

Radio Business Report™

Voice Of The Radio Broadcasting Industry®

September 18, 2000

Volume 17, Issue 38

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New LPFM Bill

An LPFM bill, identical to the one adopted by the House, was introduced in the Senate 9/7. Both bills allow the FCC to proceed with the licensing of LPFM stations, but require third adjacent channel protection. The bill was introduced by Sen. **Rod Grams** (R-MN) and co-sponsored by **Blanche Lincoln** (D-AR), **Max Baucus** (D-MT), **Jim Inhofe** (R-OK), **Kay Bailey Hutchinson** (R-TX), **Spencer Abraham** (R-MI) and **Judd Gregg** (R-NH). "NAB has never opposed LPFM; our opposition has always been based upon the additional interference that would be forced upon listeners by the FCC plan," said **Eddie Fritts**, NAB president and CEO.

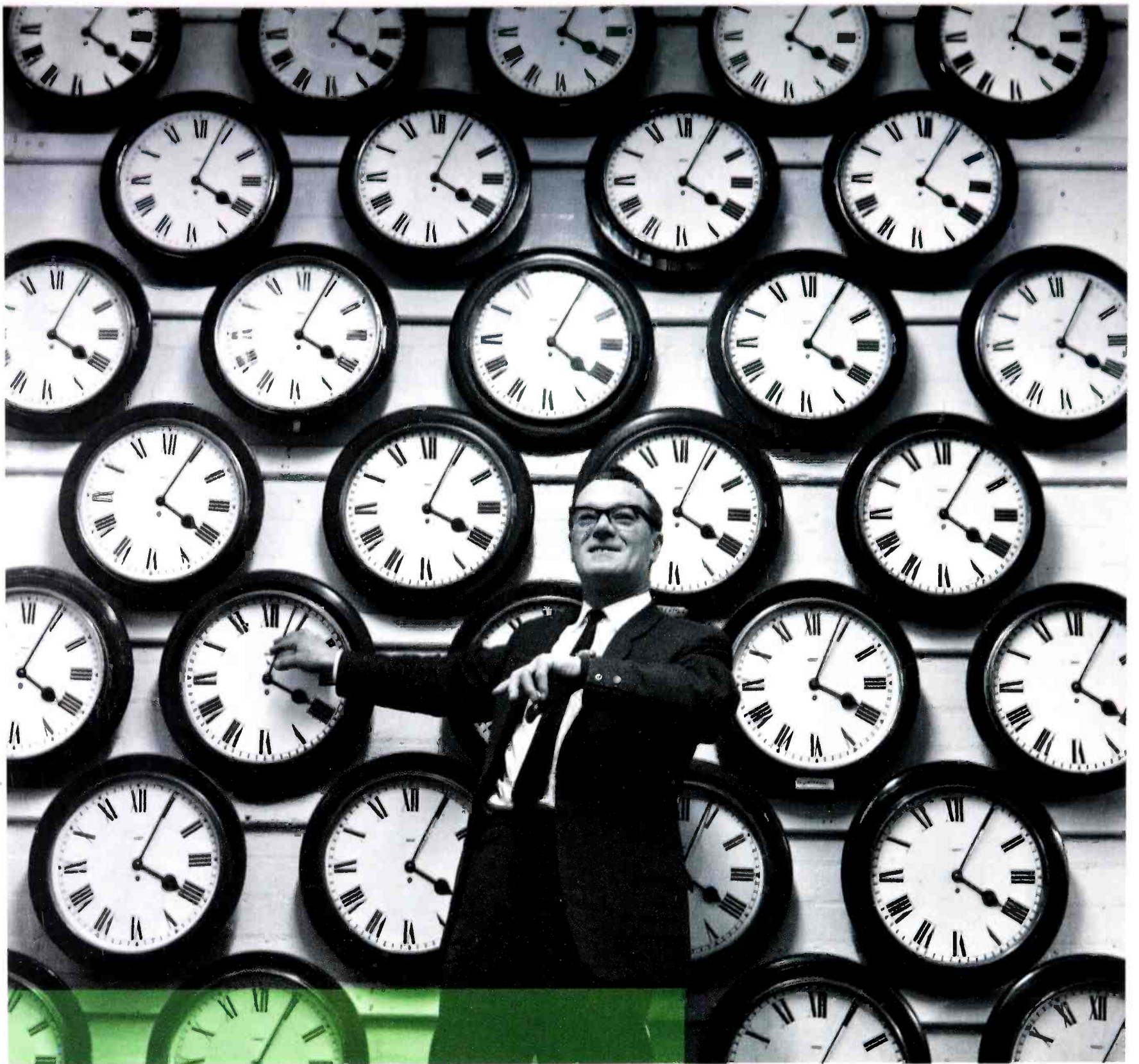
NPR and the IAAIS (reading services for the blind) have joined NAB in backing the Grams bill. "This bipartisan legislation takes a balanced approach by providing for immediate LPFM licensing while safeguarding existing stations and their vital radio reading services for the blind from interference until further testing can be conducted," the two organizations said.

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time. Campbell has purchased three hour-long segments in which to host a call-in show. All shows will be at 9pm and take place on 9/24, 10/29 and 11/5. Campbell already has seven stations that will air his shows, including KGO-AM, the number one ranked station in the Bay Area, as well as KNX-AM and KFWB-AM in Los Angeles.

Are the stations happy with this unusual arrangement? Apparently not. According to a report in the *San Jose Mercury News*, Campbell met with resistance from radio stations over the hour-long format. The stations tried to get the campaign to use :30- and :60-second spots instead. None of the stations involved were available for comment.—ED

BBA holds first conference

"What we want is a chance to participate," said **Kweisi Mfume**, President of the NAACP, keynote speaker at the first media conference of the Black Broadcasters Alliance (BBA), held 9/13 in Washington DC. The title of the conference, "Millennium Madness: Survival in the Age of Broadcast Consolidation," was further explored in two panel discussions. The first panel "New Century, Old Issues: Market Entry Barriers to Broadcast Ownership" consisted of panelists **Chanda Tuck Garfield**, Assistant Director, Minority Telecommunications Development Program at the NTIA; **Francisco Montero** of Shaw-Pittman; **RoNita Hawes-Saunders**, President/GM of Hawes-Saunders Broadcast Properties Inc.; **Al Vincente**, EVP of Pamal Broadcasting; **Darrell Williams**, CIO of the Telecommunications Development Fund; and moderator **S. Jenell Trigg** of law firm Fleischman & Walsh. The second panel "Fostering Diversity: Developing the Next Generation of Broadcasters," had panelists **Lindy Richman**, Director of Corporate and Community Development of Emmis Communications; **Robert Branson**, VP of Post-Newsweek Stations Inc.; Trigg and moderator **Dwight Ellis**, VP of the NAB.

Radio News®

Protesters to target NAB Radio Show

Broadcasters aren't the only ones planning to be in San Francisco 9/20-23. A group called Media Democracy Now! is calling for LPFM supporters to rally outside the NAB Radio Show at the Moscone Convention Center.

"Join us, act up, raise hell, shout out and shut the NAB convention down," the group said in a so-called PSA that's been distributed to pirate radio stations across the nation. In an effort to attract people who turned out for protests against the World Trade Organization and other international financial organizations in Seattle and Washington, DC, the PSA claims that NAB is "the WTO of the broadcasting industry."

Media Democracy Now! charges that the NAB is the biggest opponent of LPFM: "It claims that low-power FM radio creates interference for business. We think the NAB creates interference for democracy."

The protest effort was apparently started by Free Radio Berkeley founder **Steven Dunifer**, whose pirate station was shut down by the federal courts, and now has the backing of more than 20 liberal activist groups, including such offbeat organizations as Food Not Bombs, Rainforest Action Network and Alternative Tentacles.

The Bay Area is a hotbed for pirate radio, with several stations listed along with legitimate broadcasters in the *San Francisco Chronicle*. Although Free Radio Berkeley was shut down, a new pirate station, Berkeley Liberation Radio, which claims to have no connection to Dunifer, promptly appeared on its 104.1 MHz frequency.

NAB officials are aware of the protest plans and say San Francisco law enforcement officials will be responsible for insuring the safety of NAB convention goers. At this point, no one knows how many protesters will actually show up.—JM

The most recurrent theme discussed in the conference was of the injury that consolidation is causing minority broadcasters, mainly in advertising dollars. "We must be survivors and find ways to compete with the big boys," said Vincente. The panelists addressed some ways to do this such as bing in back the tax certificate, which may take years, if it happens at all.

Another key concern was how to recruit and retain minority staff in all aspects of the broadcast industry. Even though recent statistics from the late 90's have shown that people change jobs nine times before age 32, Richman said that the policy at Emmis, "hire for the attitude, train for the job," has worked very well for them.

The BBA conference was scheduled to run during the Congressional Black Caucus Week in order to "maximize public awareness of the issues and to foster a more inclusive dialog with all those

in attendance."—ED

Congressman wants Joyner investigated

Rep. **Dan Miller** (R-FL) has called for an investigation into whether Census Bureau funds were spent for a partisan purpose—specifically, the bureau's involvement in an effort by syndicated ABC Radio morning host **Tom Joyner** to mobilize African-American support for the 2000 Census and also to get blacks to vote—an event that was tied to the Democratic National Convention in Los Angeles. Three House Democrats, **Carolyn Maloney** (D-NY), **Carrie Meek** (D-FL) and **Eddie Bernice Johnson** (D-TX), struck back at Miller with a letter to Speaker **Dennis Hastert** (R-IL) supporting the Census Bureau for its success in this year's count. "As such, we demand that you finally cease these senseless investigations."

Direct Action For Media Democracy!
Sept. 20-23, 2000
Protest the National Association of Broadcasters Convention in San Francisco



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- Engraving the ironclad of billions of public dollars by handing over the digital TV spectrum to the corporate media.
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For more information visit www.mediademocracynow.org

Joyner and the Census Bureau got plenty of support at NABOB's conference in Washington (9/13). "Has anybody ever said let's investigate **Rush Limbaugh**? Has anybody ever said let's investigate **Dr. Laura**?" asked WLIB-AM New York Talk host **Mark Riley**. Several members of the audience chimed in that black radio hosts are always being accused of bias, while conservative white hosts get a free pass.—JM

John Gambling is out at WOR-AM

The longest running family act in radio has ended. Third generation WOR-AM NY morning drive host **John Gambling** is off the station—his contract was not renewed due to "purely a business decision," as WOR VP **Bob Bruno** says. WOR's morning drive slot began with Gambling's grandfather 75 years ago.

Meet equipment vendor at NAB

NOTES

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"'Rambling with Gambling' was the quintessential breakfast club...a throwback to the old time breakfast wake-up show. Every market in America had one. Everybody calls him the son, and he was only doing it for about 12 years," Whitney Radio President **Bill O'Shaughnessy** tells *RBR*. "He never had **Howard Stern's** edge or **Imus'** political savvy or **Scott Shannon's** way with social commentary, but even in Gotham with all of its speeded-up pressures, if you wanted to wake up in the morning and feel good about yourself and the world around you, then you turn in to one of the Gamblings."

WOR will re-tool the morning show to attract younger listeners. Meanwhile, News Director **Joe Bartlett** fills the slot.—CM

Radio News®

RBR.com to utilize Klotz Digital console

Radio Business Report announced (9/12) that it has reached an agreement with Klotz Digital to create content for *RBR's* streaming Internet radio station with a Klotz console.

Klotz Digital is supplying *Radio Business Report* with a Paradigm digital console. The state-of-the-art console will allow RBR.com to create content, provide live interviews—both in studio and from remote locations—all in the digital domain and without audio degradation.

"From the beginning,

we have been committed to operating *RBR's* Internet radio station with the same high standards that our readers insist on for their broadcast radio stations," said **Ken Lee**, *RBR* VP/Associate Publisher. "We insist on working with only the best in the business and Klotz Digital has some amazing console products that will serve to enhance our Internet radio station, RBR.com."

"The Paradigm has found its way into many Internet broadcast stations around the world and it's a natural for *RBR's* launch of their



Internet radio facility," said **Ray Esparolini**, Managing Director, Klotz Digital America. "We are pleased that *RBR* selected Klotz Digital."

RBR became the first radio trade publication to offer an audio stream on its website 5/23 and has been producing a daily newscast since 6/15. The 24/7 service utilizes WebRadio.com's streaming technology and WebVault and eSTREAM technology from Broadcast Electronics. The addition of Klotz Digital's console will further enable RBR.com to provide the radio industry with professionally-produced audio information and compelling content.

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SBR to launch radio website subchannel service at NAB

Want to add stickiness to your website? Well, another website format provider is set to launch its service at the NAB Radio Show. Boulder-based SBR Creative Media will unveil its Custom Channels (www.customchannels.net) service at a session on Friday 9/22 at 3:30 pm in Room 200 at the Moscone Convention Center. SBR will show broadcasters how to use its Custom Channels to program and webcast any number of niche-focused subchannels. For example, Rock stations can offer specialized rock formats—Classic Rock, Hard Rock, Blues, or Alternative.

The service is station-branded with the ability of PDs to control the playlists. Custom Channels is a turn-key service that also offers DJ voice tracking tools, channel updates, ad insertion, production, encoding, and unlimited streaming.

The NAB session will include demos of Custom Channels affiliates including KFOG-FM San Francisco, KBCO-FM and KRFX-FM Denver and KENZ-FM Salt Lake City.—CM

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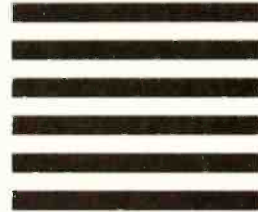
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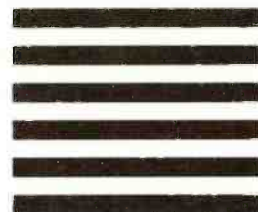
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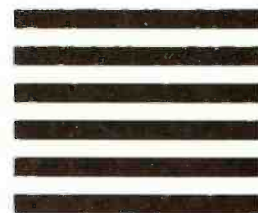
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Voice Of The Radio Broadcasting Industry

RADIO BUSINESS REPORT APPLIES FOR BPA INTERNATIONAL BUSINESS PUBLICATION MEMBERSHIP

New York, September 2000 – **RADIO BUSINESS REPORT**, which serves the radio broadcast field, has applied for membership in BPA International. **RADIO BUSINESS REPORT** is published by Radio Business Report, Inc., Alexandria, VA.

BPA International will track circulation for **RADIO BUSINESS REPORT** based on business/industry and geographic coverage. The magazine will have 18 months to complete its initial circulation audit.

"We are proud to be the first publisher covering the radio business to step up and have its publications audited," said Jim Carnegie, Publisher. "First with our monthly *Manager's Business Report* and now with our flagship weekly **RADIO BUSINESS REPORT**, we are making the commitment to give our advertisers an accurate picture of who our publications are reaching and what they are getting when they advertise with us. Radio has Arbitron, TV has Nielsen and publishing has BPA. We want our circulation figures to have the same credibility that our readers are expected to have when they approach an agency for a radio buy."

Glenn Hansen, BPA International President and Chief Executive Officer, said, "We are pleased to have **RADIO BUSINESS REPORT** apply for membership in BPA International. I'm confident that our audit of their circulation will help the publication in their efforts to assure advertisers that it effectively serves their target markets."

A not-for-profit organization since 1931, BPA International is the measure of success — the preferred global provider of audited data for the marketing and media/information industries. Media owners, advertisers, and advertising agencies govern the tripartite organization. Our international membership consists of more than 2,500 media properties (print, electronic, face-to-face, wireless, databases) and 2,800 media buyers in over 20 countries. Visit www.bpai.com for the latest audit reports, membership information and news.

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Oklahoma Amber Alert recovers two abducted kids

While we recently ran a story about Florida's new Emergency Missing Child Alert Program that uses the EAS system to alert the public ASAP about child abductions (*RBR* 9/4, p.6), Oklahoma's existing system was just put to the test. **Carl Smith**, Oklahoma Association of Broadcasters Executive Director, called us about the state's first Amber Alert that occurred 9/12: "That night, we had an abduction in Tulsa with two little girls, one six months and one 18 months old. A mother went into a convenience store to get a soft drink, was gone for about two minutes, came back out and the kids and her vehicle were gone."

The system, while it worked, didn't work quite as planned: "We had good news and bad news. The Tulsa Police department did notify the state department of public safety to put the Amber Alert out. DPS followed all the procedures. The only thing was when it went to the EAS network to distribute it statewide, we had a glitch in the equipment and only some affiliates received it. The good news is the backup in the system had the Tulsa Police department sending faxes to all of the Tulsa stations. All of the Tulsa stations and stations in a few other parts of the state sent out alerts," explained Smith.

Unfortunately, the FCC didn't allow the state to test the EAS system before a real abduction occurred. Said Smith: "We were refused permission to test the Amber Alert Program several months ago and I'm going to go back to them on this. We had only been able to test it from DPS to the network."

The Tulsa police department received over 250 calls by everyone from truck drivers and cab drivers to high school students on possible sightings. "And 6:30 the next morning (9/13) about 90 miles away a man going on a fishing trip spotted the vehicle with the kids still in it, rushed back home and called the Tulsa police," he recalls, "They felt that the abductor probably had heard it on the radio and just left it 90 miles away in the middle of a rural country road by Grand Lake. The guy that had spotted it heard it on a broadcast. The kids were both in good shape, but had a little dehydration and very full diapers. The results were fantastic—the system didn't quite work like it was supposed to—so we're back to the drawing board."

Be sure to read more in our October *MBR* feature: "In the interest of children: broadcasters championing the cause"—CM

RBR News Briefs

Wicks buys Media Systems

Wicks Broadcast Solutions, parent of traffic system providers CBSI and Datacount, announced it has acquired Media Systems, Inc. The suburban-DC-based operation adds financial and revenue management software to Wicks' offering, with the "Control Tower" and SalesMinder products. Wicks has a current customer base of 7,100 stations.—CM

Commonwealth Broadcasting signs with SiteShell

Glasgow, KY-based Commonwealth Broadcasting announced a group-wide deal with SiteShell Corp. to supply turnkey website management and functionality to its 29 stations. Commonwealth will allow SiteShell to create and maintain locally branded, format-specific e-commerce-infused websites through its "BlueDot WebSite NetWork" and "PointSales" merchandising system. The full rollout is expected within 90 days. This deal brings SiteShell's total affiliate roster to more than 100.—CM

SBE installs new officers

PBS's **James "Andy" Butler** is the new president of the Society of Broadcast Engineers, as determined in a recent election. Joining him at the October 4 changing of the guard will be **Richard L. Edwards** of Tower America Corp., VP; Viacom's **Raymond C. Benedict**, secretary; and WBZ-AM-TV/WODS-FM Boston's **Robert P. Hess**, treasurer.—DS

Lowry Mays catches a Shark

Clear Channel's recently-acquired SFX Sports Group has landed a great white from Down Under—golf living legend **Greg Norman**. SFX will handle Norman's merchandising rights, and will assist in his various business ventures.—DS

Measurecast signs GlobalMedia for audience measurement

Measurecast, a next-day Internet streaming audience measurement company, has added GlobalMedia to its client roster 9/12. In fact, GlobalMedia's affiliates bring Measurecast above the 1,000 mark. Launching just last month, Measurecast delivers cume, AQH and demographic data on an hourly basis.—CM

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PaineWebber sees 2001 growth of 8%

PaineWebber (N:PWJ) analysts **Chris Dixon** and **Leland Westerfield** see radio continuing to outpace overall advertising growth in 2001. As the latest to issue prognostications for 2001, the PaineWebber forecasters are anticipating radio ad revenues to grow 8% next year. That's between Standard & Poor's analyst **Will Donald** at 13% (*RBR* 7/17, p. 4) and Veronis, Suhler & Associates at 7% (*RBR* 8/14, p. 3). The PaineWebber analysts are projecting total advertising growth of 6% for 2001.—JM

Radio AdBiz

PaineWebber Research Advertising Growth Forecast

| Sector | 2000 | 2001 |
|--------------------------|-----------|-----------|
| Radio | 15% | 8% |
| Outdoor | 12% | 8% |
| Spot TV | 8% | 0% |
| Network TV | 15% | 12% |
| Cable networks | 18% | 15% |
| Newspapers | 6% | 5% |
| Magazines | 5% | 6% |
| Non-meas. media | 4% | 4% |
| Total Advertising | 8% | 6% |

Source: PaineWebber Broadcasting Research

Red hot radio growth returns to just hot growth 2000 month-by-month revenue growth

| Month | Local | National | Total | YTD total |
|----------|-------|----------|-------|-----------|
| January | 18% | 25% | 20% | 20% |
| February | 17% | 38% | 22% | 21% |
| March | 15% | 40% | 21% | 21% |
| April | 19% | 32% | 22% | 21% |
| May | 22% | 38% | 25% | 22% |
| June | 14% | 14% | 14% | 21% |
| July | 11% | 9% | 11% | 19% |

Source: RAB

Demo buys: 25-54 still king

The Adult 25-54 demographic may still be the king of all targeted radio buys, but each year a little bit of luster is coming off the crown, according to a study by Interep focusing on the top 25 radio markets. It's 50% share of 1999 ad flights remains dominant, but represents a slight drop from 1998 and significant drop over the past five years, as the chart below shows.

Dollars by demo: Adults 25-54

| | |
|------|-------|
| 1995 | 55.5% |
| 1996 | 54.4% |
| 1997 | 52.9% |
| 1998 | 50.5% |
| 1999 | 50.0% |

Advertisers targeting this group as a whole represented 38.3% of the total pie. Women 25-54 was asked for 7.9% of the time, Men 25-54 was requested 3.8% of the time.

The next chart shows results for selected demos. Not included on the chart are Black-specific flights, which accounted for 1.4%, the teen and the 50+ groups, which accounted for under 1% each, and the Other category, which contains wildly divergent, often micro-targeted ad flights—it came in at 6.4%—DS

Leading advertising demos

| | |
|--------------|-------|
| Adults 25-54 | 50.0% |
| Adults 18-49 | 17.5% |
| Adults 25-49 | 9.0% |
| Adults 35+ | 6.8% |
| Adults 18-34 | 5.2% |
| Adults 18-54 | 1.7% |

Source: Interep

Radio is still on track to easily set a new revenue record for this year, with most forecasters expecting radio to break the \$20B barrier.

The easy money, though, was in the first half—a continuation of the frenzied growth that came in the second half of 1999—driven in part by dot-com companies trying to build visibility for their IPOs. The IPO market fell off as a number of dot-com companies disappointed Wall Street with revenue growth that failed to meet expectations. With the Wall Street money spigot cut off, only those dot-com companies that were really building their business (i.e. Priceline.com, O:PCLN, with its **William Shatner**-voiced spots) continued to place ad buys with Interep (O:IREP) and Katz Media Group.

"National is slumping," acknowledged **Gary Fries**, President & CEO, RAB. Dot-com advertising was primarily national, rather than local. National spot sales are also being hurt by the AFTRA/SAG strike, which is preventing some major advertisers from launching new Fall campaigns. Some advertisers are holding back because they don't want to compete for the public's attention with the double-whammy of elections and the Olympics. Add to that a drought that's hurt agriculture-related advertising in the nation's heartland and you can see why national spot advertising's 20-40% gains for each of the first five months of this year fell off to the teens in June and to single-digits in July.

"But the local sector is picking it up," Fries noted, "and picking it up quite well and rapidly."

Although he acknowledges that Q3 was difficult, "all categories are up except for dot-com" for Q4, said Katz Radio Group President **Stu Olds**. Like Fries, he adds that local ad sales by Katz's client stations are still strong.

Because the presidential election is so close and both parties have raised huge sums this year, Olds is expecting to see radio receive more of a political lift this year than in 1996. Meanwhile, advertisers seem to have gotten over some nervousness about the economy and the Verizon (N:VZ, the former Bell Atlantic and GTE) strike is over. It may not be the easy money of the first half, but Olds is upbeat about Q4 and says retail ad pacsings "look terrific."—JM

FOOTBALL

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WEEKENDS WERE MADE FOR FOOTBALL.

AND WHEN AMERICA THINKS FOOTBALL, AMERICA THINKS FOX!

CRIS COLLINSWORTH. BOB GOLIC. BILLY RAY SMITH. KELLEN WINSLOW.

THROUGH THE REGULAR SEASON, PLAYOFFS AND BOWL GAME ACTION

FOX SPORTS RADIO IS THERE BRINGING LISTENERS ALL THE LATEST SCORES,

HIGHLIGHTS, EXPERT ANALYSIS AND INTERVIEWS.



WE ARE THERE. ARE YOU?



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Eventually, We'll All Be Streaming

by **Reyn Leutz**, head of network radio buying for Mindshare (J.WT and O&M)

A year ago, I was not very conversant in my knowledge of radio streaming. So, I signed up for a course at the Evanston Public Library to learn the basics. The class was taught by a 14-year-old. Ever since, I've been running to catch up with the pack in my knowledge of this new darling of the national buying community.



Reaching a captive audience

A major benefit of streaming lies in the fact that the commercial load in streaming audio is significantly lower than conventional radio. Over time, the commercial load advantage will decrease as advertiser usage rises, but for now this is a very positive element.

Streaming offers advertisers the reach of core "p1" listeners to programs like **Jim Rome**. Core listeners are valuable because they have taken the time to find the show on-line. These listeners may be in search of better audio reception in an office building. Or, some may simply want to time shift listening since many top-rated programs are taped for web access at any time of the day or night. But the Jim Rome example only describes programs already in existence. Just think of all the new web-based shows that are in development.

Streaming is an exciting notion because it offers the reach of a much more captive audience. Frequently, when a user logs onto a site, a :30 advertis-

Radio AdBiz

ing message is delivered. The majority of these "channel starts" include not only audio but video and interactive banners. This first pod positioning is as attractive to advertisers as the A1 position in network television.

Sound quality barriers need improvement

Currently, the biggest negative is sound quality. I was in **Ron Hartenbaum's** office (CEO of Jones Radio Networks) a few weeks ago, and his streaming sites were directly connected to his stereo system. I asked him how he did this and he suggested that I call my 14-year-old tutor. Very few of us have decent sound quality on our office or home personal computers.

Secondly, it is difficult to navigate web-radio. There are so many sites with no universal directory for formats like Classical or The Sounds of the 70s. Many times I believe web listeners understandably get frustrated looking and call off the search.

And finally, who among us has not had a bad streaming experience when the Internet becomes congested at various times during the day.

One-on-One communication with different listeners

When you download a specific tuner such as Hiwire or MediaPlayer, demographic and lifestyle questions are frequently asked so that commercials can be sent to match a user's particular needs. This is unprecedented in radio.

Similarly, Premiere Radio Networks has developed the "Starguide" delivery system which is equipped to deliver different commercials into the audio stream of a program than those broadcast by conventional means. Advertisers can now air a :30 or :60 second commercial

in a program like **Rush Limbaugh** on WABC, and simultaneously air a four-minute infomercial during the Internet simulcast. The execution of two very different commercial messages for both on-air and Internet takes advantage of the unique qualities of each one of these Limbaugh listeners.

Network Radio cpm's average \$5 compared to \$10 and above for streaming. But how are we going to measure streaming cpm's? You cannot evaluate streaming using the same benchmarks as conventional radio. The reach of an individual listener through streaming is very targeted much in the same way as direct marketing, which carries a premium.

Niche audience, niche advertisers

At the moment, streaming audiences are small and fragmented. So, if you are an advertiser seeking a large domestic group, then streaming is probably too expensive on a cpm basis compared to conventional network radio. In my opinion, broad-based consumer product companies will remain on the sidelines until these audiences augment.

Ideal advertising categories are those requiring a longer communication platform with potential consumers. Examples are direct response companies such as Time Life Records, clients who are web-based, Ameritrade & Priceline, or bricks and clicks categories like Sears.com. Upscale brands with a tightly defined target, such as Jaguar, also fit perfectly because of the ability to reach consumers one-on-one via highly targeted sites.

Advertisers that are information-based such as WebMD or car companies—particularly those that stress safety (eg. Volvo) and require extensive research also stand to benefit.

The real beauty of streaming is that it offers customized commercial lengths, frequently combined with visual images. There is the further ability to hyperlink to the advertiser's website—all without music interruption.

The selling of new streaming sites

Some of the top networks are offering streaming packages. But the most aggressive offerings are being made by national syndicators such as MediaAmerica and Global. Two web-based streamers have approached Mindshare, Eyada and Redband, but this is just the beginning.

Programming content is also an issue, particularly from Internet-based talk. However, our bigger problem lies in locating the largest audiences from the existing pool. When we buy national television, for example, we know which programs best reach our target. That information is not yet available for streaming.

Looking ahead

Eventually, we'll all be streaming, either through cable lines or on a wireless-web basis in our cars and beyond. Mindshare believes in testing the medium, but don't run out now and blanket only a handful of sites. Current streaming audience levels, with the exception of talk personalities like Dr. **Laura**, are simply too fragmented. Statistical Research Inc. (SRI) recently reported that only one in ten of us has even bothered to click on to a streaming site.

But just wait. The acceptance and usage of streaming is still in its infancy. So, in the meantime, advertisers should continue to test and learn in order to gain a foothold. I have no doubt that streaming will continue to grow with rapid speed and overwhelming acceptance.

NATIONAL NEWS

NATIONAL SPORTS

"WHITE HOUSE REPORT"
with April Ryan

"HOLLYWOOD LIVE WITH TANYA HART"
The Hottest Gossip from Tinseltown

"USA MUSIC MAGAZINE"
The Urban Sound of America with John Monds

"THE BEV SMITH SHOW"
National Nightly Talk Show

"COMING SOON"
Movie Review with Lorraine Turner

"BLACK COLLEGE FOOTBALL WEEKLY"
NABJ Award Winner

SPM URBAN NETWORK
Integrated Marketing Promotions

AMERICAN URBAN RADIO NETWORKS

WE INFORM

AURN delivers...

- Hourly news keeping African American listeners in touch with current issues throughout the day, everyday;
- The "White House Report," coverage of national news events connecting African American's with a direct line into The White House;
- "The Bev Smith Show," the only national nightly talk show that explores today's issues affecting the African American community;
- Comprehensive sports coverage on the Black Collegiate scene.

WE ENTERTAIN

AURN is...

- "Coming Soon," daily movie reviews on the latest box office coming attractions;
- "USA Music Magazine" America's top urban entertainment program featuring the best in urban music, news and interviews on the industry's hottest stars;
- "Hollywood Live with Tanya Hart," a daily show that goes behind the scenes to bring listeners the juiciest gossip on Hollywood's celebrities.

WE ARE THE URBAN VOICE OF AMERICA

AURN offers...

- Innovative programming to keep African Americans informed;
- Entertainment promotions to keep our listeners excited and involved;
- News our audience needs with a Black perspective;
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CHICAGO, IL 60601
(312) 558-9090 • FAX: (312) 558-9280

DETROIT - 1133 WHITTIER ROAD
GROSSE POINTE PARK, MI 48230
(313) 885-4243 • FAX: (313) 885-2192

ATLANTA • LOS ANGELES • PITTSBURGH • WASHINGTON, D.C.

Battle for the streets of San Francisco

The San Francisco radio airwaves are filled with the sound of major national groups. Also in the mix are stations which filter in from nearby San Jose, a market which Arbitron includes in the overall San Francisco picture.

The #1 station in the market by a comfortable margin is ABC's News-Talk KGO, which owns the 35-64 demo and leads by a slimmer margin 25-54. However, it is part of ABC's 3AM cluster, which is only in 4th place among owners in the market.

1st place goes hands-down to Clear Channel. It's running the 2AM-5FM cluster which it just bought from AMFM. Augmenting the cluster are a pair of San Jose FMs which account for an additional 3.6 Frisco shares between them.

Infinity is 2nd, with one more AM and one less FM, and also with a pair of San Jose FMs. It's KCBS is in 2nd place among stations, making this a rare market where the top two spots go to AMs.

Several groups currently operating in the market were already there when the first *RBR Source Guide & Directory* was published in 1993. Among them are Infinity (then called CBS), Inner City, Salem, ABC (then known as Capital Cities/ABC), Susquehanna and Bonneville. Some venerable radio names which have gone by the wayside include Entercom, Buckley (both of which are still active elsewhere), Shamrock, Viacom, US Radio, Fairmont, The Brown Organization, Evergreen, Malrite, United and First Broadcasting.—DS

Market Profile

Clear Channel

| | | | |
|--------------|------------|------------|-------------|
| KMEL-FM | 106.1 | CHR | 4.1 |
| KYLD-FM | 94.9 | CHR | 3.7 |
| KKSF-FM | 103.7 | SmJz | 3.4 |
| KISQ-FM | 98.1 | UrbAC | 3.0 |
| KIOI-FM | 101.3 | AC | 2.4 |
| KSJO-FM (SJ) | 92.3 | Rock | 2.5 |
| KABL | 960 | SAC | 2.0 |
| KUFM-FM (SJ) | 98.5 | CIRk | 1.1 |
| KNEW | 910 | Talk | — |
| Total | 2AM | 7FM | 22.2 |

Infinity

| | | | |
|--------------|------------|------------|-------------|
| KCBS | 740 | News | 4.4 |
| KITS-FM | 105.3 | Altv | 2.5 |
| KFRC-FM | 99.7 | Old | 2.4 |
| KLLC-FM | 97.3 | ModAC | 2.4 |
| KYCY-FM | 93.3 | Ctry | 1.7 |
| KBAY-FM (SJ) | 94.5 | SAC | 0.8 |
| KEZR-FM (SJ) | 106.5 | HAC | 0.8 |
| KFRC | 610 | Old | 0.6 |
| KYCY | 1550 | Talk | — |
| Total | 3AM | 6FM | 15.6 |

Bonneville

| | | | |
|--------------|------------|------------|-------------|
| KOIT-FM | 96.5 | SAC | 4.0 |
| KDFC-FM | 102.1 | ClscI | 3.4 |
| KZQZ-FM | 95.7 | CHR | 2.8 |
| KOIT | 1260 | SAC | 0.2 |
| Total | 1AM | 3FM | 10.4 |

ABC

| | | | |
|--------------|------------|------------|------------|
| KGO | 810 | N-T | 7.1 |
| KSFO | 560 | Talk | 2.7 |
| KMKY | 1310 | Chldrn | — |
| Total | 3AM | 0FM | 9.8 |

Susquehanna

| | | | |
|--------------|------------|------------|------------|
| KNBR | 680 | N-T | 3.6 |
| KFOG-FM | 104.5 | AAA | 2.6 |
| KSAN-FM | 107.7 | CIRk | 1.2 |
| KTCT | 1050 | Sprts | 0.5 |
| KFFG-FM | 97.7 | AAA | 0.2 |
| Total | 2AM | 3FM | 8.1 |

HBC

| | | | |
|--------------|------------|------------|------------|
| KSOL-FM | 98.9 | SpRgn | 3.0 |
| KZOL-FM | 99.1 | SpRgn | 0.7 |
| Total | 0AM | 2FM | 3.7 |

Inner City

| | | | |
|--------------|------------|------------|------------|
| KBLX-FM | 102.9 | AC | 2.8 |
| KVTO | 1400 | Eth | 0.5 |
| Total | 1AM | 1FM | 3.3 |

Entravision

| | | | |
|--------------|------------|------------|------------|
| KBRG-FM (SJ) | 100.3 | SpAC | 1.3 |
| KLOK (SJ) | 1170 | SpRgn | 1.1 |
| Total | 1AM | 1FM | 2.4 |

Empire

| | | | |
|--------------|------------|------------|------------|
| KRTY-FM (SJ) | 95.3 | Ctry | 0.8 |
| KARA-FM (SJ) | 105.7 | HAC | 0.7 |
| KLIV (SJ) | 1590 | News | — |
| Total | 1AM | 2FM | 1.5 |

Chase

| | | | |
|--------------|------------|------------|------------|
| KCNL-FM | 104.9 | CIAItv | 0.8 |
| KFJO-FM | 92.1 | Rock | — |
| Total | 0AM | 2FM | 0.8 |

Radio Unica

| | | | |
|--------------|------------|------------|------------|
| KIQI | 1010 | SpN-T | 0.8 |
| Total | 1AM | 0FM | 0.8 |

Alta

| | | | |
|--------------|------------|------------|------------|
| KKIQ-FM | 101.7 | AC | 0.4 |
| KUIC-FM | 95.3 | AC | — |
| Total | 0AM | 2FM | 0.4 |

Source: Arbitron Spring 2000 survey

San Francisco in a box

| | | |
|------------------------------|------------------|--------------|
| 12+ population | 5,812,200 | |
| Arbitron Rank | 4 | |
| Black | 470,700 | 8.1% |
| Hispanic | 1,068,500 | 18.4% |
| Superduop stations | 26 | 66.7% |
| Consolidated stations | 34 | 87.2% |

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THE ^{Un} NETWORK



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We give hourly updates on weather, sports, traffic, entertainment, station promotions and local news. Listeners stay tuned because your station sounds fresh, live and local.

FOUR FRESH FORMATS

- **Rock Alternative**, targeted to the 18-34 demographic capturing young adults who actively spend money.
- **Choice AC** delivers a female skewing audience of 25-44 year olds.
- **Go Country** targeted to the 18-49 year old, this is mainstream country at its best. Or **Go Country Express**, same great music and

personalities but tailored to meet the needs of AM or smaller market stations.

- **Boomer Oldies** appealing equally to men and women 35-54 years old with a median target age of 45 and delivered via the Internet.

PLUS COMMERCIAL PRODUCTION— FRESHER, FASTER, CHEAPER

Twenty five great voices and major market production quality for just dollars a spot. We can meet your commercial production challenges with low cost service as fast as you could do it yourself.

For more information about Radio One Networks:

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**Visit us and experience the Un-Network for yourself at the
San Francisco Hilton, Suite 1-2984 from 9am until 6pm.**

Take a fresh look!

RADIO · ONE

N E T W O R K S

San Francisco opens its Golden Gate to radio

If you can make it through hundreds of screaming protesters (see page 4) to get into the Moscone Convention Center (of course, if only tens of protesters show up, it won't be too hard), here's what's going to be happening at the NAB Radio Show in San Francisco 9/20-23.

It seems like just yesterday that **Jeff Smulyan** was a new broadcaster with a...shall we say, less-than-dominant AM station in Indianapolis. That station never did become tops in the market, but some innovative programming did make it successful enough to lay the foundation for the group now known as Emmis Communications (O:EMMS). And the station's afternoon drive Talk host, **David Letterman**, went on to a greater career in television (he also became an early investor in his old boss's company).

Today, Emmis Communications has radio stations in cities as far removed from Indianapolis as New York, Los Angeles, Budapest and Buenos Aires, plus a portfolio of TV stations and local magazines. Smulyan is the current Chairman of the Radio Advertising Bureau, a former NAB board member and former Radio Show chairman. He'll be honored for those achievements Friday at the Radio Luncheon with the 2000 National Radio Award.

The speaker for the Radio Luncheon will be the mayor of this year's host city, **Willie Brown**. One of the dominant figures in California politics for

NAB Preview

decades, the bombastic Brown is sure to stir emotions, whether he expounds on radio, civil rights, or where to find a good Cabernet Sauvignon in the Napa Valley.

We'll miss Bill, Susan and Gloria

Only two of the five FCC commissioners will be making the trek to San Francisco. **Harold Furtchgott-Roth** (R) will fly solo at the FCC Policymaker's Breakfast Friday at 7:30 am. Undoubtedly the favorite commissioner of broadcasters, Furtchgott-Roth will likely speak of his frequent dissents from decisions of the Commission's three Democrats.

Although not on the formal schedule, Commissioner **Michael Powell** (R) is expected to be in the audience Thursday at 9:00 am for the keynote address by a man he knows well—his father, retired General **Colin**

Powell. The former head of the Pentagon, Powell now chairs the Alliance for Youth and is expected to talk about what he thinks broadcasters should be doing to help America's young people. Of course, if GOP presidential candidate **George W. Bush** wins in November, General Powell is the odds-on favorite to be the next US Secretary of State and Commissioner Powell is also rumored to be on the short list for a higher office.

FCC Mass Media Bureau Chief **Roy Stewart** will take broadcasters' questions and complaints Thursday morning at 10:30 in the Radio Ownership session. He's sure to hear plenty about LPFM.

Wondering what your morning jock can or can't say on the air? Don't expect a straight answer from the FCC. As *RBR* has

pointed out time and time again, there is no rhyme or reason to the Commissions' indecency enforcement. Perhaps, at the Friday 10:00 am session on FCC Rule Enforcement, someone will ask Enforcement Bureau Chief **David Solomon** just when the Commission is going to comply with the six-year-old federal court settlement that requires it to produce firm guidelines on its indecency rules.

WOMC-FM Detroit icon **Dick Purtan** will be hosting this year's Marconi Radio Awards Dinner & Show. It's hard to imagine wearing a tuxedo while Lynyrd Skynyrd is belting out "Sweet Home Alabama" and "Freebird," so the uniform of the day is less-formal "business attire" for the Saturday night gala at the San Francisco Hilton.—JM

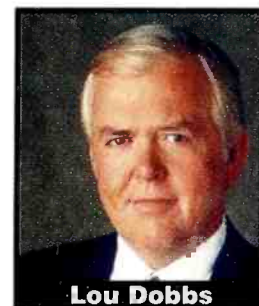
Lou and Lowry to go one-on-one

One of the biggest audience draws at this year's NAB Radio Show is sure to be Thursday at 1:30, when a couple of guys take the stage together and just talk for an hour and 15 minutes. But when you consider who those guys are, you know that the audience will be hanging on their every word. **Lowry Mays**, CEO of the world's largest radio company, Clear Channel Communications (N:CCU), will be interviewed one-on-one by **Lou Dobbs**, the former star anchor of CNN's "Moneyline" who left last year to become CEO of Space.com.

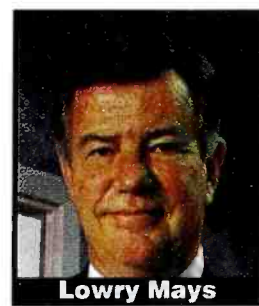
With more than 1,000 radio stations in the US alone, plus hundreds more overseas, Mays now heads a radio behemoth that operates on a scale that wasn't even imaginable five years ago—and that's in addition to the world's largest outdoor advertising company, America's largest broadcasting rep firm, the combined Premiere and AMFM Radio Networks, the SFX concert promotion and sports agent firm and a small group of TV stations. (If Dobbs wanted to be really nasty, he could ask Mays for the call letters of his Country station in Panama City, FL.)

Wall Street has been cruel to radio stocks recently, so Dobbs is likely to seek Mays' take on the dot-com panic that has investors convinced dark days have hit radio. He'll also want to know what Clear Channel might buy next, but Mays isn't likely to disclose much in that vein. How do you manage such a huge portfolio of stations? How can you maintain each station's identification with its local audience?

Meanwhile, it will be reassuring for many in the audience to see Dobbs again—the man who was once a daily part of their lives as he reported on the ups and downs of the financial markets. Although Dobbs is no longer seen on TV, he's about to return to broadcasting (*RBR* 4/17, p. 4) with a new radio venture—"The Lou Dobbs NBC Financial Report," syndicated by the United Stations Radio Network. It debuts next Monday (9/25).—JM



Lou Dobbs



Lowry Mays

Introducing AXS3: Scott Studios' Affordable New Digital System

AXS (pronounced ax'-cess) 3 is the *third generation* of the most popular digital automation for radio! AXS is in its *second decade* as the *premier* satellite system and digital cart replacement.

AXS 3 is also radio's first *affordable* music on hard drive system with *triple overlap* to *three separate console faders*. Your live jocks get the ultimate in level control and mixing ability. For unattended operation, AXS 3's voice trax auto-fades music under voices smoothly, bypassing the console.

Air Studio Production Bonus: AXS 3 also gives you *another* stereo production output and record input. You can record and edit phone calls or spots and auto-delay news *and* audition them in a cue speaker while playing triple overlap on the air!

Premium Hard Drives: The 3 also tells you that AXS 3 gives you a *3 year limited warranty* on hard drives. AXS 3 uses *exceptionally reliable* and *fast* 10,000 RPM 18GB (or 20GB) *hard drives* from top quality suppliers (like IBM, Seagate, Western Digital and others you trust) to keep your precious commercials, jingles and other recordings *always* at your fingertips. Other systems cut corners with slower and less reliable drives that sometimes choke and sputter with triple overlap and music from hard drive. AXS 3 won't jeopardize your cash flow with unreliable drives that might crash.

Awesome Sound Quality: AXS 3 uses only the best *non-proprietary* +4 balanced digital audio cards by Audio Science. These are also sold by most of the major brands of digital systems, but only in their top-of-the-line models costing *lots more* than AXS 3. Scott Studios uses premium audio cards in all our systems, although AXS 3 software will work with any good Windows sound card. Of course, if any card develops a problem, we'll replace it under warranty. You'll also be able to get these non-proprietary audio cards from us, the manufacturer, and several other vendors of high end digital audio systems.

Easy to Use: AXS 3 was *designed by jocks*, for jocks. It's 100% intuitive. AXS 3's big on-screen intro timer and separate countdown timers on every deck make pacing a snap.

If you know how to work cart decks, you know how to work AXS 3. It's so simple, everyone can run it! AXS 3 has *big* buttons. Other systems use complex multi-step mouse mazes. AXS 3 gets things done with one simple touch.

MP3 Import: AXS 3 plays MP3's, MPEG II and uncompressed (linear) recordings.



Jocks love AXS 3! Scott Studios' AXS 3 works with three cart players on the right side of the AXS 3 screen. The program log (at left) automatically loads the decks, or you can insert anything from pick lists. The far left of AXS 3 has 12 Hot Keys that can play any time at a touch of a Function key.

The Music's Easy: AXS 3 is delivered with *your* music library already pre-dubbed for you at no extra charge. AXS 3 also comes with Scott's time-saving TLC (Trim, Label & Convert) CD Ripper software. It runs in your Program Director's computer and uses a CD ROM drive to digitally transfer 5 minute songs to hard drive in 15-30 seconds.

The Best Voice Tracking: AXS 3 works with Scott's optional Voice Trax. Announcers hear surrounding music and spots in their headphones in order to match their voice to the moods and tempos of the music.

The Best Air Studio Recording: AXS 3's built-in recorder has a graphic waveform editor for ease of recording and editing phone calls, spots, news or announcer lines. AXS 3's log editor lets you add new items to your schedule.

Quality Hardware: You get an industrial Pentium III rack mount Windows computer and a 1RU (1-3/4") tall case is available when space is tight. Jocks can use a keyboard or mouse, or optional button box or touch screen for fast control.

The Best Tech Support: Toll-free emergency phone support is available 24 hours a day, 7 days a week (including holidays). Software updates with new features are available for AXS 3

customers several times per year to stations on our annual support plan.

Easiest to Install: AXS 3 comes with a pre-wired connections to CAT5 LAN cables for snap-in installation on the AXS3 end of the wiring. Satellite control logic is also a plug-in snap. Your first two satellite audio connections for music format and news network, as well as another for your production console, are built into AXS 3 so interface cards or external switchers are not required.

LAN and WAN: AXS 3 and other MPEG and uncompressed WAVE Scott Systems use the same recordings. You don't have to dub the same spot several times for several stations.

The Best Production Studios: AXS 3 is compatible with popular multi-track systems you may already have, like Sound Forge, Vegas, Cool Edit Pro, Fast Edit and others. Simply add our time-saving \$500 no-dub instant LAN spot upload option.

AXS 3 is Affordable: Satellite AXS 2 systems start at \$7,995 including built-in GPI and switcher. Triple overlap AXS 3 includes AXS 2 and adds 18GB of music on hard drive for only \$9,995 delivered. For details, check scottstudios.com or axs3.com or call 800 SCOTT-77.

(972) 620-2211 FAX: (972) 620-8811
8 0 0 7 2 6 8 8 7 7
(800) SCOTT-77

Scott Studios Corp.
13375 Stemmons Freeway, Suite 400
Dallas, Texas 75234 USA

iBiquity Digital announces NAB presence and presentations

iBiquity Digital, the recent merger company of USA Digital Radio and Lucent Digital Radio (*RBR* 7/17, p.2), has announced details of its presence at NAB. iBiquity will broadcast two IBOC/iDAB™ signals from San Francisco's KDFC-FM and KLLC-FM; and demonstrate AM and FM iDAB broadcasts from transmitters on the exhibit floor—FM from Armstrong booth #2002, FM from Broadcast Electronics Booth #1028, AM from Harris booth #1528 and AM from Nautel booth #1942.

Datacasts (sports, traffic, weather and more) will be transmitted live to a kiosk displaying a car radio of the future. Lucent will invite visitors to "Take the PAC challenge" and compare the sound quality of PAC audio compression technology to compact disc recordings. iBiquity will also announce new companies have joined its iDAB coalition and explain how the merger will enhance the final system design.

iBiquity Presentations/Panel Participants: Thursday, 9/21 9:00-10:15am Esplanade Ballroom: Opening remarks for the keynote address, **Robert Struble**, iBiquity Co-Chairman, President, and CEO; 1:30pm - 4:00pm Moscone Center 102 Digital Facilities Certification Workshop, IBOC Implementation, **Glynn Walden**, Vice President, Broadcast Engineering is the panel moderator; 2:30-2:50pm NAB's Sound Off Demonstration Area, "How broadcasters can profit from IBOC DAB Technology," with **Jeff Detweiler**, Broadcast Business Rollout Manager and Saturday, 9/23 10:30-11:45am Moscone Center 236/238, "Radio's Future: From LPFM to Satellite Radio to Terrestrial Digital Radio," where Struble is a panelist.

NAB Preview

To schedule a mobile demonstration of iDAB and PAC technology in iBiquity Digital's test van, contact iBiquity VP Marketing **David Salemi** (410-872-1533 or 415-885-2500 at the show), or **Penelope Longbottom** (202-662-1280).—CM

BuyMedia integrates Marketron, TvSCAN and CableSCAN

BuyMedia (www.buymedia.com), which calls itself the leading provider of technology solutions for advertising, is announcing (9/18) the completion of the industry's first web-based solution for both buyers and sellers, using their existing legacy software. BuyMedia has added three components to its advertising exchange service—ownership and integration of market-dominating legacy radio and TV sales software Marketron, TvSCAN and CableSCAN. "We started the company in '95 and spent the first two years building out our advanced Internet communications platform allowing buyers to work with any TV radio or cable system in the country. Once we had that system developed, we recognized very quickly, based on the feedback from our customers, that we had to have a seamless integration of their communications platform with the buying software on the front end. Most of the sophisticated media buyers use four or five proprietary software packages to get them the reach and frequencies they are looking for," **Mike Jackson**, CEO of BuyMedia tells *RBR*. "We recognized very early on that these companies and software platforms have been here for years now. Not only are the buyers trained on them, but they have contract obligations

to use that software for the next few years. So back in '97, we began contacting those companies and began integrating our communications platform with their software systems. Here we are years later, and this year we will process \$500B worth of media."

Broadcasters and cable systems can exchange with buyers and rep firms all important information, including requests for proposals (RFPs), proposals and invoices, 100% electronically. All sales and traffic information from buyers automatically enters the stations' and systems' sales and operations software, eliminating redundant manual data entry, reducing billing cycle time and eradicating time-consuming faxing. "Essentially, these legacy systems had no communication capabilities. They all configured their orders on the front end or their proposals on the sales side. Everything was faxed," claims Jackson. "With BuyMedia, a buyer can put together 30-100 orders in a day and press one button and we distribute them directly out electronically."

Radio stations representing 80% of all national and regional radio advertising in the United States currently use Marketron. Booth # 1342 (Buy Media/Marketron).—CM

BroadcastAmerica featuring premiere of BroadcastURBAN

BroadcastAmerica.com will be featuring the premiere of its BroadcastURBAN.com division along with the signing of **Stevie Wonder's** KJLH-FM LA website in briefings Thursday and Friday 11A and 4P PT. The world's largest streaming provider will also be holding a seminar, "Get-

ting the most out of your Relationship with Us" (every half hour) and will unveil new content acquisitions.

BroadcastAmerica will also answer questions about its recent partnership with wireless services company Savos Inc. that will deliver its live music, radio station, News and Talk programming affiliates over web-enabled wireless devices. Booth #838—CM

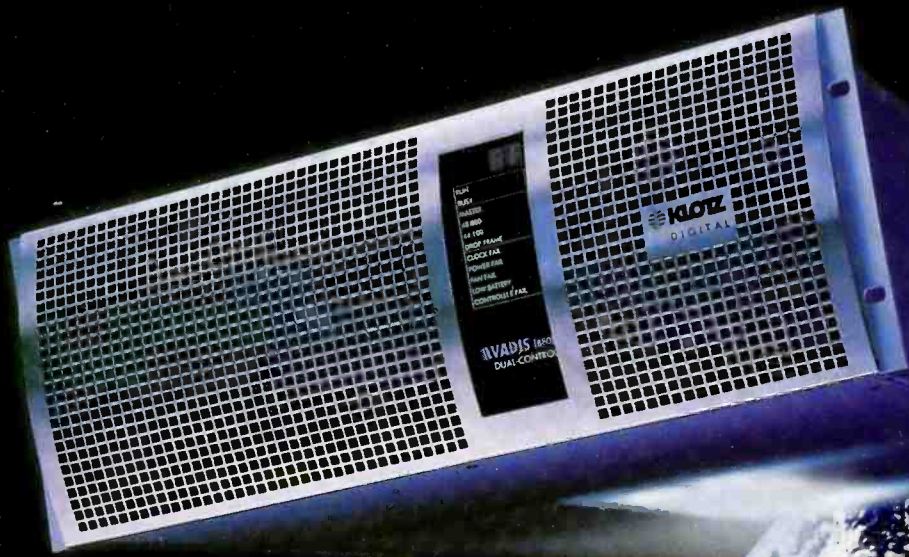
CUE featuring "VoiceTMC"

Positioned to solve safety concerns accessing telematics functions, CUE Corp. is featuring its recently-launched "VoiceTMC" traffic service. Real-time traffic information will be delivered by a voice stream over the FM subcarriers of 60 stations. With Cue's "SuperDARC" technology, the new service converts data to voice and broadcasts the voice as compressed data on subcarriers at 48kbps.

CUE is manufacturing the VoiceTMC receivers that will connect to most car stereos via a cell phone interface. The service, through an alliance with former IBOC contender Digital Radio Express, will also be implemented over AM stations. Booth #2120—CM

NetMedia Convergence launches "EASYiLINK" for radio websites

Another turnkey website package for radio stations is debuting at NAB. NetMedia Convergence's "EASYiLINK" program designs the web page, infuses it with format-specific content, offers streaming audio and creates an online shopping mall platform for advertisers. NetMedia Convergence gets a percentage of the e-commerce and charges a fee for each online store on the site. Booth #2228—CM



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What are the stocks worth?

PaineWebber (N:PWJ) is out with target stock prices which indicate that all of the radio companies it tracks are currently undervalued on Wall Street. Analysts **Chris Dixon** and **Leland Westerfield** note that RAB's report that July radio revenues grew 11% (*RBR* 9/11, p. 3) beat their expectation of 10% and blew away the more bearish projections of some other prognosticators.

PW analysts list a "stock price objective" for six radio stocks in 2001:

| | 9/13 close | 2001 target |
|---------------|------------|-------------|
| Clear Channel | \$65.38 | \$102 |
| Infinity | \$37.00 | \$42 |
| Cox Radio | \$18.63 | \$28 |
| Emmis | \$29.56 | \$57 |
| Hispanic | \$22.75 | \$44 |
| Saga | \$19.88 | \$25 |

Source: RBR, PaineWebber Research Note 9/5

Media Markets & Money™

by Jack Messmer

Learning to live with Wall Street's ups and downs

"This is cyclical. We just have to learn to live with the public market," **Gary Fries**, President & CEO, Radio Advertising Bureau, said of Wall Street's recent panic selling of radio stocks.

"I think the robust period that we saw in the first part of the year—20%+ growth rates—though very enjoyable and very positive, was something of an aberration. It was being driven by many factors coming together at the same time. Now we have a situation where we have the reverse—many factors that are working against the revenue stream," Fries told *RBR*.

• Regarding dot-com: "It's the fact that the dot-com IPO market dried up, not the dot-com advertising market," Fries explained. "There was an awful lot of IPO-driven dot-com revenue."

• "Another factor is a very soft agricultural market throughout the Midwest, which always has an impact. We've had a lot of crop damage this year. Milk prices are down," Fries noted.

• "Then we have a third factor in place right now, of high-impact external forces—the Olympics and elections taking place simultaneously—which has caused some

of the larger advertisers to pull back their total advertising—not just radio—their total advertising expenditures, because there are a lot of other things going on and it's more difficult to attract people's attention," he explained.

• "And last, but not least, we're seeing some impact from the AFTRA SAG strike, which has prevented advertisers from launching new campaigns." Fries noted that this is normally a time of year when many new ad campaigns are launched.

"So you put all those factors together and it's kind of the reverse of what we saw in the first half of the year," Fries said. "But none of them are permanent." Thus, he predicts that growth will continue in the 11-12% range. Fries is still expecting to see radio ad revenues grow 14-15% for all of 2000.

Cumulus still adding stations

Cash-strapped Cumulus Media (O:CMLS) isn't completely out of the station buying game. It's cut a deal to take out the last of the McDonald Media Group, WLWI-AM, WHHY-FM & WAFX-FM Montgomery, AL, for \$10M. Cumulus already owns four stations in the market and has LMA'd these for some time.

Also, Cumulus is adding WWSG-FM Sylvester, GA to its Albany, GA superduopoly for \$700K. The seller is a sole proprietor, **Thomas W. Lawthorne**, Broker: (WWSG) Media Services Group

CCU adds nine in Georgia

Building out from its Atlanta hub, Clear Channel has a deal to add nine Georgia stations for around \$17M. It's buying the Taylor Broadcasting group (also known as WKS Inc.), consisting of seven stations in Macon, Arbitron market #147 and two more in unrated Cochran, 40 miles southeast of Macon. Broker: **Scott Knoblauch & George Reed**, Media Services Group

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Hearst-Argyle picks swap TV

Hearst-Argyle Television (N:HTV) has lined up the swap property for the tax-free sale of its three Phoenix radio stations to Emmis Communications (O:EMMS). For tax purposes, Emmis will buy WMUR-TV (Ch. 9, ABC) Manchester, NH from Ines Communications for a legal instant, for \$185M, then immediately swap it for the three radio stations and \$25M cash. Emmis cut the deal to buy KTAR-AM, KMVP-AM & KKLT-FM for \$160M in June (RBR6/12, p. 6) and has been LMAing them since July, awaiting Hearst-Argyle's designation of a TV swap property. Hearst-Argyle's acquisition of the only commercial VHF station in New Hampshire will be a good fit with its Boston station, WCVB-TV (Ch. 5, ABC).

Huntsville combo sold

KSAM-AM and FM Huntsville, TX have been sold to **Sanders Hickey's** HEH Communications for \$1.9M. The seller is Walker County Communications, owned by **George Franz** and **Clint Formby**. Broker: **Bill Whitley**, Media Services Group

Ambassador College station sold

The Worldwide Church of God no longer has the radio presence that it did in the decades when its late founder, **Herbert W. Armstrong**, was one of the nation's best-known radio preachers. Soon the church won't even have a radio station. The church has filed at the FCC to sell KBAU-FM Big Sandy, TX (a non-commercial station near Tyler, TX) for \$100K. The buyer is the Institute in Basic Life Principles Inc., a religious group that recently bought the 2,295-acre Big Sandy campus of Ambassador University—which financial troubles had forced the church to close down in 1997. The Worldwide Church of God itself is still operating from its headquarters in Pasadena, CA, although Armstrong himself died in 1986.

RBR observation: Whatever happened to **Garner Ted Armstrong**, we wondered? The younger Armstrong was even better at radio preaching than his dad, but was taken off "The World Tomorrow" broadcasts after a falling out with the elder Armstrong. We discovered on the Internet that Garner Ted has his own operation in Tyler—the Garner Ted Armstrong Evangelistic Association and the Intercontinental Church of God. He even has a TV program.

Bond issues done deals

Both Clear Channel (N:CCU) and Cox Enterprises priced big bond offerings as the first week of September ended.

Clear Channel had the biggest corporate bond issue of the week with a \$1.5B sale of notes split evenly into two tranches: \$750M of three-year notes with a 7.25% coupon and a yield of 7.265%, and \$750M of ten-year notes with a 7.65% coupon and a yield of 7.669%. Underwriters: CS First Boston, Salomon Smith Barney

Cox Enterprises, the parent company of Cox Radio (N:CXR), sold \$500M of ten-year notes with a coupon of 7.875% and a yield of 8.008%. Underwriters: Banc of America Securities, Chase Securities

350 towers up for sale

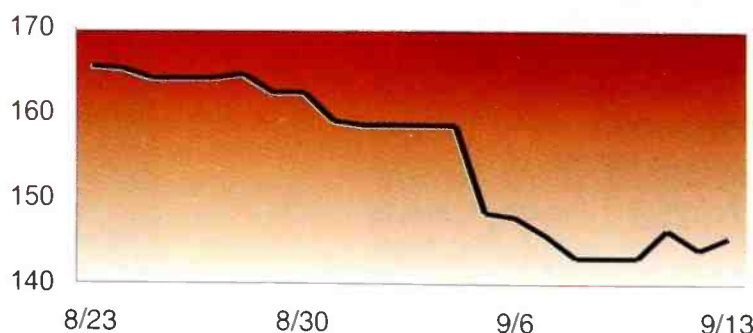
Classic Communications (O:CLSC) has put 350 or so towers up for sale. You don't normally associate towers with cable TV, but there is a tower at each head-end, plus those used for links between markets. That all adds up. In fact, Classic says the towers it has put up for sale are only about 60% of its total tower holdings. Classic's towers are spread over nine states, with the greatest concentrations in Texas, Oklahoma, Kansas and Arkansas. Classic is based in Austin, TX.

The Radio Index™

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Much ado about a hundred grand in Grand Junction

KRDY-AM is not a powerhouse in Grand Junction CO (Arbitron rank #252). In Fall 1999 it barely made the Arbitron book with an 0.8 12+ share. From this lowly pedestal it actually went down, failing to even show up in the Spring 2000 survey. In Broadcast Investment Analysts' (BIA) *Radio Market Report 2000*, it was credited with an estimated \$100K in revenue for 1999. **Richard Dean**, who has filed to buy the station from Leggett Broadcasting, thinks that is a very optimistic estimate.

Dean's MBC Grand Broadcasting already owns two AMs

and three FMs. It generated less than half the revenue of the leading radio operator, Cumulus, which pulled in just over half of radio's estimated \$6M take. KRDY would be a legal fit with the MBC cluster, and the deal is uncontested.

And yet, according to Dean's attorney,

J. Geoffrey Bentley, FCC Mass Media Bureau Chief Economist **Jerry Duvall** is recommending that the sale of KRDY to Dean be denied on grounds that it will "diminish the chance for the development of a viable third major competitor in the Grand Junction radio market."

This leads us to several observations. For starters, Dean should be commended for taking KRDY. With no listener base, he almost certainly will lose money in his attempt to get it back up to speed. If Dean is

Grand Junction 1999 estimated revenues

| Owner | AM | FM | TV | LPTV | Revenues | Rev after deal |
|---------------|----|----|----|------|-------------|----------------|
| Withers | 0 | 0 | 1 | 1 | \$3,600,000 | \$3,600,000 |
| Cumulus | 1 | 4 | 0 | 0 | \$3,275,000 | \$3,275,000 |
| Pikes Peak | 0 | 0 | 1 | 0 | \$3,000,000 | \$3,000,000 |
| Eagle II | 0 | 0 | 1 | 0 | \$2,900,000 | \$2,900,000 |
| MBC Grand | 2 | 3 | 0 | 0 | \$1,425,000 | \$1,525,000 |
| Leggett | 1 | 1 | 0 | 0 | \$900,000 | \$800,000 |
| Western Slope | 1 | 1 | 0 | 0 | \$400,000 | \$400,000 |

Source: BIA's *Radio Market Report 2000* and *Radio Market Report 2000*

willing to attempt to restore KRDY to full health, the public interest is best served by letting the deal go through.

As far as reducing competition goes, one competitor wants to sell it to another, and none of the third-party competitors seem to give a hoot one way or another. What more evidence is necessary that this deal will have no impact on the competitive situation in Grand Junction?

In fact, this thwarts competition in a way. Cumulus has been able to build what is and—for the foreseeable future—will be the market's dominant radio cluster. The FCC, by denying this deal, is denying #2 MBC the opportunity to compete more effectively.

Hopes that KRDY will enable the entry of a "viable third major competitor" among the radio owners is pure fantasy. **Merlin, Gandalf** and **Harry Potter** combined would have a tough time pulling off that trick.

Radio stations do not operate in a vacuum. Radio is part of the advertising business, and in virtually every market in America, it comes in third behind TV and newspaper. The chart above shows BIA's estimated revenues for the seven broadcast companies operating in the market. Can you spot the massive shift of dollars which will take place if this deal goes through?

Maybe the FCC is actually doing MBC a favor. It will not be able to buy any other stations if it gets this AM. Six stations is the cap in this remote, sparsely-radioed market. This deal will prevent a stronger FM from falling into MBC's hands, actually making it more likely that a strong third radio cluster can be built, not lessening the chance as the FCC thinks. The best, indeed the only chance for a strong third party is combining the Leggett and Western Slope stations.

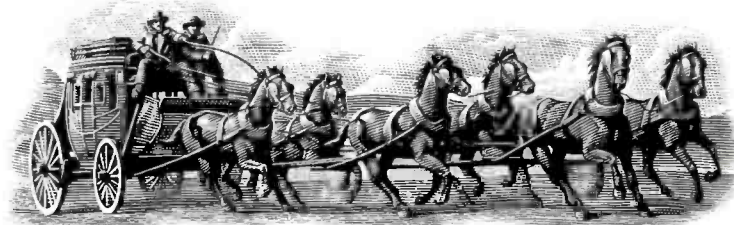
For all of these reasons, standing in the way of the KRDY deal is nonsensical.—DS

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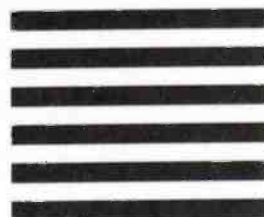
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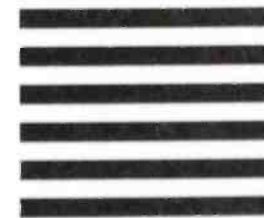
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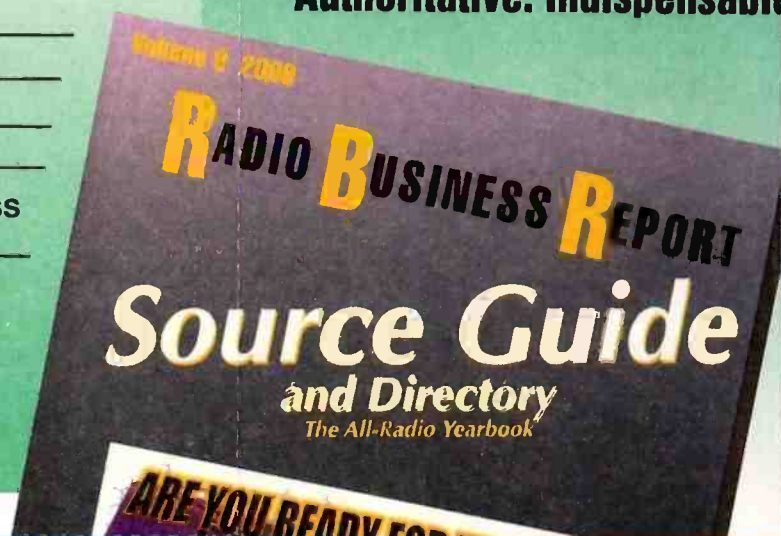
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The deals listed below were taken from recent FCC filings.

Transaction Digest

by Dave Seyler & Jack Messmer

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.

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\$220,000,000 KIHT-FM/WRTH-AM/WIL-FM, KPNT-FM, WVRV-FM & KXOK-FM St. Louis (St. Louis, St. Genevieve MO, East St. Louis IL & Florissant MO) from Sinclair Radio of St. Louis Licensee LLC, a subsidiary of Sinclair Broadcast Group Inc. (O:SBGI) (David D. Smith et al) to Emmis FM License Corp. of St. Louis, a subsidiary of Emmis Communications Corp. (O:EMMS) (Jeff Smulyan, CEO et al). \$22M escrow, balance in cash at closing. **Superduopoly** with WKKX-FM, WXTM-FM & KSHE-FM. Emmis is spinning WRTH-AM, WIL-FM, WKKX-FM & WVRV-FM to Bonneville (see below).

\$200,000,000 KZLA-FM Los Angeles from Bonneville Holding Co., a subsidiary of Bonneville International Corp. (Bruce Reese, pres et al) to Emmis 106.5 FM Licenses Corp. of St. Louis a subsidiary of Emmis Communications Corp. (O:EMMS) (Jeff Smulyan, CEO et al). Swap for WRTH-AM, WIL-FM, WKKX-FM & WVRV-FM St. Louis. Value is an RBR estimate. **Duopoly** with KPWR-FM.

\$200,000,000 WRTH-AM/WIL-FM, WKKX-FM & WVRV-FM St. Louis (St. Louis, Granite City IL, East St. Louis IL) from Emmis 106.5 FM Licenses Corp. of St. Louis a subsidiary of Emmis Communications Corp. (O:EMMS) (Jeff Smulyan, CEO et al) to Bonneville Holding Co., a subsidiary of Bonneville International Corp. (Bruce Reese, pres et al). Swap for KZLA-FM Los Angeles. Value is an RBR estimate. Stations will form a new **superduopoly**.

\$109,800,000 KBTM-AM, KIYS-FM & KFIN-FM Jonesboro AR, **WMHG-AM, WMUS-AM & FM, WMRR-FM & WSHZ-FM** Muskegon MI (Muskegon-Muskegon Hiehgts MI), **WGUS-AM, WBBQ-AM & FM, WZNY-FM, WEKL-FM, WKSP-FM & WPRW-FM** Augusta GA (Augusta-North Augusta-Martinez GA-Aiken SC), **WFAU-AM, WIGY-FM, WABK-FM, WTOS-FM, WKCG-FM & WCME-FM** Augusta-Waterville ME (Gardiner-Madison-Augusta-Skowhegan-Boothbay Harbor ME), **WLAY-AM & FM, WVNA-AM & FM & WKGL-FM** Florence-Muscle Shoals AL (Muscle Shoals-Tuscumbia-Russellville AL), **WKMQ-AM, WTUP-AM, WWKZ-FM, WWZD-FM & WESE-FM** Tupelo MS (Tupelo-Aberdeen-New Albany-Baldwyn MS), **WFRX-AM, WHITE-AM, WDDD-AM & FM, WVZA-FM, WTAO-FM & WQUL-FM** Marion-Carbondale IL (Herron-West Frankfort-Murphysboro-Johnston City IL) and **WEEZ-AM, WFOR-AM, WJKX-FM, WHER-FM, WUSW-FM, WMFM-FM & WNSL-FM** Laurel-Hattiesburg MS from Cumulus Broadcasting Inc. (Lew Dickey Jr.), a subsidiary of Cumulus Media (O:CMLS) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). Swap for four Harrisburg PA stations (see below) and \$55.4M cash. Total value estimated by RBR. Existing **superduopolies**. Note: The letter of intent also states that Clear Channel may receive an option to buy WJWF-AM, WKOR-AM & FM, WMXU-FM, WSMS-FM, WSSO-FM & WMBC-FM Columbus-Starkville-Artesia MS for an additional \$6M.

\$54,400,000 WTCY-AM, WNNK-FM, WTPA-FM & WNCE-FM Harrisburg PA (Harrisburg-Palmyra-Mechanicsburg PA) from Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU) to Cumulus Broadcasting Inc. (Lew Dickey Jr.), a subsidiary of Cumulus Media (O:CMLS). Swap as partial payment for 45 stations in eight markets (see above) Value estimated by RBR. Existing **superduopoly**.

\$45,000,000 KHIS-AM, KKXX-FM KDFO-FM, KKDJ-FM & KRAB-FM Bakersfield CA (Bakersfield-Delano-Greenacres CA), **KSMA-AM, KSNI-FM, KXFM-FM & KSMY-FM** Santa Maria-Lompoc CA and **KSly-FM, KURQ-FM & KSTT-FM** San Luis Obispo CA (San Luis Obispo-Grover Beach-Los Osos CA) from various limited partnerships operating as the Mondosphere Radio Broadcasting Group (Clifford Bernstein, Peter Mensch), to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communi-

Protecting Your "e" Rights

by Erwin G. Krasnow and Eric T. Werner
of Verner Liipfert Bernhard McPherson and Hand

At least forty percent of the roughly twelve thousand licensed radio stations in the U.S. maintain a presence on the World Wide Web, and many of these are also exploring the Web as a medium for their broadcast content. In this environment, a prudent buyer cannot ignore the need to include the "e"-assets of the station when drafting the contract for the purchase of a radio station.

Two contrasting approaches to this issue can be found in the agreement for the purchase of Station KISZ(FM), Cortez, CO from KISZ, L.L.C., by the Four Corners Trust, Paul C. Stone, Trustee and the agreement for the purchase by W&W Broadcasting LLC of Stations WSGW-AM & WGER-FM, Saginaw, MI, and WTCF(FM), Carrollton, MI from Citadel Broadcasting Company. In the first agreement, Four Corners Trust obtained a broad clause in the recitation of assets to be acquired that encompassed... "[a]ll Domain leases and Domain names of the Station, the unrestricted right to use of HTML content located and publicly accessible from those Domain names, and the "visitor" email data base for those sites."

This type of provision would appear to afford the buyer solid general protection for the most desirable e-commerce assets of the station. However, it does not reflect particular tailoring to accommodate extrinsic circumstances that may raise collateral issues for the buyer or the seller. Nor does it protect the seller from possibly giving away too much.

By contrast, the similar provision in the Citadel/W&W Broadcasting agreement, does address such issues. In that deal, the parties provided specifically that assets encompassed by the purchase and sale would include: "all of the Seller's rights in and to, to the extent assignable and to the extent relating primarily to the Stations, any Internet Domain Name, any Internet Web page, the content accessible therefrom and the visitor data collected; provided, however, that any contract related thereto constitutes an Assumed Contract."

While neither of these provisions defines the appropriate scope of such an Internet assets provision, they do evidence that the subject is one that warrants careful consideration by both sides, and careful attention to drafting by counsel.

cations (N:CCU). Existing **superduopolies**, plus contour overlaps by some of the Santa Maria-Lompoc stations with KIST-FM & KSPE-FM Santa Barbara CA.

\$1,000,000 WINR-AM Binghamton NY from Titus Broadcasting Systems Inc. (Paul Titus) to Clear Channel Broadcasting Inc., a subsidiary of Clear Channel Communications Inc. (N:CCU) (Lowry Mays et al). \$200K escrow, balance in cash at closing. **Superduopoly** with WMRV-FM, WENE-AM, WMXW-FM, WKGB-FM & WBBI-FM. LMA since 7/28. Broker: Blackburn & Co. (seller)

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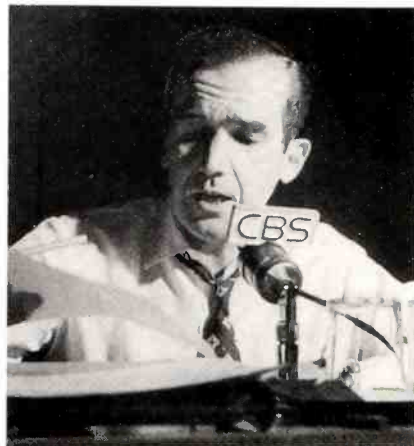
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In a move designed to help busy executives keep up with the fast-changing radio business, *Radio Business Report* in the Spring of 2000 became the first radio trade publication to launch an Internet radio station." Radio news is breaking at an incredibly fast pace and just can't wait for the



morning faxes," said Ken Lee, Associate Publisher and General Manager. In addition to posting news on

its new Web site, www.rbr.com, RBR is also streaming 24 hours a day. The "format" consists of a newscast of radio-specific business and industry news, interviews and commentaries, plus classic radio bits, jingles and Mercury Award-winning spots (with real paid spots to come). Veteran newscaster Jack Messmer, now Executive Editor of RBR, is back behind the mike for the audio updates.



The new RBR Web "radio station" is still early in its development and radio executives are encouraged



to provide input on what they'd like to hear. (Please don't ask for Britney Spears, though!) You may email klee@rbr.com

so we can build the radio station you want. "Another exciting aspect of the Internet radio station for RBR is that we can now offer advertisers a cross-platform vehicle to help to market their products," noted Lee. "Advertisers can now run audio spots on our Internet radio station, bundled with banner messages on the www.rbr.com web site, along with click-through messages on our daily email service, plus traditional advertising with *Radio Business Report* and *MBR*."




















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|  <p>\$23 billion Merger with Clear Channel Communications, Inc.</p> <p>Financial Advisor August 2000¹</p> |  <p>\$1.3 billion Acquisition of 12 radio stations from Clear Channel Communications, Inc.</p> <p>Financial Advisor August 2000¹</p> |  <p>\$825 million Sale of 46 of its radio stations to ENTERCOM Communications Corp.</p> <p>Financial Advisor August 2000¹</p> |  <p>\$1.65 billion Senior Notes Offering 7.70% due 2010 7.875% due 2030</p> <p>Senior Co-Manager July 2000¹</p> |
|  <p>€650 million Senior Notes Offering 6.5% due 2005</p> <p>Joint Lead Manager June 2000²</p> |  <p>\$41 million Private Placement</p> <p>Sole Placement Agent May 2000¹</p> |  <p>\$200 million 5.50% Convertible Subordinated Notes due 2007</p> <p>Lead Manager March 2000¹</p> |  <p>\$350 million Follow-on Offering</p> <p>Co-Lead Manager March 2000¹</p> |
|  <p>\$500 million \$200 million 10.25% Senior Notes and \$300 million 12.875% Senior Discount Notes due 2010</p> <p>Co-Manager March 2000¹</p> |  <p>\$436 million Initial Public Offering</p> <p>Co-Manager February 2000¹</p> |  <p>\$450 million 5.00% Convertible Subordinated Notes due 2010</p> <p>Joint Lead Manager February 2000¹</p> |  <p>\$424 million Follow-on Offering</p> <p>Lead Manager January 2000¹</p> |
|  <p>\$280 million Follow-on Offering</p> <p>Co-Lead Manager January 2000¹</p> |  <p>\$3.2 billion Senior Secured Credit Facilities</p> <p>Administrative Agent November 1999³</p> |  <p>\$1 billion 1.50% Convertible Senior Notes due 2002</p> <p>Joint Book Manager November 1999¹</p> | |

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