division because it's doing just fine, producing about two-thirds of the company's cash flow. That's not how it's supposed to work, though, since TV billings are more than double those of radio.

Wall Street never understood the rep business—which isn't surprising, since Katz was the only public company in the sector. Folded into Chancellor Media, Katz's cash flow will probably be valued at a mid-teens multiple, just like the rest of the company. That makes this 8.2 times cash flow deal a winner for Tom Hicks and Evergreen CEO **Scott Ginsburg**, even without growing the rep business. Somehow, though, we doubt that no-growth is part of their plan.

Jim Levy, Chairman and CEO, and the Shareholders

have agreed to sell the stock of

The Park Lane Group

for

\$23,500,000

to

Terry S. Jacobs, Chairman/CEO and
William L. Stakelin, President/COO of

Regent Communications, Inc.

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continued on page 18

Katz: 109 years in the rep biz

Emanuel Katz is credited with inventing the media rep business when he established E. Katz Special Advertising, the forerunner of Katz Media Group, in 1888 to sell ads in New York for **William Randolph Hearst's** San Francisco newspapers. Today's company bears little resemblance to the original firm. Newspaper representation was dropped in 1969 to concentrate on repping radio stations (since the 1930s) and TV stations (since the late 1940s). More recently, Katz Media expanded into cable representation (in 1992), international media (1993) and the Internet (1995).

Along the way, ownership of the company changed several times. An employee stock ownership plan (ESOP) bought out the Katz family in 1972, Sandler Media and senior management bought out the ESOP in 1990, and DLJ Merchant Banking Partners acquired majority ownership in 1994, setting the stage for an IPO in April 1995 at \$16.00 per share. The chart below shows Katz's stock price performance during its two and a half year run as a public company. Now, Chancellor Media is set to become owner number six.

Here's a look at what it's buying:



Katz Radio Group

Units: Amcast, Christal, Eastman, Katz Radio and Katz Hispanic

Clients: 2,000+ stations, including ABC, most of ARS, Jacor, Bonneville, Cox, Heftel and Tribune

Share: 53% of \$1.5B national spot business

Television Reps

Units: Katz American and Katz Continental (both under Katz Television Group) and Seltel (separate subsidiary acquired in 1992)

Clients: 340+ stations, including Paramount, Hearst/Argyle, New York Times, Pulitzer and Scripps Howard

Share: 24% of \$7B national spot business

National Cable Communications

(Katz owns 50% of joint venture with several cable companies)

Clients/co-owners: Comcast, Continental, Cox and Time Warner

Share: 59% of \$200M national spot business

Katz Millenium Marketing

Rep launched in December 1995 for Internet sites and interactive TV

Katz International Ltd.

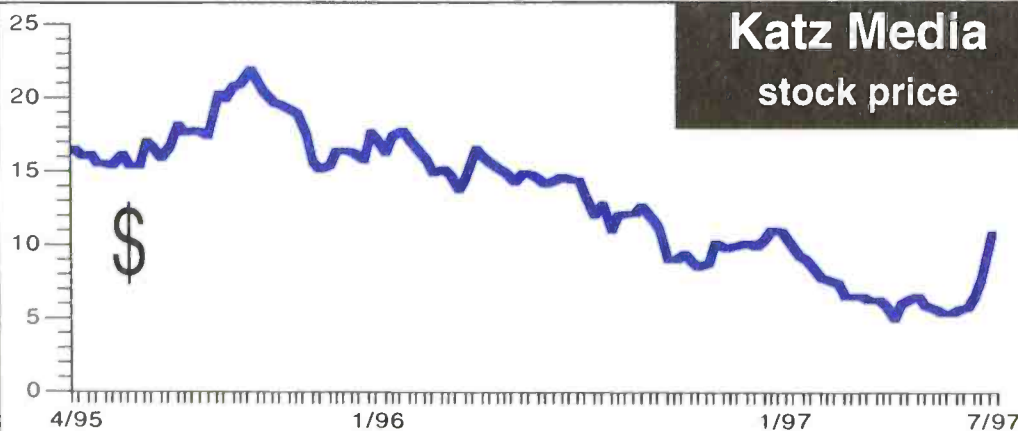
London-based rep for TV and cable in Britain

Katz Dimensions

Integrated marketing division for cross-media sales and new business development (non-spot) sales

Source: Katz Media 10-K and news releases

Katz Media stock price



CLOSED!

WGRR-FM, Cincinnati, Ohio, from **The Dalton Group**, Bill and Sue Dalton, Principals to **American Radio Systems Corporation**, Steve Dodge, Chairman/CEO, for \$31,000,000.

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and
Charles E. Giddens,
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Toledo triple-play scores seven

Cumulus Broadcasting is buying everything that isn't nailed down in Toledo. It's paying \$30M for 62nd Street Broadcasting's WTOD-AM, WKKO-FM, WIMX-FM & WRQN-FM; \$10M for Midwestern Broadcasting's WWWM-AM & WLQR-FM; and \$5M for Venice Broadcasting's WXKR-FM. One seller, Midwestern, is owned by **Lew Dickey Sr.**, whose son, **Lew Dickey Jr.**, is a principal of Cumulus. **Broker:** (for 62nd St.) **Dick Foreman**, Richard A. Foreman Associates

Allentown FM commands \$23M

Count 'em. There are five Class B FMs in the Allentown-Bethlehem market (Arbitron #65)—Capstar owns three

and Citadel owns one, WLEV. How many other Class B FMs can Citadel CEO **Larry Wilson** buy if he wants to be competitive in the market?

Now you understand why Citadel is paying \$23M for **Richard Dean's** WFMZ—a price roughly equal to the entire market's annual billings. **Broker:** **Dick Foreman**, Richard A. Foreman Associates

Susquehanna spins move-in

Joe Field's Entercom is paying \$15.9M for KBYA-FM, which Susquehanna is building in Sacramento after getting FCC approval to jump in from the Reno market (see the map, RBR 7/7, p. 11). It'll be Entercom's fourth FM in the California capital. **Broker:** **Larry Patrick**, Patrick Communications

Youngstown combo to Jacor

Randy Michaels is taking Jacor (O:JCOR) into its eighth Ohio market, paying the **Williamson** family \$2.5M for an option to buy WKBN-AM & FM Youngstown, OH for a total of \$11M. An LMA begins soon. Look for a closing as soon as the capital gains tax is reduced. Talk about heritage—the **Williamsons** put the AM on the air in 1926 and the FM in 1947. They're keeping WKBN-TV (Ch. 27, CBS), which they started in 1953. **Broker:** **Bruce Houston**, Blackburn & Co.

Regent adds Dayton combo

Regent Communications is paying \$18.4M for Great Trails' WING-AM & WGTZ-FM Dayton and the right to buy WING-FM.

Transaction Digest continued from page 18

Broadcasting Inc. (Willard, Ruth, Paul, John & Robert Shoecraft, Mark & Bjorn Dale). Transfer for no consideration between family-owned entities. Existing combo.

N/A—WHPY-FM Raleigh-Durham (Clayton NC) from Grace Missionary Baptist Church d/b/a Grace Christian School (Clyde I. Ebonn) to Fellowship Baptist Church Inc. d/b/a Fellowship Christian

Academy (Charles R. Ennis). Transfer for no consideration.

N/A—KCNN/KZLT Grand Forks ND-MN (East Grand Forks MN). Transfer of stock in KRAD Inc. from Robert M. Norman (father-in-law, 50.8% to 0%) to Patricia A. Norman (daughter-in-law, 49% to 99.8%). Gift.

N/A—WRVZ-FM Charleston WV (Pocatalico WV). Transfer of Weigle Broadcasting Corp. from Robert A. Bennis (father) to David C. Bennis (son). Gift.

N/A—KTMR-AM Edna TX from Everado Morales to HZ International Inc. (Umberto & Maria Louisa Zazueta). Forgiveness of debt.

N/A—KWIQ AM-FM Moses Lake WA. Transfer of KWIQ Radio Inc. from the Estate of Frances L. Lawrence (sister, deceased) to Gerald Eugene King (brother).

N/A—WEBJ-AM Brewton AL from the Estate of Eugene Paul Cashman (father, deceased) to Candy Cashman Smith (daughter).

N/A—KLKY-FM Tri-Cities WA (Milton-Freewater OR). Control of Alexandra Communications from Thomas & Cheryl Hodgins and Charles and Norma Jean Nelson to Thomas and Cheryl Hodgins. "Housekeeping" reorganization prior to sale of station to Citadel Broadcasting Co. Thomas Hodgins owns KUJ AM-FM.

N/A—WJZB-FM CP Tupelo MS (Houston MS) from Southern Cultural Foundation (Richard W. Dabney) to American Family Association (Donald E. Wildmon). AFA agrees to withdraw apps. for Ch. 220 (91.9 MHz) St. Martinsville LA and Ch. 220 (91.9 MHz) Corinth MS and to withdraw Motions to Dismiss the apps. of North Alabama Educational Foundation for Ch. 220 (91.9 MHz) Kaplan AL and unspecified channel in Killen AL. SCF, in addition to assigning WJZD-FM CP to AFA, agrees to withdraw apps for Ch. 218 (91.5 MHz) Pontotoc MS and Ch. 209 (89.7 MHz) Minor Hill TN. All stations involved are noncommercial.

N/A—WHIM-AM Providence (West Warwick RI). Transfer of control of Providence Broadcasting Inc. Richard Muserlian and David Larie each go from 33% to 25%. Bruce Soscia goes from 33% to 50%, and will invest unspecified amount of capital in station in return for increased ownership share.

N/A—KCZO-FM Carrizo Springs TX from Paulino Bernal to Paulino Bernal Evangelism (Paulino Bernal). Donation. Station will switch to non-commercial status.

N/A—KSRR-AM Salt Lake City (Provo) from Positive Communications Inc. (Lloyd W. Morey, Robert H. Morey and John M. Scott) to Robert H. Morey. Corporation no longer exists as Scott sold his shares to the Moreys and Lloyd W. Morey is now deceased.



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Company Profile

Emmis: Not a lot of markets, just really big ones

Jeff Smulyan began Emmis Broadcasting (O:EMMIS) in 1981 with one radio station, WENS-FM Indianapolis, then joined in the decade's go-go acquisition spree. Emmis jumped in radio's big leagues in 1988, buying the remaining five stations of NBC Radio for \$112M. That gave the Indianapolis-based group FMs in New York (plus a 50kw AM), Los Angeles and Chicago, in addition to Indianapolis and St. Louis (KSHE-FM, acquired in 1983 for \$8M).

BAM! BAM! The arrival of the decade of the '90s began with a double-whammy for the radio industry. A nationwide recession sent retail sales into a slump, which in turn sent advertising-supported media into a slump. At the same time, tough new banking regulations created a credit crunch.

Meanwhile, Jeff Smulyan was hit with a third "whammy" as the fulfillment of his dream to own a pro baseball team turned into a financial nightmare. He eventually sold the Seattle Mariners to a local investors group.

To put the radio group's financial house in order, Smulyan agreed, quite reluctantly, to sell Emmis' innovative All-Sports station, WFAN-AM New York, to **Mel Karmazin's** Infinity Broadcasting (merged last year with CBS) for \$70M. That 1991 sale still stands as the all-time record price paid for a standalone AM, but "The Fan," now the top-billing station in the nation, is worth roughly \$270M today.

Once burned, twice shy

With the advent of duopolies in late 1992 and superduopolies in early 1996, radio trading has returned to a blistering pace that bears some resemblance to the frenzy of the 1980s. While other big groups have rushed to expand, with several now owning over 100 stations, Smulyan has been very cautious about acquisitions by Emmis.

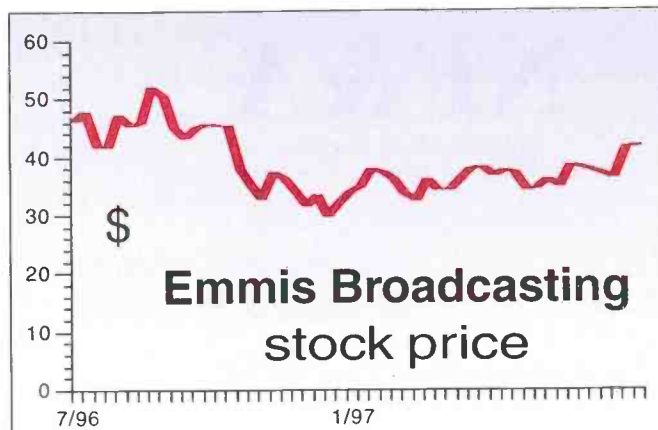
Emmis paid \$68M in 1994 (the same year Emmis became a publicly traded stock) to buy Urban AC WRKS-FM New York from Summit Communications, creating a powerhouse duopoly with CHR WQHT-FM.

Smulyan scored a big coup in May of this year by striking a deal with Tribune Co. (N:TRB) to add New AC WQCD-FM to his New York operation (RBR 5/19, p. 3). The deal is a long-term LMA, with an option to purchase the station for \$145M-\$160M,

"based on certain events and conditions." Under the LMA, which began July 1, Emmis is paying Tribune \$700,000 per month.

In addition to the New York combination, Emmis has superduopolies in Indianapolis and St. Louis, but its stations are still FM standalones in Los Angeles and Chicago.

Diversification has also been limited for Emmis. The company acquired *Indianapolis Monthly* in 1988 and added a second regional magazine, *Atlanta*, in 1993. Emmis also has a minority interest in Duncan's American Radio, which publishes market-by-market data on the U.S. radio industry.



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Emmis Broadcasting

Fiscal year ended 2/28/97

Category	(\$000,000)	gain/loss
Broadcast revenues	\$103.3	3.5%
Broadcast cash flow	\$50.5	10.0%
Publishing & misc. revenue, net of operating expenses	\$0.8	-6.9%
Net income	\$15.4	49.8%

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TRANSACTION DIGEST

by Jack Messmer & Dave Seyler

The deals listed below were taken from FCC filings made public during the week from Wednesday, July 9 through Tuesday, July 15. RBR's Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price.

\$13,000,000—* WDCU-FM Washington DC from University of the District of Columbia (Julius Nimmons Jr., Acting Pres.) to Community Resource Educational Association Inc. (Stuart Epperson, Edward Atsinger III, Mary Guthrie, Alberto Lozano). \$1.3M escrow, balance in cash at closing. **Duopoly** with WAVA-FM. Note: WAVA is commercial, WDCU is noncommercial. Broker: Blackburn & Co.

\$12,050,000—WVOL-AM & WQQK-FM Nashville (Berry Hill-Hendersonville TN), 100% stock sale of Phoenix of Nashville Inc & Phoenix of Hendersonville Inc. from Samuel H. Howard to DBBC LLC (Lewis Dickey Jr., David, John & Michael Dickey). \$500K escrow, \$10M (less escrow) in cash at closing, \$2M debt assumption, \$50K under consulting agreement. LMA since June 1. Note: The buyer owns non-voting stock in the permittee of WNPL-FM CP Mt. Juliet TN, which is also in the Nashville market, and has an LMA pending to program the station once it begins broadcasting. Broker: Media Venture Partners

\$3,852,500—* WNDD-FM and WNDR-FM Gainesville-Ocala FL (Silver Springs-Alachua) from Hurricane Broadcasting (Ernest R. Winn, Robert T. Ganzak, Timothy E. Moore) and Alachua Broadcasting Co. Inc. (Eve Ackerman, 80% and three aforementioned individuals, combined 20%) to Ocala Broadcasting Corp., a subsidiary of Dix Communications (which in turn is a subsidiary of the Wooster Republican Printing Company, owned by various members of the Dix family). \$965.5K escrow, balance in cash at closing (\$662.5K of escrow will be held toward purchase of Ackerman's 80% of WNDR-FM). **Superduopoly** with WOGK-FM. WNDD has run WNDR in an LMA since May 10, 1996.

\$300,000—WNKX AM-FM Centerville TN from Galbreath Broadcasting Inc. (Charles F. Galbreath) to Hickman County Broadcasting Co. Inc. (William S. Turner, Charles F. Galbreath). \$240K cash, \$60K note.

\$275,000—KLOV-AM Loveland CO from Kraus Broadcasting Corp. (Melissa C. Kraus) to Spearman Co., related to A&B Broadcasting (Monte L. and Kristi I. Spearman). \$25K escrow, \$100K cash, \$150K note.

\$130,000—WCNR-AM Wilkes Barre-Scranton (Bloomsburg PA) from Columbia Montour Broadcasting Co. Inc. (Joseph L. Darlington, pres) to Community Communications Inc., a subsidiary of Press Enterprises Inc. (Paul R. Eyerly III, pres). Cash. PEI, which owns The Press Enterprise newspaper, is seeking a waiver of the cross-ownership rule. PEI owned WCNR from station's sign-on in 1947 until its sale in 1966. Broker: Roy H. Rosenblum

\$102,000—KCDL-FM Cordell OK from Don E. & Sonja L. Wrightsman to George L. Chambers. \$22K cash, \$18K note, \$62K assumption of two leases. Broker: Ralph Meador

\$85,000—KZTY-AM CP Las Vegas (Winchester NV) from KZTY Broadcasting Inc. (Gardner H. Altman Jr., pres) to Robert Adelman. Seller was unable to construct station due to illness and is selling CP back to original owner.

N/A—KZRK AM-FM Amarillo (Canyon TX) from Madison Radio Group Inc. to Sovereign Communications Corp. a subsidiary of United Heritage Corp. (Walter G. Mize et al). Station reverts to previous owner due to default on promissory note.

N/A—KRSR-AM Coos Bay OR from Lighthouse Radio Group (Joel Lemon, H. Jarry Abel) to School District No. 9 (Donna Stolle, chmn). Donation. Lighthouse retains KYTT-FM and KYSG-FM.

N/A—KIKO-AM & FM Miami-Claypool AZ from Willard Shoecraft, a sole proprietor, and Claypool Broadcasting Co. (Willard & Ruth Shoecraft) to Shoecraft

continued on page 18