



3M

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News/Talk

Should music stations still carry news? **Page 26**



Sales

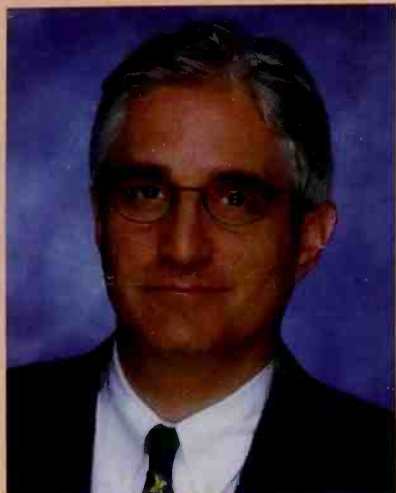
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Radio Business Report

Voice of the Radio Broadcasting Industry®

June 2003

Volume 20, Issue 6



GM Talkback

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Adbiz

Last look at measuring minorities—RADAR problems revealed. **page 10**

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New female format hits the Big Apple **Page 16**



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A look at the Urban audience

It wasn't that long ago that stories of "No Urban" dictates were getting a lot of play in the trade press. Everybody distanced themselves from the practice as much as they could—**Trent Lott** can tell anyone with a short memory what the price is when you're stained with a segregationist paintbrush.

The bottom line about the "No Urban" practice is that it's just plain stupid. Any company pursuing such a policy is simply taking itself out of a ballgame that is every bit as lucrative as playing to the majority.

In many ways the Urban audience parallels the general US population. That includes earning power and education level. In some ways—that is, for some advertiser categories—it is more desirable than the general public.

And it tends toward youthfulness, meaning that a dollar spent now by an advertiser with a good branding strategy can produce a loyal customer for years to come. Among adult Urban radio fans, a huge majority—86.6%—is younger than age 50.

Let's look at some facts and figures about the Urban radio audience from national advertising firm Interep (O:IREP) and Mediamark Research.

Income

Although slightly underrepresented in the higher income bracket, the Urban crowd generally matches the rest of the country dollar for dollar. The incomes are generated from the same range of occupations as the mainstream population. Professionals and execs are slightly underrepresented, with the some of the slack picked up in the technical sphere.

HH income	Urban	USA
\$0-19.K	20.4%	16.6%
\$20K-39.9K	24.9%	22.8%
\$40K-59.9K	19.7%	19.3%
over \$60K	35.0%	41.3%

Source: Interep, Mediamark Research

Education/Employment

In many respects, the Urban audience is better educated than mainstream USA. It's more likely to have completed high school and to have spent at least some time in college. And although Urban fans have some catching up to do in terms of getting a college degree, a sizable edge in current matriculators should help close that gap more and more in the coming years. The group is also more likely to be in the workforce.

Education	Urban	USA
High school	34.9%	32.3%
Some college	30.3%	27.3%
College degree	16.2%	23.7%
In college	13.2%	7.8%
Employed full-time	61.6%	54.3%
Employed part-time	11.1%	9.6%

Source: Interep, Mediamark Research

Households/children

On average, reaching one Urban household is better than reaching one mainstream household, simply because the Urban household tends to consist of more people. And if you're marketing children's goods, you're a fool if you aren't putting a significant portion of your budget on Urban outlets. The chart below tells the tale.

HH size	Urban	USA
1 person	10.2%	13.7%
2 persons	23.0%	33.8%
3-4 persons	44.3%	37.3%
5+ persons	22.5%	15.2%
Children		
Any	57.0%	41.4%
1 child	23.1%	16.9%
2 children	19.4%	15.1%
3 children	8.8%	6.3%
Ages		
Under 1	7.4%	4.0%
1-2	6.5%	3.9%
3-5	21.5%	14.7%
6-11	27.8%	19.7%
12-17	25.6%	19.8%

Source: Interep, Mediamark Research

Activities/Leisure

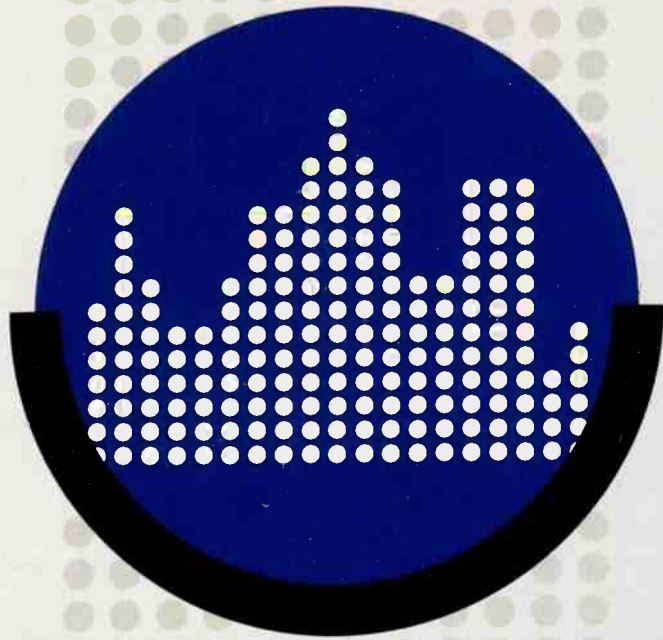
When it comes to spending time away from work, the Urban crowd compares extremely favorably to the general US population, in often surprising ways. It may not be surprising that the crowd favors basketball more so than the rest of the population. But did you know Urban fans are more likely to show up at a tennis match of golf tournament? Here's the scoop for a number of athletic and leisure pursuits.

Activity	Urban	USA
Attend tennis	2.7%	2.0%
" golf	4.1%	3.1%
" pro basketball	10.7%	6.0%
Play football	7.3%	4.7%
" basketball	16.2%	9.2%
" baseball	6.9%	5.3%
Use health club	10.4%	10.2%
Attend movies	67.9%	61.2%
" concert	20.1%	23.9%
Go dancing	15.1%	11.9%
Go to night club	25.4%	21.2%
Play video games	14.8%	13.0%
Casino gambling	18.5%	18.6%

Source: Interep, Mediamark Research

To sum up, there is no conceivable reason to exclude the Urban audience from any media campaign, and plenty of reasons to include the Urban audience. Among the many good reasons are those little green rectangles featuring pictures of **George Washington**, **Abraham Lincoln**, **Alexander Hamilton**, **Andrew Jackson** and **Ben Franklin**, among others. If you like collecting those little pictures, you'd best make sure that Urban radio stations are collecting a nice-sized chunk of your marketing budget.

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June, 2003

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D-Day at the FCC

As expected, the Federal Communications Commission voted strictly on party lines on a host of issues concerning broadcast and newspaper ownership. Chairman Michael Powell and his two Republican colleagues, Kathleen Abernathy and Kevin Martin, pulled back restrictions on television ownership in particular. They also made it vastly easier to own cross-platform media combinations, including radio-TV-newspaper combinations in the largest markets. Democrats Michael Copps and Jonathan Adelstein dissented.

Television duopolies are allowed in most markets, as long as no more than one of the stations is among the top-four rated stations in the market. In the very largest markets, triopolies are allowed.

The hotly contested national audience reach cap for broadcast television groups was upped from 35% to 45%, and the 50% discount for UHF stations was retained. This issue was so hot, it divided and fractured the National Association of Broadcasters, leading to the exit from the organization of Viacom/CBS, News Corp./Fox and GE/NBC.

The contour method of determining radio markets was scrapped in favor of an Arbitron-based geographical method. The contour method will be retained on an interim basis while a new definition is developed for non-Arbitron rated areas.

Mergers between the top four broadcast networks, the aforementioned CBS, Fox and NBC, along with Disney/ABC, remains banned.

See page 6 for more.

**Summer chiller:
FCC freezes station trading**

To all intents and purposes, the FCC's new radio rules go into effect immediately. That is certainly the case insofar as station transactions are concerned.

The FCC has put the freeze on all new radio

and television transactions involving transfer of control and assignment of license pending revision of Forms 314 and 315 to reflect the new market definitions and multiple ownership rules adopted June 2nd. The freeze will be lifted upon publication of the new forms in the Federal Register. From that point on, applicants must show they are in compliance with the new rules or demonstrate their qualifications for a waiver.

As to pending deals, they can go forward. However, if they involve a multiple ownership showing, they must be amended to demonstrate compliance with the news rules or be accompanied by a substantiated waiver request.

Petitions and objections will be dealt with if they involve issues not covered by the new regulations. If the new regs render them meaningless for one reason or another, they will be dismissed as moot.

RBR observation: A quick look at the Entercom-Fisher deal in Portland OR (5/30 RBR Daily Epaper #106) looks to shake out as follows. At quick glance, under Arbitron definitions, we peg Portland with 44 commercial stations. There should be more than enough noncoms in town to take Portland over the 45-station threshold that allows full-bore eight-station clusters.

But Entercom is not out of the woods. It's trying to build a nine-station cluster, in which at least two of the weaker AMs do not have contour overlap. Under the contour definition, this would be two distinct markets of eight stations each. Under the Arbitron definition, it's one cluster with nine stations.

Entercom is probably going to have to buy just Fisher's FM, buy the Fisher combo and spin a different AM, or get a waiver.

It's interesting to note that, under the new rules, they will probably have to get rid of an AM station, but would have no problem at all buying a newspaper and two television stations.

Wow.

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Radio markets redefined in FCC omnibus ruling

In a party line vote, the Federal Communications Commission voted to deregulate many aspects of its multiple ownership rules. Although most rules affecting broadcast television and crossownership between media platforms were relaxed, steps were taken which figure to tighten the regulations on radio ownership.

The tier-based local ownership caps for radio, based on the number of stations in a market, remain in effect. However, the current method of determining just what the market is has been changed dramatically.

Counting overlapping station signal contours is out, replaced with Arbitron-based definitions.

A station will be considered part of a market if its city of license falls within Arbitron's geographic definition of the market. Also, stations licensed outside of the market but nevertheless deemed to be home to the market will also be considered.

Also included in the count, for the first time, are noncommercial stations.

Current existing clusters are grandfathered. However, if the cluster is in excess of the limit under the new definition, it cannot be sold intact unless the buyer is defined as a "small business." Otherwise, it would have to be broken into parts for sale.

Stations not owned by a given operator, but which the operator sells time for under a JSA, would be counted as part of that operator's cluster when determining its cap-compliance.

RBR learned that some stations may be counted in more than one market. An FCC staffer said that WHFS-FM Annapolis, for example, would be considered part of both Washington and Baltimore.

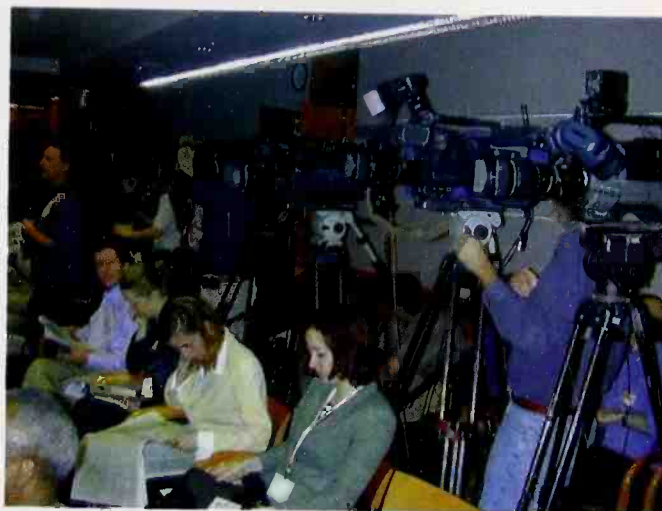
A short-term Notice of Proposed Rulemaking will kick off to develop a definition for markets outside Arbitron-rated territory. In the interim, a modified contour-based method will be in place. Under the interim policy, any station with a transmitter site 58 miles (92 km) from the perimeter of the mutual overlap area will not be counted in the total (this is intended to prevent the oft-cited Minot ND irregularity.)

The practice of red-flagging deals which created certain levels of market revenue share concentration using BIA data for one, two and/or three owners (the so-called 50-70-90 rule) has been scrapped. It was considered an interim policy while this rulemaking was in progress.

RBR observation: As we have stated numerous times, we have a quite a few problems with this radical shift in FCC policy.

For starters, the contour policy was not just an FCC regulation, it was part of the 1996 Telecom Act, passed and signed into law by Congress and President Bill Clinton. We'll be very surprised if we're not reading court documents on this topic very soon.

The new definitions may tighten up quite a few markets. Some, on the other hand, may be kicked up a notch by the decision to begin counting noncoms.



Television finally covers D-Reg issue on day of ruling.

There are just so many anomalies inherent to Arbitron. It applies scientific principles to measure a very unscientific quantity of entertainment usage, and it is a revenue-generating for-profit business, not a government resource. Its markets are all created equal - - the willingness of people to pay often has more to do with how markets are defined than anything else. There's nothing wrong with that from a business standpoint, but there would seem to be a lot wrong when trying to establish bright-line government regulations that apply from coast to coast and everywhere in between, above and overseas.

Remember when Naples FL was a market? Now we have Ft. Myers-Naples. Remember when Longview TX was a market? Now we have Tyler-Longview. What do changing Arbitron definitions mean to FCC definitions? Are cluster limits going to ping pong along with Arbitron's many shifts?

What about Minot ND, the poster child small market for this rulemaking? Did you know it used to be Arbitron-rated? So did Lufkin-Nacogdoches TX and La Crosse WI. Many others have been added, but the simple fact is that in these examples people stopped paying so Arbitron stopped rating. That's a good way, indeed, a necessary way for Arbitron to run its business.

But is this shifting market landscape any kind of a foundation upon which to base vitally-important government regulations?

We still can only guess about the full scope of the FCC's new definition. There are zillions of other questions we could ask. Until we see something in writing...

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v. as·cend·ed, as·cend·ing, as·cend·er

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We ask General Managers from around the country to share with us, and you, their views of the industry. This time we quizzed:

Trip Savery, Curtis Media, Raleigh, NC

Mark Jviden, North American Broadcasting, Columbus, OH

Ron Covert, Zimmer Broadcasting, Columbia, MO

John Beck, Emmis Communications, St. Louis

What do you think of cluster selling? Does it help or hurt revenues for your stations and for your market?



Savery: I think in most instances it's not good. Not necessarily from the station standpoint, but from the advertiser standpoint. I believe that people still want to buy the individual attributes of the station. It's not just a bunch of numbers amalgamated. You're still buying a unique story or unique promotion from salespeople that are trying to get to the real issues of what the client wants. And I'm not sure that cluster selling

always lends itself to that. Cluster selling, in my mind, having done national sales and having done combo deals, many times takes it back to a commodity-based position, which is completely antithetical to what we do as an independent broadcasting company.

Jviden: Well, we have three stations here. I suppose one might call that a cluster, but we're not part of a large group. We're an independent, locally-owned in Columbus. We're essentially selling against clusters and it definitely makes it a little more difficult for us today, compared with four-five years ago, in that they're getting more sophisticated all of the time with combining stations together; holding and even reducing rates in that way. It makes it more difficult for independents to be able to present competitive rates and packages. We may have to work a little harder to do that. We're not having a problem doing that, but certainly that's what's happening with clusters.

We have in the last several months combined our two FM sales staffs and actually it seems to be working better for us. So we have an AM station, which plays Standards, we have a 70's-80s Classics kind of a station and we have an Active Rock station. Those two, at one point, we felt couldn't be easily combo'd, but we've had some pretty good success. We're getting ground covered better this way. And we are in some degree fighting fire with fire.



Covert: I've got nine stations here in the Columbia-Jefferson City and Fulton market. We have three different markets here as far as how we cluster. We have a five and two twos between Columbia, Fulton and Jefferson City. We do cluster selling in Columbia with five stations.

My opinion probably changes every day as to good, bad or indifferent. I'm not sure that, overall, does it help revenue? For the most part it probably doesn't drive more revenue, but you get better quality from your top customers

because you're able to provide a little better service and you don't have to hire as many salespeople. Which we all know in today's world, it's fairly difficult. If I had to hire five separate staffs of full salespeople, it would be a lot more difficult than hiring one good quality staff.

As far as revenue from the market, we have two clusters in this market trying to both cluster sell and I'm not sure that selling for share

is good for market revenue. Sometimes I get a little concerned that we're hurting the overall market revenue with some cluster selling.

I do think that selling as a cluster, it's easier to be customer-focused. I'm able to spend more time worrying about the needs of the customer. Cluster selling does work better if you reduce the account list size of all of your sellers, big time. We've seen our average order go up, but our customer counts go down. If I can just keep customer counts up and average order up, then we'll be in business!

Beck: It helps where it's appropriate. I still live in fear that if you don't have a sales staff working on a radio station, that you lose revenue. Because a salesperson repping three or four stations will walk in and they're shooting for an order. They want to get an order or two. But we need an order for each station. So if a sales rep settles for an order or two, a couple of stations (if they're repping four or five) are losing out. You need to have one individual focusing on a frequency.

Now in our case, we've got three sales staffs selling five radio stations. So we've done something that's sort of in the middle. That's mostly working for us. We're considering putting a fourth sales staff on one of the stations because we don't think we're getting enough revenue from one of them. So we're suffering a little bit from the downside of extreme clustering.



Where it's appropriate would be if you're going to an advertiser that doesn't spend much money on radio and you want to show them what can be done with a cluster and say one of the managers that represents a cluster can go in there and sell them on it, you might be able to bring somebody into the business that's not used to being in the business. Show them

what radio can do. That's where I think it works best.

I think clustering should be good for market revenue, my personal opinion. Remember, I'm a guy who came from a time before there was clustering, so I'm still thrilled to death to be able to go in there with more than one brand. Because now I can look an advertiser in the eye, listen to them and do the consultant sell. I can say, "You know what, we ought to do this on this station and that on that station." I'm not just sequestered to one Rock brand. And maybe that advertiser is afraid of Rock and they like AC. Now I can offer something for any advertiser. Theoretically, I should be able to bring more people into the business that way. It's a lot better than beating the other competitor over the head all the time.

Quite frankly, I think it can be a lot of fun, but I wouldn't completely cluster. I wouldn't have one big sales staff for a whole cluster—ever. I don't know of anywhere that's working. I think a buyer needs to have a face talking to them about each brand. It's sort of like magazines. US News & World Report and Time Magazine need somebody in there pushing the prestige of those brands to somebody that buys advertising or they'll lose their uniqueness. It's the same here. If I don't have somebody pushing KSHE-FM by itself, as much as a legend as KSHE is, if you don't have somebody talking to you with such enthusiasm, "35 years, all the Rock bands in the country that are 40 and over know it." You need somebody that has that kind of enthusiasm for a brand to convey it to a buyer to get them excited. Otherwise, you'll be talking CPPs like I did when I was a national rep.

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Measuring Minorities—Part IV African-American audience issues: Network radio



Jay Williams

Blame it on the diaries again: Some networks are claiming Arbitron's RADAR 76 book undermeasured the African-American population, especially with female demos. Says American Urban Radio Networks President **Jay Williams**: "We do have concerns about their capacity to accurately measure the African-American market. It is totally under-analyzed and it's having a detrimental effect not on just what we do, but on other networks as well. We additionally think there's some age cell discrepancies that we found across a broad number of

networks that were affected in this last RADAR. Not just African-American, but an age cell that was underrepresented in the female category that I think had a tremendous effect on a number of—over 15—different networks that we found had significant drop-off. We also found, when you look at the population base on Women 25-54 a year ago, to population base of Women 25-54 this book, there is over 8M people missing—not just Black, but females in general. We don't believe there has been some catastrophic event to find that many females missing in a population base in one year."

Indeed, there were a number of affiliated stations that went down one or two percentage points. However, if you look at how AURN has done from a year ago, both its Pinnacle and Renaissance are up 6%-8%, as well as experiencing increases in the past three RADARs. But this past book was a definitely a decrease. There are a number of factors that not only affect AURN, but network radio in general.

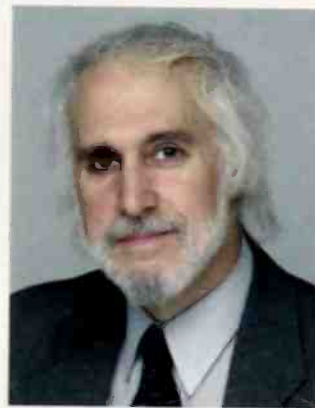
"Certainly, I think a big turning point was RADAR 73/June 2002, which was when RADAR began introducing the diary interviews, mixing them in with the telephone interviews," explains **Barry Feldman**, Director of Marketing Research, AURN. "RADAR 76 represented a completion of that transition process so it's now all diaries. It is widely accepted that the shift from telephone to diary has a disproportionate negative impact on Black listening levels, and certainly Black response rates overall."

Addressing what Williams said, Feldman claims from RADAR 75 to 76, AURN lost 20% of its Women 18-34 and 25-34, over 30% in some dayparts, "a seeming impossibility, and indicative of poor measurement, if not some outright errors. Impacting all female demos, this occurred despite no change in clearances and despite the quadrupled sample size that was supposed to prevent such ratings instability."

In addition, Feldman says that since RADAR 73, RADAR is no

longer being balanced for the entire Black population. "If you look at the RADAR data, Black in particular, you'll see it says 'Black, Non-Hispanic,' instead of just Black," he explains. "This is something that the radio councils have finally gotten Arbitron to agree to put in there to represent that it wasn't really covering the entire Black population, but only Black non-Hispanics. Which is a drop of 4M of a population to work with for African-Americans. We believe that the Black radio listening may be underrepresented by as much as 12%, and has been since RADAR 73."

AURN insists reporting the Black Non-Hispanic audience and total Hispanic audience doesn't ensure that all Black listening is measured. "The Per Person Values of Black-designated interviews have been lowered by 12% (as 33M Black was lowered to 29M Black Non-Hispanic) without them making up the 12% by insuring measurement of Black Hispanics," Feldman details. "To the contrary, Hispanic listening levels for Black-formatted networks have also declined. From 2001-2 to 2002-3 (RADAR 75 to 76), RADAR's and Arbitron's Black population was lowered for the first time in memory, while the rest of the population, especially Hispanic increased as usual, further reducing the Black PPDV (Per Person Diary Values)."



Barry Feldman

Now, Hispanic listening went up a lot overall from RADAR 75 to 76 because RADAR started balancing for Hispanic. However, even though all of the nets showed increases in Hispanic listening, again, some Black networks didn't increase and even went down. Claims Feldman: "We believe this is because the Black population is only being counted for Black non-Hispanics and so the Black stations are relying on their Black non-Hispanic listening to account for their Hispanic listening and

therefore their Hispanic listening is not showing an increase. We believe Arbitron is not really measuring the Black Hispanic listening at all to make up for that loss of Black Hispanics that it is no longer balanced for."

AURN's Hispanic listening dropped by over 50% since Hispanics were no longer asked their race. There were similar relative drops for ABC Urban Advantage. Its Pinnacle net went from 250K Hispanic listeners when RADAR was not weighted for Hispanics to its current level of 120K. "Now that Hispanic listening is weighted as of RADAR 76, total Hispanic listening has increased from 4.3M to 4.8M and most networks have shown substantial Hispanic gains—except for AURN, whose Hispanic listeners, like all of its listeners, are mostly Black," laments Feldman.

AURN was wary of potential problems and did attempt to stave off some of the effects. Pre-testing by RADAR did prepare AURN

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somewhat for a telephone-diary audience decline. "This alerted us to undertake aggressive programming and affiliation strategies to mitigate these inevitable declines and weather the gradual turnover from the all-telephone sample of RADAR 72 to the all-diary sample of RADAR 76. The AURN audience has emerged higher overall for that period, albeit dragged down by the handicaps I mentioned," says Feldman.

Observes ABC Radio/ABC Radio Networks' SVP/Research **Dr. Tom Evans**: "It's obviously a hot topic for ABC Radio Networks as well, because we're the only other network that has an Urban-formatted network reported in RADAR with our Urban Advantage. It's a concern as well because we're just concerned about quality of research as well. I think part of the reason they did this split between Hispanic, Black Non-Hispanic and other is because it's just easier for them in the weighting process to try and determine how to weight for those who are both Hispanic and Black—where do you put them, how much weight do you give to them?"

Arbitron says these changes were made to make RADAR's treatment of Blacks and Hispanics consistent with all other Arbitron services, and to not "double-count" individuals—under SRI's ownership, RADAR counted individuals who classified themselves as "Black Hispanic" in both the Black population count and the Hispanic population count. Arbitron, since 1974, has used this type of question: "Would you classify your household as Black, Hispanic or Other?" asking the household to pick one category.

"We do not use a classification such as "Black Hispanic," explains Arbitron VP Communications **Thom Mocarsky**. "Effective with RADAR 76, just issued, we changed the label from "Black" to "Black Non-Hispanic" throughout RADAR to make clearer how we are handling this group. In essence, people aren't 'missing'—we are no longer 'double counting' people—no longer putting one individual into two different population buckets. When we began using diaries in RADAR a year ago, we switched to the Arbitron way of classifying Black Hispanics. The result was that the national population estimate for "Black" went from 32,968,000 in RADAR 72 to 28,985,000 in RADAR 73, a decline of about 4M Black persons, most likely the number of Black Hispanics. (Of course, there were other population changes because of the Census around Fall 2001 and Winter 2002 that might have affected that estimate as well.)"

Mocarsky simplifies by saying RADAR has simply taken what was placed in two buckets and added another: "Hispanic radio listening was included in either Black or Other [see chart]. You could extract out Hispanic origin from the Black and the Other to get just Hispanic origin. So what we really moved was from a two-bucket classification in which Blacks included Hispanic origin and which Other included Hispanic origin to a three bucket classification to be in line with what we do on the diary side."

"I think the greatest challenge that Arbitron faces is with the

definitions brought about by the new census data that combines multicultural households, and how you'll go about addressing the definition of a Hispanic Black household in that it really does need to somehow reflect the African American portion of that household and not completely identify as strictly Hispanic," says Radio One Director, Corporate Sales and Marketing **Mario Christino**. "That would affect our African-American numbers, especially in key markets like LA, Houston, Dallas and Boston—which have a significant Hispanic population. That is a challenge that they need to address."

Jones MediaAmerica has a deal with Radio One because it uses the BDS music reporting service. While not depending on RADAR for marketing their product, **Susan Garone**, VP/Research, stresses, "My concerns would be precisely those that any of the people on a local market basis or on a spot radio basis would have. Because all we're doing is adding the audiences from all the local markets," she observes. "We are more in the syndication end of the network business, but the measurement that we depend upon is Arbitron local market information. We use DMA instead of Metro, because we're more comfortable with the accuracy of those ethnic numbers when we are selling African-American programming. It's an ongoing issue locally, it's an ongoing issue to spot and therefore de facto, it's an ongoing issue for me—especially for young males. Young males in general are undersampled and Black males are probably more undersampled. It's an ongoing concern that's compounded as you start going across the nation because you're using a lot of different markets. If you don't feel that your numbers are good in one market, then when you start adding 50 together, the problem compounds itself."

AURN has taken these issues up with the MRC and NRRC. "One of the issues that the MRC and the NRRC have had with Arbitron is the fact that they have never disclosed a possible impact of these changes," he adds. "That leaves it to the media to try and pick up on it. And frankly, we have sort of held back on our public complaints up until now, thinking we might be able to work with Arbitron RADAR on the problem or to have them put something out on their own on the possible impact. But so far, they've continued to put us off and put off those organizations more and more. So we're expecting a statement from the MRC and NRRC to come out very shortly. We're trying to help generate the wording for those statements."

Speaking for the NRRC, Chairman and Premiere Radio Networks' SVP/Research **Len Klatt** says all the participating companies are concerned about this issue, regardless of whether individual networks are Urban-based or not: "The Black Non-Hispanic



Mario Christino

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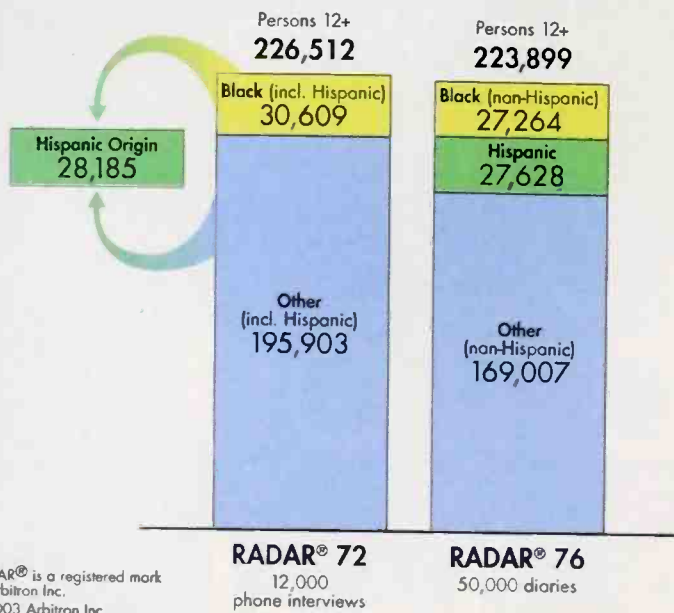
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Adults 25-54 1.4
U.S. Rating***

DIAL COMMUNICATIONS
GLOBAL MEDIA

Total Radio Audience by Race/Ethnicity

Total U.S., Mon-Sun 6A-Mid, Cume Persons 12+ (000)



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situation impacts the total audience composition for everybody. This, along with some other issues (e.g. absence of professional-managerial listening data), are unfortunate but expected by-products of Arbitron's transition from a telephone-based methodology to a diary-based methodology for their RADAR service. The NRRC has worked actively and extensively with Arbitron-RADAR during this process and, regrettably, the Black Non-Hispanic discussion has been one of the more bumpier dialogues. Right now, we are struggling with Arbitron-RADAR regarding the wording of a clarification for clients that properly explains the recent re-labeling and subsequent impact of this change. At some point very soon, the NRRC will have some sort of closure with Arbitron-RADAR on this clarification. There is a chance that we may all agree to disagree. At that point, it will probably be incumbent upon the NRRC to raise the issue in the advertising marketplace and help our clients work through it."

Clearances an issue?

Says Mocarisky, "Remember, RADAR is not just audience. RADAR is clearance. And a big factor that affects a RADAR networks' audience is how well their clearance is. You've got to look at RADAR from two levels—you've got to look at RADAR in terms of what's the total audience the national service measured and what was the audience the RADAR networks delivered?"

ABCRN's Urban Advantage net went up 3% in RADAR 76. How did that happen? Radio One, for one. Says Evans: Three factors can impact any RADAR. One is clearances. Ours was very solid. We have 23 people in Dallas that work with affidavits to check to make sure certain spots are cleared in certain dayparts. Urban Advantage was up 3% in this particular 18-49, but it is up 51% from where it was a year ago. This is because we affiliated with Radio One. And the third factor is respondents. From book to book, three quarters of the respondents are carried over. You're dropping a quarter of the respondents and you're adding a quarter—a new group of respondents. The 12,500 diaries that they added this time—hopefully those listeners listen in the same pattern as the 3,000 telephone people they dropped—which is the last of the telephones. So if their listening patterns were the same, then everything is fine."

"There are always a number of factors, of course, besides changes in research methodology, that impact RADAR audiences. And indeed, AURN's audience is up substantially over the last year (since RADAR 72) due largely to the enhanced efforts of our affiliations department to compensate for and offset these methodological handicaps," concurs Feldman.

Increasing RADAR sample size

Good news—Arbitron may be able to increase the reliability of RADAR with a significant increase in sample size, announced 5/12. Arbitron will boost the sample size of its RADAR service from 50K diarykeepers to 70K diarykeepers, an increase of 40%. Starting with the release of RADAR 77 this month, Arbitron will add 5K diaries to the sample of the most current quarter of each RADAR report, going from quarterly sample size of 12,500 diaries to 17,500 diaries. With the release of RADAR 80 3/04, the RADAR radio network service will be based on an annual sample size of 70K diarykeepers.

Marketing issues



Julian Davis

Some say the issue is not really the measurement, but the marketing. **Julian Davis**, director of Urban Radio Marketing Services for Arbitron, has dedicated himself to helping stations target the African-American audience to improve their marketing to advertisers.

"The issue has two sides," Davis explains. "One is advertisers and agencies historically have had concerns about buying the Black radio stations in terms of their buying habits are different and they have different cost per points. There are a number of different issues. Some of them are based on lack of knowledge, some of them are actually based on bias."

And from that perspective, Davis tries to provide an education, providing facts about the community as a whole. "So if you are buying and buying for a customer, then it should be about buying and selling the inventory. Your core job as a buyer or seller is you want to move inventory. On the station side, we wanted to make sure they have equal access to the information so that they could portray themselves in the best possible light and get away from the minority discount that they get taxed with; get away from the no-Urban dictates that come down the pipe to them to be able to show that its a viable community and that they buy stuff."

Susan Love, Jones MediaAmerica National Sales Manager/Multicultural says the biases are largely a thing of the past and that advertisers now recognize the value of the African-American audience and the amount of buying power they have. "They want to speak to them and recognize that they need to speak to them in a way that makes them feel comfortable. And that is on African-American programming, because that's what they listen to."

Davis not only works with Arbitron numbers, but Scarborough and the national information from USA+ and Target Market News: "I'm working with people who can come to the table and show, here's some value. If you're a merchant or an advertiser and you want to put your product into this community, here are the places you need to put it, here are the kinds of ways you need to do that; your commercials need to be specialized to attract these people. And be able to respond when people come to your store, and don't be overwhelmed—because you invited them."

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Radio Blink

We have been hearing for a couple years now that radio consolidation is making radio all sound alike—McRadio—white toast. Well, that is changing, at least in one city and from someone whom no one would expect. WNEW New York—an Infinity radio station—has stepped out to create a new format idea from scratch. Yeah yeah—hype hype—new female format, but *RBR* went to New York and listened and learned what this was all about. We spoke with **Andy Schuon**, Infinity President of Programming, **Scott Herman**, SVP and Market Manager of New York and Blink GM, and **Gloria McDonough-Taub**, Executive Producer of the Morning show to get the inside skinny.

One of the first things we wanted to know about is “What is it like to create a new radio station from scratch and on top of that, in New York City? Schuon was quick to quip “For me, [this is] one of the most thrilling things I’ve had a chance to be a part of. This company (Viacom) said throw conventional wisdom out the door. Create something compelling and exciting, something different. New York hasn’t had something truly different on radio in a long long time.” What it turns out was this radio station was created almost like a business incubator – continually brainstorming and pushing some of the best and brightest within the Infinity’s brain trust. “This radio station, for me, **Steve Kingston**, and Scott Herman, and for the people involved in developing the station, it was really more like an art project than it was some sort of science experiment,” stated Schuon.

Scott Herman explained how they broke down the opportunity in New York, “We looked at our cluster and a good way was to target a station that hit the women demographic. If you look at our all news stations, WINS and CBS, we’re about 50/50 male and female. CBS FM, our oldies station, is about 50/50. K-Rock and WFAN are heavily male. So, we knew we wanted to go in with a very hot 25-44 female oriented format and we were also looking to introduce a new contemporary radio format. We didn’t want to just duplicate and roll out what is in other markets. And our corporate guys were very involved with this. This was probably the very first format launch we had in the **John Sykes** and Andy Schuon world. It started with research, then we did brainstorming, and then we looked at our cluster.”



(pictured L to R) The executive team at Blink—**Scott Herman**, **Gloria McDonough-Taub**, and **Steve Kingston**.

Blink the brand. What does that stand for?

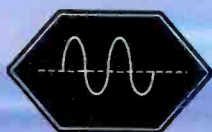
Andy Schuon explains, “Blink is a station that’s centered around music gossip and entertainment.” When Arbitron asked what was their format, Blink responded “Music, pop culture, and entertainment.” Scott Herman says, “We are not AC, we’re not Hot AC, we’re not Modern AC, and we’re not CHR. We are contemporary and more of a lifestyle. Cool – sexy – hip.”

Schuon continued to explain the detailed observation of whom they are attempting to reach. “The inspiration for the gossip and entertainment on the station really comes from the millions of women every week that go to the news stand and pick up *Us* magazine or *Entertainment Weekly*, or watch all of the gossip and entertainment shows on television. You look at *Us* magazine, which is one of our partners now, you’ve seen how that magazine has skyrocketed over the last year and is selling over a million issues every week. There has never been a greater fascination with celebrity in our society. You look at the success of *American Idol* and all of the reality programs and there’s never been a greater

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curiosity about celebrity. Being one yourself or showcasing them, analyzing or gossiping about them, so we thought why don't we have a radio station that reflects the interest of the millions of women that go to the news stand every week. So, we set out and staffed the radio station with people who had that background. We do have a newsroom, we have five field reporters and we have an executive producer of the radio station, Gloria McDonelton-Taub, who comes from television, MSNBC, and Extra before that, and television news before that on the local level in New York and Los Angeles. So we did build a newsroom. We do have 24-hour entertainment updates at the top of the hour. We do have a heavy production load, four production directors who are editing together materials and things. We do have, probably more than any other radio station, not just the aggregation of our content partners, but we also have our own reporting staff that is gathering, reporting, producing, and putting on the air a very large amount of entertainment stuff every single day."

How are you measuring to know if you are on track?

The consensus at Blink is at this point, it is way to early for ratings information to be a factor, but from what they are saying, end of summer they should have a pretty good feel if all is on track. So, they are looking at initial reaction from the street – is it being played in restaurants, cabs, retail locations and bars? And according to those at the station we spoke with, the "field research" is looking good. Another way to gauge response is in real terms with the impact of using the station to get response to a station event or promotion. Andy Schuon explains, "There are things like us mentioning four times on the radio that we were sponsoring the Tribeca Film Festival, then, at 4 o'clock in Union Square we would have tickets to the Film Festival concert we were having with MTV, and 1,000 people showed up three hours before we got there, lining up. So, either all of our audience showed up, or we're doing quite well. I've never seen a response, in all of the years, to that. This is two weeks into a new radio station, and throughout the weekend, 100's of people, whenever we would mention we would be out someplace, would show up." Again some positive early signs for this new Blink station.

Another way that Blink is gauging their success is by the activity they are getting on the request lines. In this case, they have a special arrangement with AOL—a specially created instant message interface that allows the station to get Blink requests from instant messages. Schuon further explains, "It's instant messaging on the Blink line. The fact that we've had probably a quarter of a million requests that have already come through the Blink line in a volume that would take another New York radio station a couple of years to get. So the response has been really overwhelming."

Scott Herman adds further evidence of Blink's success thus far, "Fill in the Blink' is a talent search for a new night jock for Blink. Every time the station announces a location where the talent search is going to be, 500-700 people show up."

Blink – mornings are highly produced with entertainment news and talk.

Gloria McDonough-Taub is the Executive Producer of Blink and a great deal of her energy is spent on the morning show. "We thought to produce this show we needed someone with a TV sensibility," Scott Herman said about hiring Gloria. Gloria's credentials are impressive—most recently as a senior producer for MSNBC. Prior to that she was part of the start up team for Extra. Before that she was executive producer at WABC TV New York. Essentially, Blink has created an entertainment news operation gathering material from content partners and from on street reporting.

US Magazine and Entertainment Tonight are true equal content partners with Blink. US Magazine is providing at least one person per day providing fresh content—pushing what they have in the

magazine. Entertainment Tonight is providing content from New York and LA. **Chris Booker**—part of the morning team for Blink is the New York correspondent for Entertainment Tonight. And his partner in the morning is **Linda Lopez** (yes J-Lo's younger sister), who is with E! Television. Her past experience has been with Channels 4 and 11 and WKTU Radio.

The station also has its own reporters just like an all news station. Blink has two reporters on staff from Hollywood and reporters in New York to cover openings, Broadway, clubs, fashion, award shows, the upfront.



(pictured L to R) Mariah Carey, Andy Schuon and John Sykes hanging out at Blink launch party.



Michelle Branch entertaining guests.

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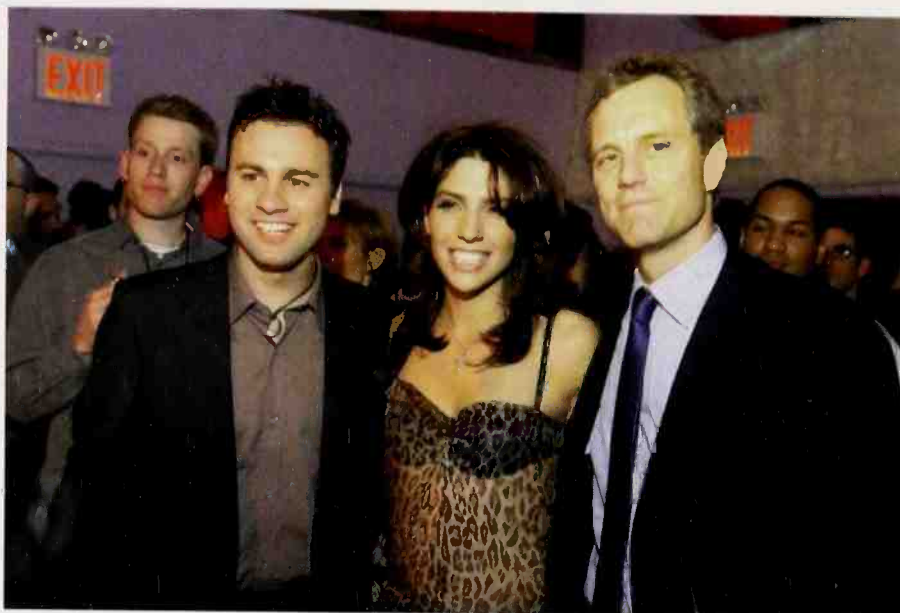
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Scott Herman said "It's funny—I remember when we started all news—I came into all news in 1978 and I was told by my predecessors in 1965 people said they didn't know how they were going to fill a hour—I think it is the opposite problem. We have more than enough stuff—we don't know how to get it all in."

The station Blink is programmed full time now by Steve Kingston, who most recently was PD for Infinity New York station WXRK-FM. Andy Schuon expands, "Steve runs the radio station. That's his baby. Steve built the station with me, side by side. So we share a common vision for what it needs to be and it's an evolving process. Steve is so well suited to run this radio station, because Steve understands New York, understands New Yorkers, and on top of that, he has a great sense of show business. And he's a great showman himself. So, he understands how to make something bigger than life and entertaining. This is probably the job he's best suited for."



(pictured L to R) Blink morning team Chris Booker and Linda Lopez posing with John Sykes.

Get back to the basics of educating your audience.

Andy Schuon reminds us of some basic principles that we all sometimes forget to do at radio stations—educating is a big one. "When a new song comes on Blink, we always identify it. The artist always talks about, for every new song we have the artist talking about that song or about themselves on the radio station when we add the record. We must cut 50 to 75 different song tags a week to keep them fresh for all of our new music. We have people that voice those things to give people content about the songs. We're doing some of the things we can't do on radio. We're trying to make up for the fact that we can't do a crawl like TV channels. Over the last couple of years the universal breakthrough is that on TV they use all of the screen and they multipurpose it. On radio we don't have a screen so we have to find other ways to push compelling interesting content to the audience and to try and tell a story. And to make me understand what a songs about or why I should care about a new artist and who is **John Mayer**, what's this song about, why should I care. Some of the things that radio doesn't do beyond saying here's John Mayer and Your Body's a Wonderland. We'll tell you much

more. We'll get deeper. We'll tell the story."

The trick is to make people care about new artists and make them something people want to hear—have a vested interest in the group or singer. Continues Schuon, "It's a race against the clock to make a new song familiar. People always say unfamiliar music's a negative for radio. So, it's our job to make a good song that's unfamiliar, familiar as quickly as possible. Things like song tags allow us to do that. And it's a great thing for the record industry also. We certainly can score points with the record industry by helping them to market their acts at a time when they've never needed more help."

RBR thinks that this is a format that can be rolled across the country. It makes sense that it would work in metropolitan cities—New York, LA, Chicago, and Atlanta. We are not sure if it would play in Peoria. Schuon adds, "I think that a lot of the entertainment aspects of Blink work across the country, that's universal. A lot of the elements from Blink will be on other Infinity radio

stations. The stuff works. It travels well that way."

It would have been easier to just launch a new station with a batch of new records but that was not the long-term view. The idea was to create something new, different, compelling and lasting. Andy Schuon notes, "This is a long term project for us. Brands take time to develop. This is not a radio station that is going to win or lose in 30 days or a couple of trends. But, we feel like we're connecting with people and we're entertaining them." It seems that Blink is an experiment to watch for. If it works—look out. Can't hear it where you are—well stay tuned to AOL Broadband—you might just hear Blink soon.

Blink attacked New York by ground and by air.

Blink rolled out with some traditional and non-traditional means of marketing the station. Their tactics to date include billboards, bus backs, bus sides, commuter rails, a television campaign, plus non-traditional efforts including street patrols and cross-promoting Blink on the other Infinity radio stations in New York. Yes—radio commercials about a radio station. The goal of course was to create buzz and generate cume audience.

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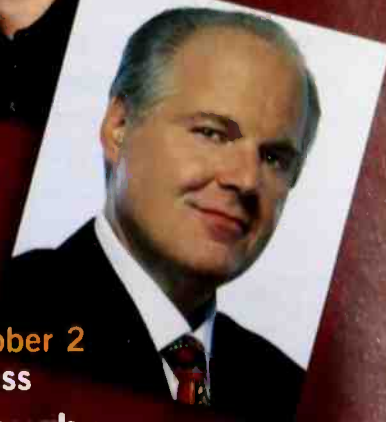
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Traffic and billing—Part II: Building a better mousetrap

For Part II of our Traffic and Billing series, we ask traffic directors and managers what they like and don't like about the systems they use today. We also explore important issues including certification and notarization of invoices, EDI and the future of multimedia traffic and billing.

Likes and dislikes

Without mentioning specific systems here, we wanted to know what those in the trenches had to say about current traffic and billing systems.

Mary Collins, Entravision Communications' Radio Division Traffic Director.

Likes: "It's a versatile system. Some of its most powerful services are log generation (you are not limited by the pigeon hole system other traffic software offers), revenue maximization, advanced report features, copy rotation plans, electronic reconciliation and the graphic scheduler.

Dislikes: "It is a powerful piece of software that requires a professional to use to its advantage. I would not recommend this system for small markets or any station with a high turnover rate in their traffic department."



Maria Antonucci, Corporate Traffic Operations Director, Radio One/Cleveland.

Likes: "I think the thing I like most about it is the accessibility for the salespeople. They input their own sales orders, they are able to print out an internal copy if needed and their orders are accessible at a glance via the traffic system. All this can be done from any remote

location. The order entry is pretty user friendly. There are great shortcuts. For example, if one advertiser has more than one order with multiple products, the salespeople can copy the order multiple times, if necessary, and just make the changes needed."

Dislikes: "Stations have a system in the way spots place, such as last break first, to allow for more music to be played at the top of the hour. The new system is lacking in a device that will sequence that placement. In their DOS system they did have this option but discontinued it in the Windows version."

Susan Mason, Traffic Manager, WKNR-AM Cleveland.

Likes: "Copy is very easy to assign and track with this system, and

revisions are very easy. The reports feature is nice from the standpoint that all reports can be individually set up for all users. As we know, managers never want to see the same information on reports. One wants net, another gross, and this system allows you to set the specifics and save them. Managers also have access to reports, so they can pull them whenever they want, which can free up the traffic manager a little bit more."

Dislikes: "It doesn't have an "undo" function, like other Windows programs. This would be particularly helpful in the programming function. I do know my accounting department's least favorite thing about their end of the system is the import/export function. It's a very slow process, but is currently being rectified."

Karyann Blasi, Senior Traffic Manager, Susquehanna's KNBR San Francisco.

Likes: "There are some new features such as "scratchpads" and a "hold" area which are very advantageous to sportstalk programming. The overall "look" is much nicer.

Dislikes: "Unfortunately, there are many areas of this system which are greatly lacking. The biggest complaint for myself and most everyone I speak with is the speed. It is very slow in many areas: scheduling, changing stations, creating bump spots, freezing days. I spend a large portion of my day staring at the screen unable to work while it does its thing. Another huge complaint from all our stations is the inability for more than one person to be in the programming function at a time. With two sports stations and three sport databases (Giants, Warriors, Raiders) this can cause many problems."

Jana Disher, Traffic Manager, Infinity Radio's KRLD Radio, Texas State Network and The Rangers Radio Network Dallas-Ft. Worth.

Likes: "Programming feature. It allows three levels of programming. I could literally have three different formats in the same hour, with one covering up the other. This flexibility in programming is invaluable for an all-News station that is also the flagship station for a major league baseball team."

Dislikes: "I might suggest that the inventory reports (skims) could be a bit more user-friendly. Currently, you can't combine groups. For example, I have two groups that make up morning drive and it would be helpful if I could call a skim report to combine those two groups to give me my morning drive availability.

Laura Adamson, Traffic Manager, Pacific Lutheran University's KPLU-FM Tacoma, WA. *Likes:* "I like its accessibility. It is easy to use at pretty much any workstation that has a decent Internet connection. I can work from home or at either of our two offices. Plus, it provides access to a lot of data depending on the users

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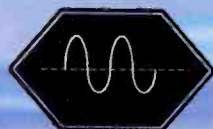
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security level. This allows managers to generate reports whenever they want to."

Dislikes: "Some enhancements to the Great Plains A/R module would be nice (although I do know that the vendor is working on their own version of an A/R upgrade). Specifically I wish there were better ways to flag client invoices that include special requests. Right now I go through my invoice pile 3-4 times in order to make sure I have pulled out all of these.

Anne Newman - Traffic Manager WTKU/WMGW/WOND/WUSS—The Green Group Atlantic City, NJ.

Likes: "I like the ability to export reports to into spreadsheets."

Dislikes: "The limitations of a DOS-based programs (ie: no mouse use, not easy to navigate, no drop down menus, the need to generate individual logs versus dynamic schedulers).

Jerry Palmer, Corporate Traffic Operations Director, Radio One/Richmond.

Likes: "I like the ease of manipulating and moving spots on the boardfile. Clicking and dragging really beats having to remember a lot of keystrokes. Also, salespeople enter their own orders, which really frees the Traffic Director to tend to other tasks and eliminates the drudgery of order-entry. The feature I like most, however, is that it gives the Traffic Director the ability to work from any computer that has Internet access. Therefore, you can work very easily from home or even from a laptop with access to an Internet connection."

Dislikes: "As with any traffic software, there are some inherent problems that make it obvious that programmers sometimes do not get or value input from traffic professionals."

Certification

A natural off-shoot of our discussion of accountability in Part I is having experienced, well-versed personnel educated in the art of traffic at the keystone of station scheduling and billing operations. "We don't mean knowing what button to push on a computer keyboard," stresses Traffic Guild of America CEO **Larry Keene**.

"That's a matter of good training from the vendors who provide the software. But, we can't begin to count the number of times TDGA has been approached with the question of finding good, qualified, (certified), personnel to staff the extraordinary nerve-center of all station business—the traffic department."

TDGA formed a collection of experts from both commercial and non-comm in a quest to create a full-fledged certification program for traffic directors. "It's going to be unveiled in the next month or so," Keene explains. "A certified traffic director will have proven their capabilities via an extensive examination program covering three basic element: terms and definitions, FCC rules and regulations affecting traffic operations and practical applications of common and unique scheduling, placement, rotation and billing situations."



The TDGA's **Ira Apple** says he would like to see management and ownership understand that training really is important. Training costs might be anywhere from a couple hundred dollars to \$600-\$700 per day. "But that is really worth it—this is what certification is all about—to give them an overall understanding so they can make all the parts fit together. Because they are the funnel—this is the heartbeat of the radio station."

At the moment, TDGA will be offering online certification and/or by way of a CD. Passing minimums start at 90%, in each element and it's not five or 10 questions, but several hundred possible questions, quizzes and concerns to resolve to achieve accreditation.

Eliminating notarization of invoices

In a vote by its membership, TDGA has adopted a position calling for an end to notarizing invoices for all billing, except co-op ad documents. It has also created a billing statement to replace the affidavit. "We've incorporated a 13-year old recommendation of the BCCA (Broadcast Cable Credit Association) and BCFM (Broadcast Cable Financial Management Association) and updated it to reflect today's marketplace realities," said Keene. "The reality is the station official signing these statements is seldom, if ever, literally sworn-in and has a notary physically witness each and every signature of each and every Invoice. Multiple state officials concurred in earlier efforts of the BCCA/BCFM that the current practices did not reflect a valid notarization."

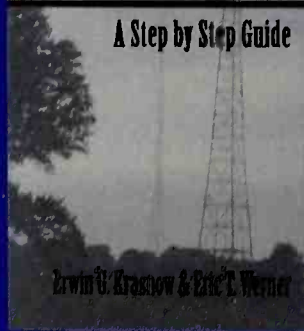
Says Apple: "In 45 years of running radio stations and broadcast properties, I know of no one who has ever literally been sworn in by a notary that sits there and witnesses them signing each of these documents. It's completely meaningless and meaningless as well in terms of the notarization laws. A notary can't just be handed 57 pieces of paper with a signature on it and say, 'notarize this'."

TDGA says invoices issued by radio or TV stations are complete in themselves and should require no additional warranties, verifications or affidavits. The FCC no longer requires the production or retention of an official program log, therefore making reference to a document that may or may not be produced or retained requires a change in the affirmation statements, commonly used.

Keene says the California woman who got TDGA going on this (whose biggest complaint was that the notary test involved more real estate questions and had nothing to do with broadcasting) recently sent an email that after sending out February and March invoices with no notarization, she hadn't received any complaints or questions. She simply stamped her GM's name on the statement TDGA suggested without notarization.

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He adds, "I had one agency lady call me and said this will never work, and yet her agency turned around and accepted every invoice she got."

Kim Vasey [Senior Partner/Director of Radio, mediaedge:cia] passed this on to other people. And she told Keene about half of the people said they don't require them now and the other half said that's the way it's always been done and that's the way we're going to continue doing it."

However, not all buyers may be willing to give it up. Says **Matt Feinberg**, SVP/National Radio, Zenith Media Services: "Notarized invoices are the last remnant of commercial verification. It should absolutely be mandatory."

Interoperability between media

Is there cross-platform software available to the industry that makes one stop scheduling or buying or distributing and integration possible? There are agencies for instance that have their own proprietary programs, but each is different. Many programs have been developed without following a standard, which makes it a massive challenge to pull them together. And though every vendor likes to claim being the "solution," the truth is that to get the best solution there are diverse tools for different jobs. As it stands, one-stop shop buying across media may still necessitate the use of multiple products.

Says Keene: "It certainly seems very likely and probable that someone would come up with a solution to be able to place an ad that would go on cable channels, TV and radio because the terminologies are the same. However, the placement designs are different—TV dayparts are just totally different designations and times than radio."

There are no software companies to my knowledge that are capable of being integrated with every facet of the industry, though there are examples from almost every vendor being able to integrate with certain parts of the sales, billing, automation, inventory and the order train. Says Apple: "Since the way software has been written has hardly been universal and the costs of making legacy programs merge with newer programs often has come to the legacy owner insisting that the other software to be connected to is the one that must write the interface. There are also too many dissimilar interfaces to make this profitable."

There are programs used for media buying and planning, but they're limited in how far their integration will reach."

Some are experimenting with the idea, playing off the flexibility of some software providers. Says Wagner: "If you are speaking about procuring TV and radio ads together, this station did that last year on a test basis. The sales departments cooperated in a joint venture to cross sell radio and TV ads to their current, respective underwriters. I have to say that it was not successful. Our system does have the capability to handle multiple station orders."

"Our software allows ordering capability for different kinds of advertising media," explains **Ginger Johnson**, Traffic Manager, WRD Entertainment, Inc.'s KWOZ, KZLE, KBTA A/F and KAAB, Batesville, AR. "Not only do we have five radio stations, but we also have a weekly newspaper. I do all of the orders and invoicing for the radio stations as well as the newspaper with the system. Although it was designed for radio, I have been able to set up an ordering and invoicing system within the program that works for our newspaper. There are some things that could be made easier if I were using a newspaper billing software, but setting this up was simple and it seems to be working very well for us."



Kim Vasey

EDI

Agencies, buyers and rep firms are vulnerable to misunderstood communications, incorrect order submissions and confusion. To help reduce some of that drag and make the process run more smoothly, the RAB's industry-wide EDI Task Force developed a standard file format to facilitate the electronic exchange of data, commonly known as EDI. Buyers welcome the ability to quickly transmit information between advertisers, agencies, national reps and radio stations.

"Electronic billing would reduce the number of discrepancies, cut back on the amount of time the stations spend in re-faxing lost invoices and result in faster payment," says Vasey.

The standard file format agreed upon will allow electronic exchange of avail requests, avail submissions, orders, offers, invoicing, discrepancy reports, and broadcast instructions. The file format evolved from discussions with the American Association of Advertising Agencies (AAAA) and with input from vendors including Adware, Arbitron/TapScan, Audio Audit, BuyMedia/Marketron, Cam Systems, Datatech, Donovan Data Systems/Media Ocean, Mediaport, MSA/@media, ODAC/Encoda, SQAD, Strata, Verance, and Wicks Broadcast Solutions.

Interep's Radio Exchange 3.0 is another effort to eliminate part of the initial paper trail, and make for a more seamless path to follow for buyers and reps. RadioExchange is designed to automate clerical activity, saving time, preventing errors and enabling sellers and buyers to focus on the strategic collaboration essential for effective media buys.

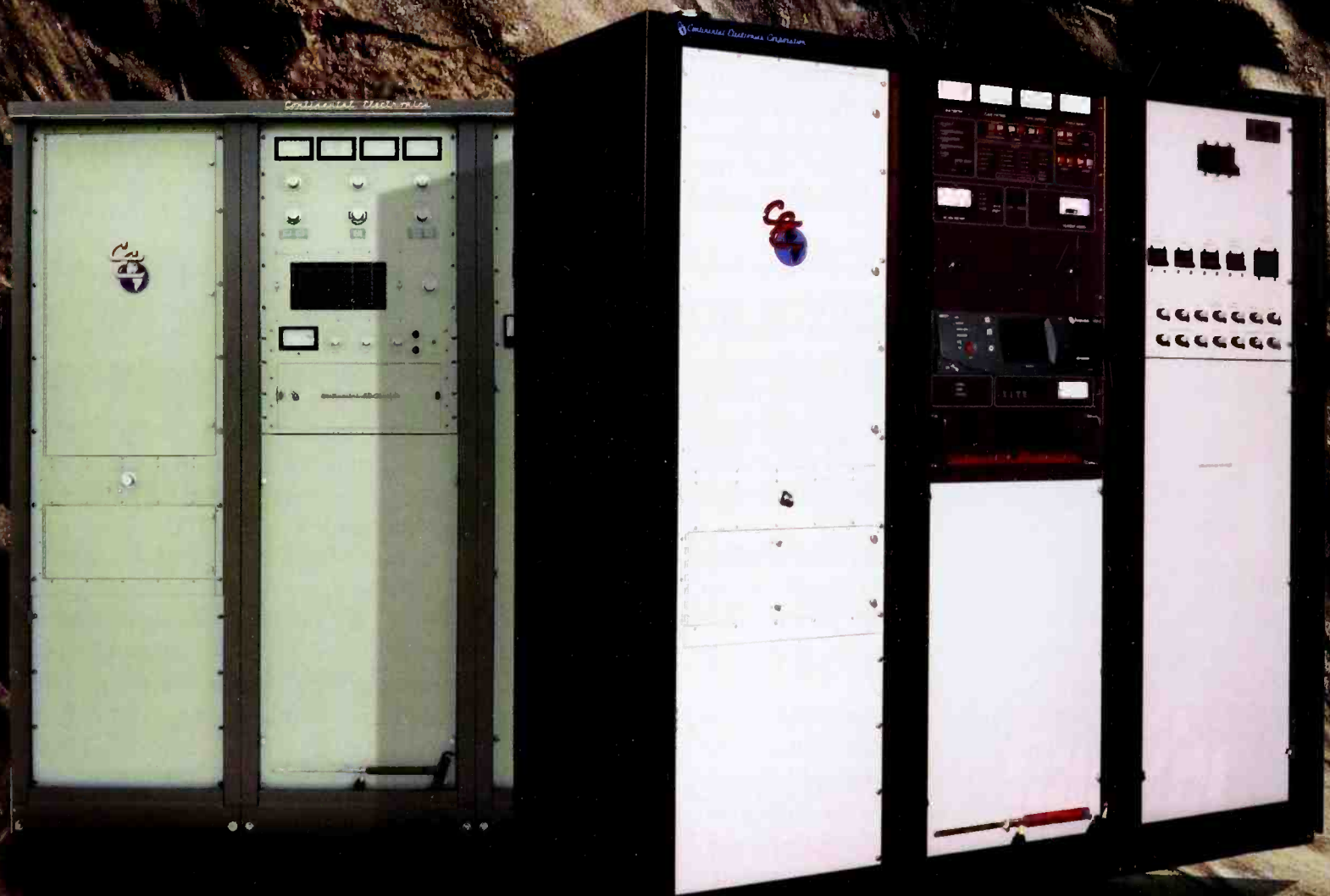
Part of the problem is the process could take a while. Currently, there are a few different major software companies that all understandably guard their programming and it's not interfaceable. In other words, a Marketron system is asking or accepting information differently than a Wicks system. They operate on different platforms.

"When radio broadcasters go to change their software from one company to another, the biggest problem is moving data from one system to another and no one wants to lose five years of history that they've built up in their old software," Keene explains. "So it should be simple, but because each software vendor guards access, there is no standard input language. Now this is what EDI is supposed to resolve."

The second problem is the people that develop these various software at the agency level are giving to the agencies cost-free. "The rep firms may be paying a little for it, but the radio stations are being asked to buy the software so that they can do 'electronic billing.' They're then being charged a processing fee of roughly \$1 an invoice. So they invest perhaps a few thousand dollars to put the software into their system, then another dollar every time they send out a bill. And the realities are very few of the stations are being told you must have electronic billing. It's a great idea, but so far there isn't enough demand. I believe that's coming," says Keene.

He adds, "Why should a radio station pay a lot of money to install this capability when the demand for it may be less than 1% of their business? Every traffic system is basically saying we've got it when you want it or when the cost will justify putting it in, let us know. Wicks and Marketron in radio seem to be the two big ones. They're ready to go, have got it operating and as far as I know it functions. The problem is why should a broadcaster pay for it if no one at the agency level is saying I have to have this or you don't get the business. Many of the 13K radio stations don't get the level of agency business to warrant adding electronic billing to their systems."

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Should music stations still carry news?

No one can underestimate the power of breaking news. In these days of crises and terror warnings du jour, listeners are becoming more and more attracted to radio that delivers (or at least has the expectation of delivering) breaking news. Music-intensive stations have to ask themselves whether or not their listeners, especially in the 25-54 demo, view their station as dependable in a time of breaking news. Certainly in smaller or unrated-markets, music-intensive FM stations almost always carry top and/or bottom of the hour news updates 24/7—national and often local. Nevertheless, most larger market music-intensive stations limit news to morning drive and perhaps afternoon drive. Consider in those where News stations are lately at the top of the ratings, some erosion could be stemmed a bit to the News and News/Talkers if some news remained on board throughout the day.

In this post-Iraq war period of SARS, North Korea, Orange Alerts and the like, getting the news is more of a priority than perhaps in the last 60 years. As well, listeners of all formats will soon grow accustomed to breaking Amber Alert bulletins, now that the nationwide Amber Alert program has been signed into law by President Bush (*RBR Daily Epaper* 5/1).

Here, we ask a few PDs/OMs and a GM at music-intensive stations what they've done with news during the Iraq war and what their philosophy is now that it's over. **Ron Covert**, Zimmer Broadcasting Columbia, MO's nine-station cluster in mid-Missouri, includes a sports station, a couple of News/Talkers and six music stations. "All of our music stations typically in the morning show carry news, but after the morning drive, we don't carry any sort of news reports, unless something urgent happens that we need to break in or something."

During the war, the first few hours his music-intensive stations went wall to wall, but then, "We just relied pretty much on our News/Talk stations to cover the war after that. We promoted to listen to them on our music stations. We cut the cross-promotion back after the war was over."



Dave Popovich, CC Radio's WMVX and WMJI, Cleveland, OH says the decision depends on whether or not news and information fits the overall strategy for the individual stations. Immediately after the war broke out, WMVX and WMJI were carrying two updates an hour and then as the time went on, they backed off to one. "We eventually went back to normal programming. We always pride ourselves in holding up a mirror and let our listeners reflect the listening demands of our audience. And if there's a greater need,

we'll definitely be there. And we have the advantage of having WTAM, the News/Talk station, in our cluster. So they're a good information provider for us.



Dave Labrozzi, CC Radio Pittsburgh, Wheeling, WV, Johnstown, PA, highlights one FM in his clusters, WWSW-FM Pittsburgh. Its imaging was changed to "The FM Information Station" 12/01. "We backed off of the war coverage a little but, but as far as still packaging Oldies WWSW-FM ("3WS") as the 'FM Information Station,' we do that in the morning and afternoon with news, traffic, sports and weather. In some form though, we image ourselves as The FM Information Station every hour round the clock. We run :60 news updates twice an hour in morning drive. We're not doing it now, but we've had it on during the war in the afternoon and we're looking at seriously continuing it in the afternoon. We use Clear Channel News when we're not in war coverage, and ABC when we were."

Does Labrozzi think it's wise, in general for an Adults 25-54 music-intensive station to carry more news these days in general? "I absolutely think so. They want it and if they don't get it from you, they're going to go somewhere else. When we looked at who we shared audience with, in our case, it was the AM News/Talk. We wanted to keep them away from them and give them as much as we could. These people still want to know what's going on, they don't need to get hit over the head with it 20 minutes at a time from a talking head, but is important that they get enough information to stay informed."



Chuck Cotton, GM CC Radio/Honolulu, runs a partial simulcast of KSSK-A/FM, and in the hours during the day that they aren't simulcasting after 10AM, they carry a full complement of news on the AM side, and then updates on the FM.

"It's a different policy for each station. It's sort of a gut feeling of what the listeners want.

We also have three contemporary music stations where we do news updates in the morning. The Alternative station actually does some news updates throughout the day once an hour; the CHR station and the Island Music station run news just in the morning. I think it's important to have news as part of the mix and the quantity is where it really becomes part of the art in terms of how we manage it."

The cluster's philosophy on carrying news content on the music-intensive stations changed (like so many other stations) after 9/11. "That pretty much changed our approach to news on the contemporary stations. That was the watershed event. We do have a full news department, so over the last couple of years we've gone to branding at the KSSK news department."

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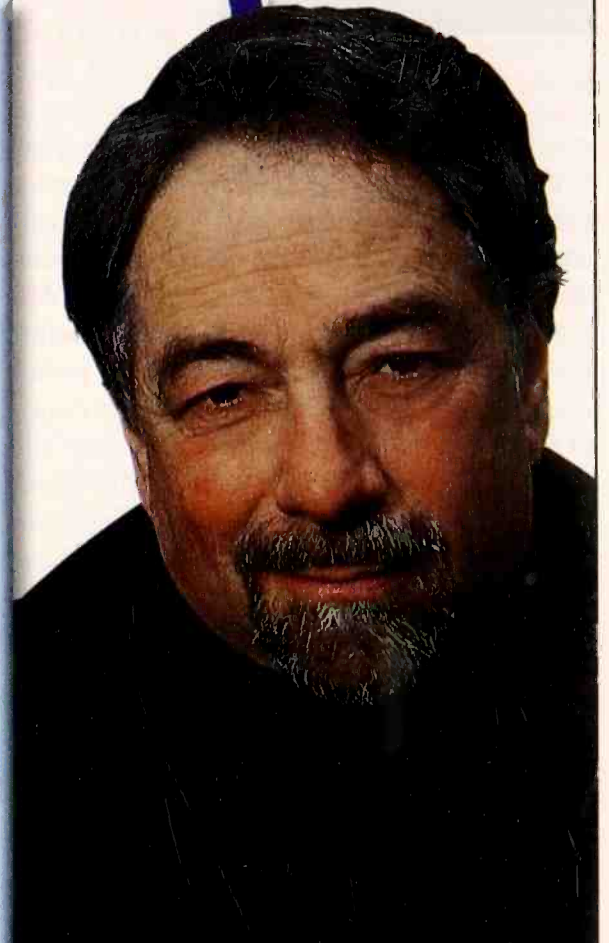
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WTNT, Washington	2.2 share	Up 267%
WRKO, Boston	2.4 share	Up 41%
WDBO, Orlando	4.5 share	Up 209%
KDWN, Las Vegas	3.7 share	Up 516%
KMBZ, Kansas City	12.2 share	Up 144%
WTMJ, Milwaukee	15.6 share	Up 246%
WNIS, Norfolk	8.8 share	Up 252%
KSTE, Sacramento	5.4 share	Up 200%
WHAM, Rochester	10.4 share	Up 108%
WRVA, Richmond	7.8 share	Up 90%
WKRC, Cincinnati	4.2 share	Up 27%
KXL, Portland	5.3 share	Up 120%
WOKV, Jacksonville	7.8 share	Up 188%
WOOD, Grand Rapids	6.2 share	Up 226%



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Why are you pacing behind?



Jeffery Myers

The reasons I have heard as to why companies are pacing behind range from the war, cluster selling and bundle marketing, to consumers pent up demand. I am the first to admit there are times that revenue growth can be challenging, in and of itself, but how sure are you that this is one of those times?

True story: I was a sales manager and had a planned meeting with my general manager to explain why I was pacing behind for the upcoming

quarter. To justify why we were pacing behind I gathered information from local business associations, Hungerford, an economist, and other broadcasters on why the market was pacing behind. His observation after listening to all my rationale was: "If the sky is falling, sell sky." At the time I had little appreciation for my GM's directive. Over time I realized what he meant was that pacing behind is a direct function of re-acting versus pro-acting. Pro-acting positions you to respond to market changes, and adapt to them, as opposed to being a prisoner of them, being swept wherever they may take you.

I was in sales management for over 14 years and found the only way to control your revenue destiny is to pro-act, versus react. Let's be honest, pacing behind is a direct result of allowing the majority of your business to come from agencies. By the way, agencies by business design, usually react to their clients' requests as opposed to actively moving their clients to action. Every market has several leaders, and they are worthy of your attention. Their clients are always on the leading edge, they are aggressive marketers. Forge relationships with them, learn from them, provide them with creative opportunities to capitalize on market trends and your audience's buying habits and lifestyle desires.

I am curious to know—how many agencies are aggressively out there developing business for your stations?

As long as your sales staff continues to wait and respond to agency avails, your company is subject to pacing behind in the future, drifting like a leaf rolling with the current.

My mother always told me that in bad there's good, you just have to look a little harder for it. Let's take the war for example. How many of your sales teams were directed to develop industries that have historically performed well during past conflicts?

If history is any indication of the future, war has always brought a period of uncertainty for some and opportunity for others. During America's 19th century wars, many industries shifted to war production, while others found opportunity producing consumer goods.

2003 first quarter is over and both CEOs and forecasters report a modest up-tick in the first quarter, although second quarter is showing signs of pacing behind. CEOs in radio, television and cable are speaking of these same patterns in the form of "reversing pent-up consumer demand" or "significant recovery is tied to consumer sentiment." What the CEOs and forecasters don't elaborate on is—which industries will lead recovery, and which consumers can influence that recovery?

Personal Selling Principles has now sold through three military conflicts, each impacting the economy, and realized that someone has always sold or bought something. There is always an opportunity if an organization is prepared to capitalize on the current business environment.

The question then becomes: What are consumers buying? Let's look at the 1991 Gulf War, 911 and last month... What happened?

- People flew less and are flying less. Just last month the airline industry asked Congress for another \$4B to help with their continued bailout.
- Interest rates dropped each time before and continue to remain at some of their lowest points in history.
- High-end consumer goods saw a decline in sales and are still experiencing that now.

That's the perceived bad news. Here is some good news.

During conflicts in the past, Americans became introverted—focusing on home, self, loved ones, and others.

Whether it's a time of uncertainty or not, industries that cater to products for the home, personal or family security, personal communication systems, and personal items, have historically seen sales growth during these times. Now is also a good time to not only think of all the industries and services that fulfill these desires, but how your company can involve community services and fundraising organizations as well. Your advertisers also need to strengthen their bond with consumers and re-enforce loyalty during tough times too.

The development of business and goodwill will position your company to create the "Right Relationship" with these new clients for years. Many have used this type of business environment to significantly increase eventual market share.

I am not saying one will never experience a slow pacing market. What I am saying is that a company can minimize (or negate) a negative pacing performance by pro-acting. Here are a few thoughts you can share with your sales managers that will improve their pacing—regardless of what is happening in their market. The goal here is to make sure sales management is ahead of revenue, not chasing it from behind. Have them:

- Conduct account list review on a quarterly basis. This will alert management to areas of the economy that are trending up or down. Inactivity on any account over a six-month period should be considered for reassignment, unless there is a good explanation why.
- Through the traffic system, review the station's last year activity (by quarter) to identify categories of growth or decline. Categories of growth should require sales management to assign all non-advertisers in that category to sellers for contact. Remember, after the review, there has to be a plan of action. Involve sellers and managers in developing that plan.
- Reward—that's right, reward—all sellers for achieving new DIRECT business dollar goal, quarterly. It still amazes me how we charge our new business development efforts to our least experienced people (rookies), when our most qualified people are rewarded, and motivated just to respond to avails from agencies. Consider establishing a financially motivating plan to reward your senior sellers for developing new business, thereby leveraging your best talent to move the pendulum of pacing to the positive.

I believe it was Andy Rooney of "60 Minutes" who said "90% of everything we buy goes into our homes." If he is right, then so is my mother... in bad there is good, you just have to look a little harder for it. Now is the time to work with your people to discover who are your best prospects now, and who will be your best customers in the future.

If sales managers are taught to look backward, in order to see the future opportunities, then pacing behind is something that will often be avoided.

Remember, always invest in your greatest asset... the people you work with and serve.

Jeffrey Myers is a Principal of Personal Selling Principles. He may be contacted at Jeffrey@PSPConsulting.net or 301-595-1871.

By Jack Messmer
JMessmer@rbr.com

Can radio soar again on Wall Street?

Radio stocks went on a tear in the 1990s. There were lots of IPOs and investors loved the industry's formula—incremental revenue growth translates into even faster cash flow growth. That growth engine jumped into high gear when the 1996 Telecommunications Act deregulated the number of stations a single company could own and radio stocks got yet another boost from wild-eyed ad spending by dot-coms anxious to build recognition for their own IPOs.

Of course, we all know what happened to those dot-coms and the malaise on Wall Street since the bubble burst has depressed prices for virtually all sectors, not just radio. Still, there must be more that radio companies can do to boost their profile with investors, rather than just wait for the bulls to finally regain control of the stock market.

We asked a few Wall Street analysts who cover the radio sector to give our readers some advice. In this month's first installment of this two-part report, we asked, what should the radio industry be doing to get itself back in the good graces of Wall Street equity investors?

Tim Wallace, who recently joined UBS Warburg as a Managing Director from his former position at Banc of America Securities:

I've now covered radio since 1992, with the Infinity IPO, which was the first stock that I picked up. The thing that I have noticed is that there's not a lot of transparency. You look at a lot of these other industries, like oil and whatever, and there's just a huge amount of data—and the radio business just doesn't have a lot of data. If the industry were more transparent, it would give investors a lot more comfort.

For instance, nobody publishes how many spots are running. It's all sort of anecdotal. We run this, we run that, but the industry doesn't track it—or if they do track it, nobody's publishing it. Things like how many advertisements [ran], what is the change in inventory? Nobody really knows, except for what people say they're doing. What's funny about it is that radio is all being broadcast, so it is potentially trackable.

Have you asked the companies for that information, RBR asked?

Absolutely, and they don't want to give it to you. A lot of them say they don't have it. TV as well, it's the same deal.

So, things like that would be important. The more transparent businesses are today—and I understand there are competitive reasons why things aren't being done—the better.



Tim Wallace

The second thing, in terms of data, is ratings. You can get the 12+, but there doesn't seem to be a way to get the ratings that matter, which are the demographic ratings. And then the problem is, if you publish a report that talks about the 12+ ratings, the companies call you up and say you're the biggest idiot around, nobody pays attention to this. Then you say, OK, give me the demographic ratings and they say, well, no, we don't want to do that either.

Arbitron doesn't seem inclined to make it available either. Unless you pay the same licensing fee that a broadcaster is paying, you can't get the data. That's too bad.

So the two things—if you can't track the ratings and you don't know how many spots are out there, the work you do [in analyzing the companies] is not very fine, it's a little more broad.

There are certainly enough conferences. I wouldn't recommend more conferences. I think people are growing tired of conferences anyway, because not a lot of information is given.

Conferences now seem to be a repeat of conference calls, RBR noted.

Exactly. I think they're all nervous about Regulation FD and all that.

What I keep getting from investors is that they want to understand the business down to a finer, granular level—and some companies are just loath to let their general managers or other individuals expose themselves to investors. I think that kind of stuff would actually help the stocks because investors would have a better understanding of the business and therefore a better way to figure out when to buy it and when to sell it.

The other thing is, these companies shouldn't be upset when an investor sells, because every investor has a different set of needs—a different set of risks; a different set of times that they need to show profits, etc.—so they shouldn't take it personal. That's my own commentary.

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Jim Boyle, Managing Director, Wachovia Securities:
Good radio groups, like any good company that is public, should focus on achieving sustainable growth in the near term, during these difficult economic times, as well as for the long term. Although certain investors prefer catalysts that might potentially move a radio stock soon thereafter, a public radio group typically builds up a reputation and a track record that it tends to have for a while. Hence, making short-term decisions that are higher risk and might endanger a cluster or group's long term growth is to be avoided, such as starving one's promotional budget or personnel.

Additionally, revenue guidance to investors should be conservative, as the radio groups cannot directly control the economy or global events, that halfway through a quarter takes well-intentioned forecasts and tosses them rudely out a window. Investors invariably prefer to be surprised to the upside, rather than disappointed by a downside result that consequently may be factored into depressing the stock price's multiple.



Jason Helfstein,
Director,
CIBC World Markets:
I think Wall Street continues to be interested—it's the level of interest. Radio does remain a core holding for most mutual funds. I think there

was a point where, I say with some joking, all mutual funds owned radio during the consolidation phase. But it does remain a core holding for many investors and I think it's a question of just overweighting vs. underweighting vs. market-weighting. A lot of investors are market-weight at this point of uncertainty in the economy and concerns over comparisons in the back half of the year.

As investors begin to see pascings improve and begin to see growth improve in the quarterly results you'll see more investors overweight these stocks with a focus on 2004.

So, RBR asked, it's mainly macro-economics, not the industry itself?

I think its more macro-economics than anything. Surely, as further consolidation picks up—for example, if Entercom announced a decent sized deal, I think you'd see increased interest in that stock. Investors like the economics of consolidating radio, but—besides Cumulus and Regent—we haven't really seen any significant M&A activity since the beginning of 2002. [Editor's note: Helfstein later noted that Emmis should be added to that list, with its large Austin, TX purchase.]

So, it's mostly macro-economics at this point. As for what else, clearly the [TV] upfront does look to be above people's expectations as far as upfront pricing. I think that's a bullish indicator for national advertising and national budgets. I don't expect to see those dollars trickle down potentially until September for the radio names, but it definitely helps at this point.

When I meet with investors, I don't get the impression that investors are particularly upset or disappointed with the operating performance of radio as a group. But radio is still a secondary media, right? All else being equal, advertisers for the most part would rather buy television. And if television pricing is not robust, it's harder for radio to work under that pricing umbrella.

I also think the seasonal factors affected radio. You're well aware that radio and outdoor get their best rates in the warm weather months. As a result of the timing of the war, when you had business from March and April postponed to April and May, that's effectively discounting.

Next month: Our panelists compare radio with television, which recently has been outperforming its audio-only sister medium.

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Don Bussell served as broker for Emmis Communications.

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Last remnants of Fairness Doctrine bite the dust

The NAB and RTNDA have succeeded in their quest to throw out the political editorial and personal attack rules, which the FCC temporarily suspended (*RBR* 10/9, p.3). A federal appeals court said that wasn't enough, and ordered the FCC to repeal the rules.

A court opinion stated, "It's a folly to suppose that the 60-day suspension and call to update the record cures anything."

FCC Chairman **Bill Kennard** said, "I am disappointed with the court's decision to repeal these rules without the benefit of the further inquiry that a temporary suspension of the rules would have provided. We intend to move forward promptly to study the public interest obligations of broadcasters in the digital age, including whether these rules should be reinstated."

Barbara Cochran, president, RTNDA, called the ruling "a tremendous and historic victory for the First Amendment rights of broadcast journalists." —ED

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Reps in online joint venture

Interrep (O:IREP) and Clear Channel's (N:CCU) Katz Media Group have formalized their ongoing effort to develop a radio industry-wide, Internet-based system for national and regional spot buys. Katz has already been participating for months in the testing of Interrep's RadioExchange technology, which was developed with the cooperation of Donovan Data Systems, Strata and Smartplus to ensure compatibility with the major software systems already in use for ad buying.

Although the rival rep firms are joining together on the Internet software project, they're making it clear that they're still going to fight tooth-and-nail for ad dollars. Both understood, however, that the ad agencies and media buyers didn't want to have to deal with more than one online sys-

tem for national spot buying.

"Ultimately what they wanted to have was a single system that would be able to take care of all of their radio needs," noted **Stu Olds**, President, Katz Radio Group. "For us to come together and give them a single solution, we thought would help grow the business. By coming up with that single solution, we think it does make it easier and more efficient for them to buy radio."

"I'm sure Stu does the same that we do, where periodically you question your clients about what it is they would like you to do differently, and the thing that comes out all the time is 'have your sales people spend more time in front of time buyers.' Well, this is a system that allows that to happen," said **Ralph Guild**, Chairman, Interrep as he and Olds were interviewed jointly by *RBR*. (The entire interview is streaming on rbr.com.)



Olds & Guild

For now, radio stations won't have to deal directly with the www.radioexchange.com site, which currently allows agencies to place spot buys on stations repped by Katz and Interrep. Eventually, though, billing and payments will be handled through the site as well, which will involve the stations. Five agencies have been involved in testing the site since June—with \$20M in business placed so far—and two more agencies will begin using RadioExchange this week.—JM

ABC Radio Nets launches Urban net

As one of his first big decisions as President of ABC Radio Networks, **Traug Keller** unveiled a new net, "Urban Advantage (UAN)." Encompassing "The Tom Joyner Show," "The Doug Banks Show," and music services "Rejoice! Musical Soul Food," "Classic R&B" and "The Touch," the new unit-based radio net promises placement in most Top-25 markets with some of the nation's top urban stations.

"We're smartly expanding on a niche in the market that we've identified that has room for good, serious growth over the next five years," Keller

tells *RBR*. "Advertisers are finally waking up to the fact that this is an incredibly responsive marketplace."

To help prove listener responsiveness and loyalty to Urban formats, ABCRN presented a research study 10/11 to buyers by Yankelovich Partners, Inc. The study focused on brand equity and purchase influence of Joyner and Banks among their listeners and probed listeners' attitudes and behaviors. "We think there's a growing market for national Urban radio product and we're excited about having another opportunity for our clients," **Natalie Swed Stone**, Managing Part-

ner/Director of National Radio Services, OMD USA, tells *RBR*.

ABC is still working on a network deal with Radio One, "We're in discussions with those guys and we already have some agreements with them as far as it relates to our talent and we're going to be looking to expand on the existing relationship we have," says Keller, who adds any deal would probably be done within the next few months. "At ABC, we're not sprinters, we're marathoners. In each and every direction we choose to go, we really think it out, spend a lot of time on it and research. That's true with our ESPN Radio brand, with our Radio Disney brand, and its true with our Urban brand."—CM

Primedia buys Kagan

Paul Kagan has sold his entire Kagan World Media Inc. operation to Primedia (N:PRM) in an all-stock deal. Kagan himself will join Primedia as Vice Chairman of Primedia Ventures, the company's venture capital arm. Kagan World Media, based in Carmel, CA, publishes a variety of newsletters covering broadcasting, cable, wireless communications, movie production and other electronic media around the world. It also produces seminars and maintains a wide range of industry databases. Primedia owns over 220 magazines (including such divergent titles as *New York*, *American Baby*, *Dog World* and *Broadcast Engineering*) and has been working to expand its video and Internet operations.—JM

RIAA to unveil "SoundExchange" group

After months of working with record labels and webcasters, the RIAA is set to launch "SoundExchange," a royalty collection and distribution program that will oversee and handle webcast performance royalties. While some private licensing deals were struck with the RIAA, an industry-wide fee structure has yet to be determined. That will be one of the goals of the group, operating under the 1998 Digital Millennium Copyright Act. Some have said the industry can initially expect an additional \$10M annually.—CM

Clear Channel wins Scottish license

Clear Channel (N:CCU) and its partners have won a second UK DAB license. The successful bid was hardly a surprise, since the Switchdigital partnership had been the only applicant for the eight channel DAB license in Central Scotland (see *rbr.com*, 8/18). Britain's Radio Authority, which granted the 12-year license, said the area to be covered has an adult (15+) population of around 2.75M.

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Switchdigital already has a DAB operation on the air in London. It is owned 55% by The Wireless Group, 20% by Clear Channel International, 20% by Capital Radio and 5% by The Carphone Warehouse.—JM

Blind want LPFM in a bind

The American Council for the Blind has given its support to Sen. **Rod Grams'** (R-MN) bill, S-3020, which requires third adjacent channel protection by LPFM stations. Even though the FCC amended its first LPFM order to require this protection for reading services for the blind, the ACB says it's not enough. The International Association of Audio Information Services already has backed the Grams bill because the amendment to the FCC order offers only temporary relief. "The Report and Order falls short of what is needed to allay fears of IAIS member stations that their services for the blind will not be harmed in the long term," says IAIS President **Ben Martin**. As *RBR* went to press 10/12, the fate of Sen. Grams' bill was unknown, with Congress still working past its planned adjournment.—ED

AT still pushing for 756-ft DC tower

The controversy continues: American Tower Corp. (N:AMT) is going to fight in court the 10/5 rescinding of a 756-ft tower permit issued for the company in the Tenleytown section of Washington, DC six months ago. The DC Department of Consumer and Regulatory Affairs, with Mayor **Anthony Brown** canceled the permit due to "errors in its applications" (and probably a lot of heat from local residents—it would be the second tallest structure in the city)

No more free airwaves?

FCC Chairman **Bill Kennard** is once again trying to invoke new regulation without first dealing with what is already out on the table. He is proposing that television broadcasters pay for the airwaves (beginning 2006) which up until now, have been free. The goal of Kennard's new idea, the "spectrum squatters fee," is to urge broadcasters to switch more rapidly to digital signals and away from the analog. "If you're not going to use this valuable \$70B dollar resource to benefit the public interest, then perhaps you should give it back. And, if you're if going to tie up twice your allotted amount of the people's bandwidth, perhaps you should pay some rent on it," Kennard said in a speech at the Museum of Television and Radio in New York.

Kennard's proposals did not stop at station checkbooks. He broadly outlined several public interest obligations which he feels should apply to television licensees (see below).

RBR observation: Is it just us, or does it seem like the current FCC views itself as a lawmaking body, and that it sees Congress as a mere advisory group? For example, Congress has grappled long, hard and repeatedly over the issue of free airtime for candidates, and to date has voted the idea down. It is not the role of the FCC to overturn this result.

Finally, if the FCC is trying to charge for television airwaves, who's to say that radio airwaves are not next?—ED

FCC Chairman Bill Kennard's five-part strategy for broadcasters outlining public interest obligations

- 1. Stations should commit to carry every single presidential debate, as well as cover state and local races.
- 2. Stations should recommit to show more public service announcements during peak viewing hours to educate viewers about issues of the day.
- 3. Stations should provide free time to candidates for federal office during that last few weeks of an election season.
- 4. The broadcast industry should establish a code of conduct for good citizenship by broadcasters.
- 5. On October 16, the Commission will hold a public meeting to further explore how television can enhance democracy by contributing to political discourse, serving local communities and protecting children.

Source: FCC press release

**Interep's Ralph Guild
SPEAKS
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including lack of an environmental impact study. The \$5M tower is already half completed. **Bob Henry**, DC spokesperson admits the city will "take a financial hit on this one."

They sure might. AT VP/GM **Bob Morgan** was in DC last week with attorneys. He tells *RBR* he is suing the city for \$250M, along with taking the matter to federal court: "We think the Mayor's actions are outrageous. This permit was approved almost seven months ago and reapproved during a one week review in September. How can they do this?, he tells *RBR*. "The tower has got to be built—more than half of the digital TV licenses don't have a place to broadcast from."

Meanwhile, construction continued on the tower until Tues 10/10. Tenleytown already has a number of tall towers—it's where the main "antenna farm" for DC broadcasters is located, because it sits on the highest ground in the city. The site is on a commercial zone originally owned by Western Union.

RBR observation: Welcome to DC, boys. Not much gets done in the metro area in the way of progress...ever travel on the Wilson Bridge or 1-66? Traffic nightmares because of environmental and anti-growth groups fighting progress. We hope AT lawyers kick butt here. The tower is needed for DTV and everything else wireless. The Telcom act of '96 says municipalities are supposed to work with broadcasters to accommodate new technologies. Where's the cooperation here?—CM

Measurecast names new CEO, signs partners

Edward Hardy has been named the new CEO of Portland-based online listening ratings service Measurecast Inc. Hardy, an original investor and board member of the company, succeeds founder **Randy Hill**, who now serves as CTO.

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"My goal right now is to continue developing the product that we already have out there to its next level—keep fine-tuning it, making sure we're providing absolutely the best service for our customers, Hardy tells *RBR*. "We're also going to continue signing more broadcasters, aggregators and service providers and work with the ad agency community and advertisers to educate them on the streaming side of the business and what we have to offer."

Hardy brings over 30 years of broadcasting, business and audience measurement experience. His resume includes a mergers and acquisitions consultant with Citadel Communications (O: CIRC), president of Citadel's Western region (overseeing 33 stations), and founder of Deschutes River Broadcasting before merging with Citadel.

Last week, Measurecast also announced alliances with Katz Interactive, Interep Interactive and MediaAmerica Interactive to work together in improving agency and advertiser confidence in webcasted media. Says Hardy: "We're all pretty much in the business of educating the advertising community of what streaming is all about, what the opportunities are in it for them and the fact that it's only been since this past July that ad insertion was available. So it's a relatively new medium for them, but nonetheless not that much different from what they're used to—we just have to educate them on how to bring them into the space."

As part of working with the rep firms, Measurecast recently opened a New York sales office and hired a new SVP sales. Measurecast's primary 24-hour turnaround ratings service is offered at \$8,000 yearly.—CM

RBR News Briefs

Boehme heading Katz Interactive

Katz veteran **Gerry Boehme** has been promoted to President of Katz Interactive Marketing. Boehme moves over to head the rep firm's new media division from being Senior Vice President for Information Services and Strategy Support. Boehme told *RBR* that over the past three years, supervision of research at Katz Media Group has largely transferred to the individual divisions, while he has retained oversight of the systems being used for research and analysis. That is now the responsibility of CIO **David Prager**.—JM

Mancow mulls TV offers

Not long after pulling the plug on his local Chicago TV show, we caught up syndicated morning drive host **Eric "Mancow" Muller** on his bigger TV plans: "We did over 100 episodes of the TV show and we beat the 'Late, Late Show', 'Saturday Night Live' and **Stern** from a little UHF station (WCIU-TV)," He tells *RBR*. "It got to be a grind and I want to take it to a national level. We're working with Stone-Stanley, who did 'The Man Show.' I did a screen test for Sony. We've had offers from the USA Network. I'm thinking about it, and it absolutely could happen. If nothing else happens, we'll do Mancow TV as it is now probably after March 2001."

Meanwhile, Mancow is in the movie "Little Nicky" with **Adam Sandler** and will be wrestling for WCW.—CM

Lightningcast hires Julius from Interep

Bringing in a big rep gun, streaming audio/video ad insertion provider and network Lightningcast.com has hired **Larry Julius** from Interep as its VP Sales. He is charged with overseeing Lightningcast's affli-

ate and advertising sales divisions and contributing to corporate communications, strategic planning and corporate/product positioning.—CM

SurferNetwork adds Marathon Media to streaming service

Internet marketing, streaming and content distribution service SurferNetwork has added Marathon Media to its client list that includes Nassau Broadcasting (a few other groups are currently pilot testing—*RBR* 10/2, p.15). The first of Marathon's 100 stations to start streaming with SurferNet is KTHK-FM Tri-Cities, WA. SurferNetwork pays all costs and expenses and provides the hardware, software and communications facilities for streaming. It shares streaming ad revenues with client broadcasters.—CM

Emmis names McKinnon VP Engineering

Emmis Communications has upped former VP Television Engineering **Mike McKinnon** to VP Engineering for all the company's broadcast operations. McKinnon started with Emmis 2/99 and before that, held positions with Tribune Broadcasting and Bell Labs.—CM

Traffic.com signs WBAL-AM Baltimore

Adding to its radio clients that include Pittsburgh, Philadelphia (Clear Channel, Steel City Radio) and Dallas (Susquehanna), Traffic.com announced WBAL-AM (Hearst) will begin using Traffic.com data for traffic reports beginning 1/1/01. Traffic.com's TrafficPulse sensor network provides real-time data for market-wide actualities and for personal use with wireless devices and the Internet.—CM

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Let's Get Sirius about Satellite Radio

By Reyn Leutz

I haven't visited the XM Satellite Radio (O:LXMSR) offices yet, but I have been to Sirius (O:SIRI) in Manhattan and it is an impressive sight. The elevator door opens on the 36th floor with sweeping views of the city, high tech recording studios at every turn, and a digital map of the satellites themselves as they make their way across the sky. The Jetsons would feel right at home here.

There really isn't much difference between the two new suppliers of satellite radio, Sirius and XM. Both will offer 100 different channels (some without advertising) and begin broadcasting in 2001. Each is aligned with major car companies, and carry roughly the same monthly subscription fee of \$10.00 to beam down the sound through a third radio band in new cars. The service will also be available for existing automobiles through after-market retail partners.

Will consumers embrace the new technology? The answer is yes. We are a society that craves new gadgets. Cell phones, pagers, palm pilots, DVD players; everyone wants or has the latest toy, no matter the cost. Compare the \$10.00 a month to your last cell phone bill. This is a bargain, and research shows that consumers will be willing to pay up to \$30 a month for Internet-access gadgets in the car.

And here lies the dilemma. How long will it take for each service to attract measurable audiences before the wireless web marches over everyone rendering both terrestrial and satellite radio obsolete?

Ratings will initially be very small as the subscriber base builds. When cable networks like Discovery and CNBC were in their infancy (less than 50%

US penetration), each had difficulty garnering audiences greater than one-tenth of one percent (0.01) for most demographics. Yet XM is projecting similar ratings for each channel from the launch date with less than 10% U.S. penetration. Such audience projections are unrealistic. It will take far longer to achieve this level of ratings because consumers must either purchase a new vehicle or secure the new radio receiver. Is either a new car or a portable satellite radio on your Christmas list this year? Probably not.

But one thing is certain. Terrestrial radio's stranglehold on in-car listening (or all listening for that matter) is about to end. Satellite radio will be but an option on new crowded dashboards that will include wireless Internet radio, web-based stock quotes, other customized downloads, and e-mail that can be read to each driver.

George and Jane Jetson had all this. And soon, so will you.

RBR observation: Our guest columnist's opinions are his own and not necessarily those of RBR. In our view, both

satellite companies will have to drop their subscription fees and stake their future on advertising dollars if they are to succeed. Even then, they will take only a tiny portion of listenership away from local radio. As for wireless Internet streaming: Yes, that is the future, but affordable and reliable wireless audio/video streaming is many years further down the road than many in Silicon Valley want to believe. For that matter, we don't even have reliable wired streaming yet.—JM

Radio AdBiz

McCann-Erickson gets GM biz

The biggest advertiser in the country, General Motors (N:GM), has moved its corporate advertising account to McCann-Erickson. Although the corporate account, some \$60M per year, is just a small portion of GM's \$4B in annual advertising, the change is a major coup for McCann-Erickson because N.W. Ayer had held the GM corporate account for 28 years. McCann-Erickson, which is a unit of The Interpublic Group (N:IPG), already handles advertising for GM's Buick division. Other IPG units have the accounts of GM's Chevrolet, GMAC, GMC, OnStar and AC-Delco units. Ayer is a unit of privately-held Bcom3, where other

agencies continue to handle GM's Cadillac, Pontiac and Oldsmobile units. The only major GM account not in either IPG or Bcom3 is Saturn, which is at Publicis (N:PUB).—JM

Omnicom files shelf offering

Omnicom Group (N:OMC), one of the ad agency giants, has filed to sell up to \$450M in additional stock, bonds or other securities. That's in addition to an already-filed \$300M shelf. Is Omnicom planning a major acquisition, or just making it possible to tap up to three-quarters of a billion dollars quickly if something interesting develops?—JM

Superduopoly Dimensions: Industry Consolidation

(as of October 16, 2000)

Superduopoly consolidation in Arbitron-rated markets is nearing 60% of all commercial stations, and total consolidation is approaching 80%. However, the pace of consolidation has slowed considerably from the frenetic dealing which took place in the first two years after passage of the Telecom Act. A large number of deals taking place now involve already-assembled station clusters. Deals creating new clusters are becoming more and more of a rarity, particularly in the larger markets.

A superduopoly is a cluster of stations with at least three in the same broadcast service (AM or FM), generally to a maximum of eight stations in areas served by 45 or more radio stations. Any operation with at least two same-service stations is considered to be consolidated.—DS

Superduopoly: 58.2%

Market	# of stns	percent
1 to 50	904	57.5
51 to 100	709	62.2
101 to 150	467	56.4
151 to 200	471	56.1
201 to 250	413	60.6
251 to 276	160	52.3
All markets	3,124	58.2

Total consolidation: 78.5%

Market	# of stns	percent
1 to 50	1,265	80.5
51 to 100	902	79.2
101 to 150	639	77.2
151 to 200	645	76.9
201 to 250	523	76.8
251 to 276	238	77.8
All markets	4,212	78.5

Pace of consolidation

Mo/Yr	Super%	Consol%
10/96	26.1	56.7
10/97	40.7	65.7
10/98	48.2	71.5
10/99	52.7	74.6
10/00	58.2	78.5

Source: RBR Source Guide database

10/16/00 RBR

Tracking Trends:
Married Male

49 years old.

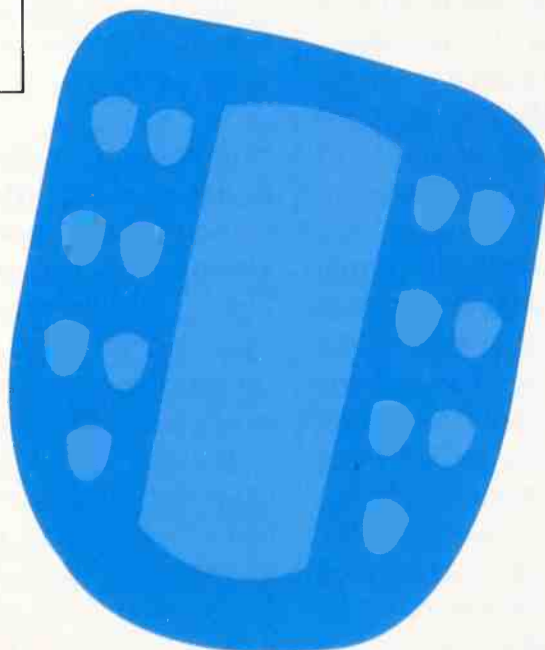
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One-Man Show: Phil Hendrie

by Carl Marcucci

Premiere Radio Networks' Phil Hendrie is a one-man show. Most of what he does could be considered a mock call-in show, creating outrageous character voices while simultaneously employing a standard host voice to give the impression of an interview or conversation with a call-in guest. These wacky characters often inflame the audience in the most humorous ways. Hendrie can sound like an old Jewish woman just as well as a Latino gangster. To most of the audience, it is seamless and real. Hendrie runs 4-7P PT West Coast; 7-10P East Coast on 68 affiliates.

Here, Phil gives the low-down on his unique and hysterical craft.

How do you pull off these very convincing guest and character voices?

Well, I do character voices and I have a telephone in the studio, which I call our talk show line with. I do a character voice over a phone line. I used to have a falsetto when I was in my 20's and 30's, which is what we would call the Mickey Mouse voice. "Hi boys and girls." I can't do that anymore. I literally have to push my voice up to a really high register and it's really very difficult to do. But, I have to take a deep breath and warm up. It's a half-hour of getting into the character.

You are going from one voice—you being the host, to the caller, to the guest caller—all in one shot. How can you switch that quickly and pull it off so effectively?

I don't do any digital storing and I don't do any pre-recording. I don't do any tape at all. In fact, I do everything live because when I was a disc jockey and would do the typical pre-recorded disc jockey bits, I found that between the time you re-

corded it and the time you ran it on the air, you might not think it's funny any more. Or it might not be as funny as you thought it was. The best way to be humorous, in my opinion, is to be live and to have the opportunity to flip your way out of a bit that may be bombing or to try something different on the spur of the moment. So, I don't do any pre-recording, I don't set any phone calls up and I don't have people call in. All of the phone callers that come into my show are bonafide, real-live human beings that were listening and decided to call in.

Often it's the people who don't catch on that make the show so funny.

I like to think that we are funny without them. The people that call in and get suckered in are callers. A radio listener is a radio listener. Maybe they fill out Arbitron diaries, maybe they don't, but they listen to the radio. A caller is a completely different animal. He may be listening to you, he may not. He is extremely active. He maybe likes the sound of his own voice. He probably writes a lot of letters to politicians. He probably writes a lot of letters to radio stations. He probably has a lot of bumper stickers on his car. He probably is a social activist and has a phone tree. He is probably a professional pain-in-the-ass. Talk show callers are a distinct breed apart from a radio listener. And it is the caller we use and set up and manipulate to the general entertainment of our listener.

Tell me when this first started surfacing, these characters. Were you just a DJ and started doing this stuff?

Yes, you create and you look for better ways to do what you do. I always like doing character

Radio AdBiz



voices, but I want to do them in a way where they can almost be an ensemble and part of a broader cast of characters. So I began to incorporate that into my show about ten years ago when I first got into Talk radio. Then, just by happenstance, people would call and would want to talk to the guy (talk to the Iraqi). Rather than do what other people have done in the past, which is "Oh no, that's just Phil doing a character," I would say, "Oh yeah, sure. I'll have the guy there. Do you want to talk to him? Sure, hold on." We created that extra little bit of theater, which is the audience calling.

You began in radio in 1973 doing a series DJ stints at AOR stations, then began the transition in '88. Tell us about it.

That's probably when the turn came in terms of me needing to do something good and needing to be proud of myself instead of crap radio. That is when I decided that Talk Radio was going to be the best way to creative free-form radio again. And I didn't have to play records, which made it all the better. I don't think even then people in Talk Radio recognized the potential. I think they still thought of it as a News-Talk medium. In any event, to make a long story short, that is when I sent out tapes to every station that I could think of and every market that I could think of. I

must have sent probably 110-120 tapes out. I got hired at this little, tiny AM in Ventura—KVEN—back in August of 1990. That's when I began to develop monologuing and radio theater, doing radio character voices, interacting with the audience on that level, doing things beyond political talk, doing lifestyle talk and standup comedy. I did just whatever I could think to do and then refined it.

From there I went to Atlanta and refined it even more. I developed more characters. Then from Atlanta (WSB), I went to WCCO-AM in Minneapolis for a year. Then I went to WIOD Miami. I went to KFI in October, 1996. It was three years later in October of 1999 that I started syndicating with Premiere.

What are some of the best shows that you have ever done?

Well, I think the things that I've enjoyed the most is that we used to do these prize fights in Miami where I had **Angela Lansbury vs. Larry Holmes**, where she would stay with him for two rounds and then get annihilated. We do a sendoff of baseball games. I had the Florida Marlins vs. a team of blind musicians. We had the Dodgers play a team of spokespeople such as **Juan Valdez** and the Cream of Wheat porter. We did a show once with a cat named **Vick Prell** who was a radio psychic and that was a lot of fun for me. I did a bit on the air where **Dennis Quaid** was beating **Meg Ryan** because her film career was better than his and he was drinking heavily. She would say, "I'm sorry honey. I didn't mean to do 'Courage Under Fire.'" And then *slap* he would hit her. Just little radio dramas like that, I really dig if I can get my head into that place.

Engineered For Profit

CFA:

revolutionary AM antenna with huge real estate prospects

by Carl Marcucci

The Crossed-Field Antenna (CFA) has generated a huge amount of interest for AM broadcasters in recent months. Short and small enough to install on the rooftop of a studio or office building, CFAs can theoretically eliminate the need for AM antennas and arrays, along with the land they need, everywhere! So many AM antenna sites, built in the early part of last century, are now surrounded by prime real estate. Think of all the land broadcasters could unload for big bucks from developers, tower companies, etc.

These antennas are very efficient, broadband and can be made to eliminate skywave, thus increasing ground coverage potency. While the FCC is currently in the process of approval here in the US, CFAs can be found in Italy, Egypt (already operating), Brazil (operational by year's end) and Britain (installation done by November). The test results from the British project will be brought to the FCC for review late this year.

We talked with broker **Robert Richer**, the President of Crossed Field Antennas, Inc. about the new design and what it can offer.

CFA works by separating electric and magnetic fields...give us the details.

The Crossed Field antenna (CFA) is an extremely small structure in which the E Field (electrical) and the H Field (magnetic) are separately generated from the same source in time phase for highly efficient radiation. Unlike driven AM towers, the size of the CFA is independent from the wavelength. We have patents all over the world. They are in the names of **Hately** and



San Remo - Italy

Height : 6.0m
Power : 10 KW
Freq. : 1188 KHZ

Kabbary, the two co-inventors.

Why is CFA so much better than conventional AM antennas?

Size: A 10 kW CFA, for example, stands only 6 meters tall. A comparable driven mast antenna would stand somewhere around 80 meters. A 50 kW CFA would stand approximately 9 meters tall.
Property: A standard driven mast antenna requires an extensive ground system of copper radials placed every three degrees around the base. These radials and tower guying can require literally acres of increasingly expensive or unavailable land. The CFA has no ground system requirements of this sort, and because of its small size, guying requirements are minimal. The only requirement of a CFA is that it be properly grounded in a normal manner. No tall tower(s) means no riggers, no painting, no lighting, no deteriorating ground mat, minimal potential wind damage, no

FAA problems, no property taxes. In short, maintenance costs normally associated with towers disappear.

Also efficiency: A 10 kW CFA installation was completed for RAI Radio, the Italian State Broadcasting Company, in San Remo, Italy. This was formerly an 80m mast, driven by two 3 kW transmitters. The CFA demonstrated that it was so efficient that RAI has cut back to only one 3 kW transmitter, and yet the coverage is as good, if not better, than the former arrangement. One reason that the antenna is so efficient is because it is possible to suppress virtually all skywave. All of that energy now goes into the

ground, and in the case of San Remo, the station now broadcasts twenty-four hours a day, whereas it used to have to sign off for six hours each night.

What do you tell the 50kW Class 1 AMs who want to keep their skywave signals?

The top portion of the CFA is used in skywave management. While many operators prefer being able to suppress skywave radiation, the big 50 kW clears want all the skywave they can get, as this improves total coverage. The CFA can be adjusted to deliver virtually zero skywave, to delivering a full skywave signal coupled with the groundwave. This is up to the customer, and to regulatory requirements. Presently, we are working on a 500 kW Long Wave installation for a station on the Isle of Man (off the coast of Ireland). With minimal skywave suppression, this station should put a city grade signal nearly to

Berlin. It will most certainly be listenable in the eastern part of the US after sundown.

Tell us about the current test in England

We have chosen to test a 1 kW CFA in an open field in Shropshire, England. This is being done for several reasons; there is considerable interest in the UK and Europe in the CFA. Thus, it made sense to select a site that was easily available to the UK engineering community, as well as to European broadcasters. We have retained the services of what is probably the most respected MW/LW consulting engineer in the world, **Ben Dawson**, to supervise all testing. It is our hope that we will complete testing by Christmas.

What is the status and possible timetable of FCC approval of CFA? What feedback from the Commission have you heard so far?

Unofficially, the FCC has expressed considerable interest in the CFA. There is FCC interest for two reasons: a) It seems to be good for AM radio; b) It is digitally compatible. Our UK tests are being done with FCC rules in mind. Upon completion of the tests, all results will be presented to the FCC. We have no idea as to a timetable for approval, or what other questions might be raised by the Commission, but obviously, we hope for speedy approval.

Tell us the details on your company...how and why it was formed.

Crossed Field Antennas Ltd. was formed shortly after the NAB Las Vegas convention in April, 1999. I became aware of the CFA just before the convention, and was fortunate in being able to meet with Dr. Fathi Kabbary,

the CFA's co-inventor, when he gave a talk on the antenna to an engineering session. At that time, we agreed to form a company to implement worldwide distribution of the CFA.

How does CFA work with existing transmitters and equipment?

The CFA is compatible with all existing MW/LW transmitting and processing equipment.

Will it work with IBOC?

The CFA, being extremely broadband, will work with IBOC and with DRM (Digital Radio Mondiale). If the CFA is mounted on top of a taller building (which we often recommend), it is also compatible with Eureka 147.

Tell us about installation details, time and expense.

Pretty simple. The CFA is constructed in Cairo, put in a container, put on a ship, and delivered to the site. Takes about two weeks for installation and testing. Of course, installation is included in the total price. There are times when it is impractical to build in Cairo. For instance, due to confiscatory tariffs in Brazil, the two that are about to go on-line there have actually been fabricated in Brazil. When volume gets to a certain point, for instance, in the US, we will manufacture in the US.

How much does a CFA cost?

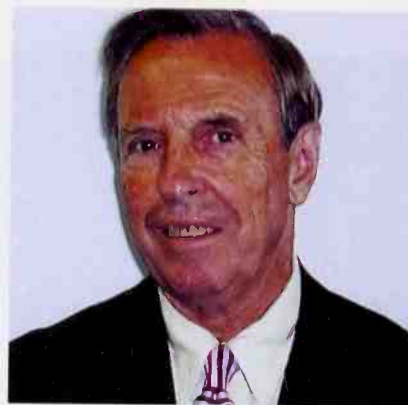
Difficult to pinpoint, as each installation is unique. However, because the CFA size is related only to power, and not to frequency, as is the case with a standard driven mast antenna, some broad assumptions can be made: From 1 kW-10 kW: \$400K installed and operating. From 10 kW-25 kW: \$700K, installed and operating; From 25 kW-50 kW: \$1.0M, installed and operating. But please remember that the CFA requires little or no land, and maintenance costs disappear. We strongly urge broadcasters to install the CFA on the roof of either their transmitter building or on the roof of the studio/office complex.

Engineered For Profit

Seeing that CFAs don't need real estate, what could this do for all of the prime AM antenna properties across the country?

One of the great advantages of the CFA is that it requires no ground system. Of course, because in using a CFA, the station can also dispense with tall towers, there is no need for any significant guying. This means that a CFA can be installed on a piece of land as small as 0.25% of that required for a similar tower. Yes, that is one-quarter of one percent! Several of the CFAs presently in operation are installed on the roofs of the station's transmitter building, and one is installed on the roof of an office building. We recommend to stations that they install on this basis.

The ramifications of this are considerable. Radio station transmitting systems are built as



Robert Richer, the President of Crossed Field Antennas

close to the population centers as possible. As cities and towns grow, transmitting sites that formerly were considered to be of marginal value are now becoming exceedingly valuable assets. In some instances, moves have been unable to find sufficient land at any price for the installation of multiple tower arrays. There are now AM radio stations where their tower sites are more valuable than the sta-

tion licenses.

Not only is there pressure to use these large parcels for housing and business development, but the cellular and wireless operators are increasingly desperate to acquire these choice sites. With the use of the CFA, stations can either sell the land, or save large amounts of cash if they are renting transmitting sites. In addition, of course, considerable savings are available in taxes, insurance, painting, ground system maintenance, security and lighting.

What is the downside? Is directionality hard to achieve?

A directional CFA is not a problem. It becomes more difficult when very high power is required (say, anything over 500 kw), but it is merely a design function when working with US power limits.

Defies the laws of physics?!

At the recent IEEE Broadcast Technology Society's (BTS) 50th Broadcast Symposium (9/29), Electronics Research Inc. (ERI) Director of Product Development **Eric Wandel** moderated an antenna panel (pardon the pun) that included CFA. The panel included **John Stanley**, Educator and Consulting Engineer; **Tom Silliman**, President of ERI; **James Hatfield**, Hatfield & Dawson Consulting; **John Belrose**, Senior Radioscientist at the Communications Research Centre in Ottawa; and **Ron Rackley**, Lundin, duTreil & Rackley.

The presentation began with a review of electromagnetic theory as applied to the CFA concept, continued with analytical and simulated performance characterizations and concluded both with results from experimental hardware measurements and with a proposed guide for making performance characterization measurements on a general medium wave antenna.

"The purpose of the panel was to provide an education and a service to the broadcasting industry and to the attendees of the BTS Symposium," said Wandel. "Although the CFA proponents have stated that you must forget all that you know about antennas in order to believe the performance of the CFA, our intention was 1) to explain that classical electromagnetic theory still applies, 2) to show that predictions from standard mathematical modeling programs are valid (as shown by comparisons made by Belrose between simulated and hardware measurements), and 3) to suggest a test procedure

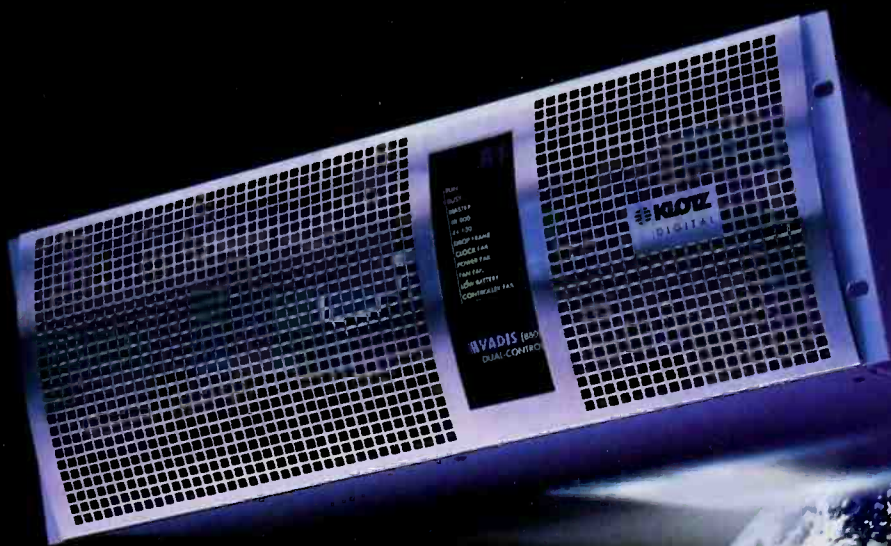
that should be followed by any proponent of a new type of medium wave antenna in order to satisfactorily characterize its performance."

"The panel of experts is agreed that the description by the CFA proponents of the principles on which the antenna is supposed to operate is in contradiction to the accepted and well demonstrated laws of electromagnetics. This conclusion is borne out by the experimental results of both Dr. Belrose and **Valentin Trainotti**," says Wandel.

Valentin Trainotti of Argentina presented the results of his experimental measurements on short, medium-wave AM antennas in a separate presentation at the symposium.

"While the participants in the panel discussion remain open to new concepts in antennas," says Wandel, "the results from the independent studies performed by the panelists all point to the same conclusion—the CFA as specified by the proponents 'functions like an electrically small, somewhat top-loaded antenna with corresponding radiation efficiency.'"

RBR observation: We shall see...if CFA works as described within the real-world, FCC-regulated environment here in the states, I want a stake in this! For more details on the symposium panel presentation, check the IEEE website (www.ieee.org/organizations/society/bt/index.html) in November for a link to the information.—CM



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NY Times Q3 right on target

The New York Times Co. (N:NYT) doesn't have much radio in its mix, but it faced the same tough comparables from Q3 1999 as the radio industry for its newspaper operations. Q3 revenues rose 7.9% to \$787M and operating profit 3% to \$116M. Broadcasting (overwhelmingly TV) revenues rose 6.5% to \$37.5M and EBITDA 5.3% to \$15.2M. Overall earnings of 37 cents per share (excluding special items) were exactly what analysts had expected.

Meanwhile, the Times Co. dropped plans for an IPO of a tracking stock for its New York Times Digital unit. "It's quite evident that today's market is bearish on Internet companies, regardless of how well they are performing," said **Martin Nisenholtz**, CEO of the dot-com division. NYT Digital had Q3 revenues of \$12.1M (nearly double a year ago) and an operating loss of \$20.7M.

Media Markets & Money™

by Jack Messmer

Wall Street pummels Clear Channel; Lowry responds with \$1B buyback

Clear Channel's (N:CCU) stock fell \$8.625 10/5 after Salomon Smith Barney analyst **Niraj Gupta** downgraded the stock and reduced his Q4 after-tax cash flow estimate by five cents per share. Clear Channel's stock had been trading around \$53 throughout the day that Thursday until Gupta's report came out. The stock then plunged in the final hour of trading to close at \$45.875.

The Salomon Smith Barney analyst said he maintained his "long-term conviction" on Clear Channel, but added that "near-

term investor enthusiasm is likely to remain muted." Gupta reduced his 12-month price target from \$105 to \$80, but his comments sent the stock plunging far below that level. The analyst based his revisions on expected Q4 dilution from Clear Channel's newly-acquired SFX business, the impact of the weak Euro on the company's international outdoor advertising business and the fall-off in dot-com advertising domestically, making for tough comparisons with last year's red-hot Q4.

After seeing his net worth drop

about \$264M in one day, Clear Channel CEO **Lowry Mays** announced that he and other directors of the company had authorized a buyback of up to \$1B of the company's stock. "We believe the purchase of our common stock represents an attractive opportunity to benefit the long-term interest of the company and its shareholders," he said in the company's announcement. That, in turn, caused Moody's to change Clear Channel's debt outlook to "stable" from "positive," citing the possibility of increased leverage.

Clear Channel is just the latest in a string of radio companies to announce stock buybacks. With stock prices depressed by Wall Street's panicked reaction to the dot-com ad retreat and fears that oil price hikes could slow consumer spending, many radio groups have decided that if investors want to sell their stocks on the cheap, the companies themselves might as well take advantage of the opportunity.

Following the 10/5 sell-off of Clear Channel (N:CCU) stock, Chase H&Q analyst **Vinton Vickers** reiterated his "strong buy" rating Friday (10/6) morning. Vickers said he had already factored in the seasonal nature of SFX's concert business when he began coverage of Clear Channel last month. "Notwithstanding the current market psychology, we continue to believe that radio fundamentals are compelling and that investors with a 6-9 month horizon could be rewarded with attractive returns as growth trends re-accelerate and multiples expand heading into the middle of 2001," he wrote. Also 10/6, Merrill Lynch analyst **Jessica Reif Cohen** reiterated her "buy" rating on CCU and DB Alex. Brown analyst **Drew Marcus** reiterated



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his "strong buy" rating. Clear Channel's stock opened 10/6 at \$49.50 and closed at \$51.50, up \$5.625 from the 10/5 sell-off.

Still, as *RBR* went to press 10/12, Clear Channel's stock price remained well below where it had been prior to the Salomon Smith Barney downgrade, closing 10/11 at \$48.25.

RBR observation: Can anyone remember the last quarter when Clear Channel didn't outperform the analysts' consensus estimate? To predict that Lowry Mays and company will underperform in Q4 is putting oneself at great risk of being made to appear a fool.

Allentown deal restructured

First it was Cumulus (O:CMLS), now it's Nassau Broadcasting Partners that's converting a planned buy of a Clear Channel (N:CCU) spin-off into a swap deal. **Lou Mercatanti's** Nassau is still getting WEEX-AM & WODE-FM Allentown, PA (*RBR* 3/13, p. 7), but instead of paying Clear Channel \$30M in cash, Nassau will be getting \$12M in cash from Clear Channel. Of course, that means that Nassau is going to have to part with some of its existing stations. The stations going to Clear Channel for a total of \$42M are WNNJ-AM & FM, WSUS-FM & WHCY-FM Sussex County, NJ—plus Nassau's LMA of WDLC-AM & WTSX-FM in nearby Port Jervis, NY and an option to acquire the combo for \$2M. **Broker:** Glenn Serafin, Serafin Bros.

RBR observation: What Clear Channel is getting in Sussex is an already assembled superduopoly in a far suburban market where the four stations in Nassau's cluster are the only stations rated above the line by Arbitron in its Sussex County, NJ book. Of course, there are another 25 stations below the line, mostly from the New York City market—including several with more listeners than two of the four in-market stations.

Acquiring WEEX & WODE will take Nassau to five stations in the Allentown-Bethlehem, PA market. It already owns WILT-AM, WVPO-FM & WSBG-FM.

Catholic Radio sell-off begins

Months after shutting down its programming operation and putting its stations on the block (*RBR* 4/24, p. 13), Catholic Radio Network has begun the actual sell-off. In the first sale, Colorado Public Radio will pay \$4.2M for KKYD-AM Denver. That leaves L.A., Chicago, San Francisco, Philadelphia, Minneapolis, Kansas City and Baltimore and CRN CEO **John Bitting** says "this is the first of several agreements that will be announced shortly." CRN has been seeking \$76M for the eight stations. **Broker:** Tom McKinley & Austin Walsh, Media Services Group

Religious group brings \$16M

Educational Media Foundation may be a non-profit, but it's certainly finding plenty of money to buy more stations for its K-Love Contemporary Christian network. The Sacramento-based EMF, headed by **Richard Jenkins**, is paying \$16M to Colorado Christian University for KWBI-FM Denver-Morrison, CO, KJOL-FM Grand Junction, CO and KDRH-FM Aspen-Glenwood Springs, CO. **Broker:** John Pierce, John Pierce & Co.

RBR observation: These stations are all in the reserved non-commercial portion of the FM band, but all are high-power signals. KWBI is a Class C, KJOL a C3 and KDRH is a C3 with a CP to upgrade to C2.

CCU in Religious swap

Clear Channel (N:CCU) is doing another station swap to upgrade, this time in Tucson. To grab a third FM in the desert market, Clear Channel is giving up \$2.9M and one of its two AMs, KCEE. In return, it gets KGMS-FM from Good News Broadcasting, headed by **Douglas Martin**, which also owns KVOI-AM in the Tucson market. In the end, Clear Channel will have one AM and three FMs in Arbitron market #61 and Good News will have a pair of AMs. **Broker:** Kalil & Co.

continued on page 15

CLOSED!

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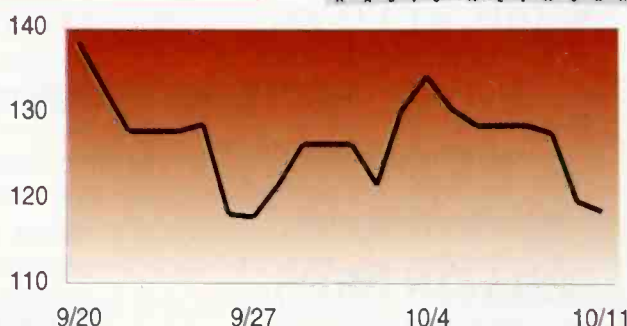


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The Radio Index™

Radio Business Report
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The Radio Index™ stayed above year-to-date lows, but not by much, closing 10/11 at 118.42.

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