

RBR
TVBR

Radio & Television Business Report

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Moving ahead with HD Radio

Months after we told you it was coming, eight of radio's largest groups jointly announced formation of the HD Digital Radio Alliance. Headed by President & CEO **Peter Ferrara**, formerly of Clear Channel, the Alliance will coordinate the HD roll-out in each market, coordinate formats for multicast (HD-2) channels, create HD and HD-2 awareness ads (\$200 million worth this year alone), and work to get HD manufacturers moving on multicast receivers and the automakers as well for OEM deals. By the time you read this, the Alliance will be assigning HD-2 format selections in the top 25 markets, to avoid duplication, so additional companies had been urged to get onboard by the end of December.

Founding members were Bonneville, Citadel, Clear Channel, Cumulus, Emmis, Entercom, Greater Media and Infinity. The Alliance's management oversight committee consists of **Mark Mays**, CEO for Clear Channel; **Peter Smyth**, President and CEO for Greater Media; and **Joel Hollander**, CEO for CBS Radio.

Meanwhile, Cox Radio reported that the study it commissioned from **Bob Harper & Company** found that members of the public would rather see HD Radio multicasts numbered like existing FM stations (108.1 and beyond), rather than HD-2, HD-3, and etc. Offered only those two choices, the national study found that people overwhelmingly preferred the "expanded band" over the "layered approach." Harper told RBR/TVBR that panelists told his researchers to "make it as intuitive as you can" and to "make it simple."

RBR observation: We agree with that "keep it simple" idea, which is why we think more questions need to be asked about HD Radio numbering. Can't we come up with a simpler system that does away with "point-anything" and is more consumer friendly? Let's get the branding experts involved in this before rushing to a decision.

New Year, New Viacom (and CBS Corp. to boot)

New Year's Eve marked the end of Viacom as we had known it for so many years. Since January 1st separate stocks have been trading for New Viacom, headed by **Tom Freston**, and CBS

Corporation, headed by **Les Moonves**. Neither wasted any time doing some remodeling. In fact, each had announced a major acquisition even before the split took place. New Viacom has a \$1.6 billion deal pending to acquire DreamWorks and beef up its Paramount movie studio. Plus, New Viacom announced a \$3 billion stock buyback, to begin post-split.

For his part, Moonves is jumping right back into the cable TV business after seeing MTV Networks, BET and such separated from the former broadcast brethren in the split. CBS Corp. has a \$325 million deal pending to buy College Sports Television Networks (SCTV).

CEO opening at Westwood One

CBS Radio CEO **Joel Hollander** is currently wearing an extra hat as interim CEO of Westwood One, following the abrupt departure of **Shane Coppola** on the same day that the company announced that it was lowering its Q4 guidance to Wall Street, sending its stock price spiraling downward. Instead of its original guidance that Q4 revenues and operating income would be up in the low single digits, WW1 advised The Street to expect Q4 revenues to be down in the low single digits, with operating income down in the mid to high single digits. Hollander said he hoped to have a new CEO announcement this month.

RBR observation: What happened? WW1 said market conditions didn't develop as expected, so the accelerated sales it had expected in Q4 didn't materialize. Asked whether the shortfall was in the national network business or the local/regional traffic business, CFO **Andrew Zaref** replied, "Neither one is necessarily performing up to what we believe it will in the future and what our internal expectations are relative to the hurdles we set for ourself, but on a relative basis, unfortunately you are stuck comping numbers. You did see a particularly explosive fourth quarter last year on the local/regional side and that is just a tough comp and a tough hill to climb."

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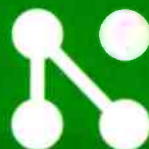




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CATV becomes ground zero in the indecency wars

It seems that everyone has zeroed in on the cable industry in the ongoing battle against broadcast indecency. The very fact that it *is* called broadcast indecency is what makes the whole thing a little surprising, and that fact figures to be a key component of cable's defense. But we get ahead of ourselves.

At the Senate Commerce Committee's "Open Forum on Decency," new FCC Chairman **Kevin Martin** really opened the regulatory floodgates by announcing that his agency was about to reverse the findings of a report prepared under the regime of his predecessor **Michael Powell**, to the effect that the agency now believes that an a la carte channel menu mandate would be good for consumers and would not significantly harm cable operators or programmers. He also suggested that cable look at a voluntary ratings system and offering family tiers that leave out the raunchier basic offerings.

Of course, the legislative proposals to jack up fines as high as \$500K for a single offense are still out there as well.

The cable industry does not think Capitol Hill can do anything in this area without violating its constitutional rights, and further argues that it provides easy-to-use channel blocking technology which parents can use to keep certain material away from their children. Further, cable argues that a la carte would heap on administrative costs and devalue individual channels, ultimately increasing costs for consumers rather than decreasing them.

Nevertheless, a number of large companies have taken a proactive approach. Comcast, Time Warner Cable, Advance/Newhouse Communications, Insight Communications, Bresnan Communications and Midcontinent Media have all said that they would offer family tiers, pending, among other things, contract review with program suppliers to find out just what is possible. This, they say, would eliminate the need for an a la carte regime.

But critics of the industry argue they should not be forced to so much as spend a penny to subsidize objectionable channels and anything less than full a la carte channel purchasing will be unacceptable.

Along with all of this, former MPAA head **Jack Valenti** has a new job. He's trying to bring some congruence between the well-known motion picture ratings system and the less-well-known system used by network TV.

TVBR observation: Commerce Committee Chairman **Ted Stevens** (R-AK) seems to realize that the less legislating in this area, the better. Any attempt to regulate creative content is treading in First Amendment territory, and when the topic is a subscription service like cable, the footing is particularly treacherous. He and others seem content to give

the MSOs a chance to put some polish on their latest plan. However, there is still a great deal of support for raising fines, and the topic of radio content, as refreshing as its new back-burner status may be for the most-heavily fined medium, is probably only temporary. It is still simmering away and almost certain to froth over the edge of the pot as a new generation of shock jocks vie to become the next **Howard Stern**.

Making the 8th Floor a quartet

By the time you read this, we won't be surprised if Democrat Commissioner **Michael Copps** is reinstated back on the FCC's all-important 8th Floor for a second term, and Republican **Debi Tate** is beginning her first. Both sailed through a sparsely-attended 12/13/05 question-and-answer session with the Senate Commerce Committee.

Two who were there, Chairman **Ted Stevens** (R-AK) and so-called Co-Chairman **Dan Inouye** (D-HI) (in other committees less congenial than Commerce, Inouye would be referred to as Ranking Member) were agreed that the two candidates were more than acceptable, and they wanted them in office before breaking for the holidays.

Although the committee scheduled a confirmation vote for 12/15/05, Stevens mentioned he had other parliamentary tools at his disposal with which to grease the wheels. He said he was reluctant to go that route unless he was sure nobody would object to either nomination. Apparently he was confident there would be no such objection, because he went straight to the Senate floor and obtained unanimous consent to discharge their names from further committee consideration, and straight to the Senate Calendar, where they reside as of this writing.

TVBR observation: As for the empty 5th chair on the 8th Floor, which is key since it will be the Republican's tie-breaking vote, Stevens has expressed frustration. He has submitted two names to the White House. It is something of a tradition for key Senators to have a great deal of leeway in naming bureaucrats to agencies under their care and feeding. Copps, for example, is a product of former Commerce Committee bigwig **Ernest Hollings** (D-SC-retired). According to reports, Stevens took advantage of a White House meeting on another topic to inquire about his proposed nominees, and was told that the White House was "working on it."

Hint for Senator Stevens: In another organization, we once worked with a high-ranking editor who owed us some non-deadline intensive copy every year, and who put it off and put it off until it suddenly became deadline intensive after all. We would frequently ask this high-ranking editor how it was going, and would learn that he was "working on it."

Senator Stevens, when someone tells you that they are working on it, it generally means they are *not* working on it.

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By Carl Marcucci / cmarcucci@rbr.com

What's your opinion on the NATPE experience?

Television execs chimed in on why they attend NATPE and what they expect to accomplish at this year's show.



Bill Butler, Sinclair VP/Group Programming and Promotions: It's an opportunity for broadcasters, cable programmers, studios, small producers, international broadcasters and international producers to mix together in one environment and learn from each other. It's not just a selling opportunity, it's more than that. It's an opportunity to learn what TV is about, to learn about all sorts of different entities and people. It's,

I think, a very broadening experience and gives, certainly, programming people an opportunity to widen their focus about TV programming. And if you're not careful, you might actually learn something.

Brian Jones, Nexstar SVP/Regional Manager (TX, LA, AR) NATPE is very productive for us, from a variety of standpoints. It's an industry convocation, more than just a programming convention. We take part in affiliate meetings of the various networks, affiliate association board meetings take place at that time, which **Tim Busch** and I both serve on. We're meeting with networks, vendors, many people.



Marc Schacher, Tribune VP Programming: We go because we like the idea being with all of our program suppliers in one place. We get to see everybody, and they get to see us. The energy is great....and there's lot's of good discussion.....its good getting a diversity of viewpoints. [However], We are not looking to fill any particular programming holes.....most of that is done for us before the convention.

Jerry Fritz, Albritton Group Vice President: We stopped going to NATPE several years ago. Most of the stuff we buy is done by the syndicators coming here. So there's

really no need for us to go to NATPE anymore. I've seen that trend for a long time. We find very little use for the NATPE process anymore.

Jack Sander, Belo President/Media Operations: NATPE gives us the opportunity to meet with the syndicated community. We rarely buy much there but do have meetings and program updates. We also use NATPE to meet with other industry folks and discuss the topics of the day. I think NATPE has made a lot of progress at changing what it is and has become more valuable. Having said that we send a small group, not our entire station group.



Perry Sook, Nexstar CEO: Rick Feldman asked me to be on a panel, so I will again be going to NATPE this year. Most of my time at NATPE is spent networking with station owners, bankers, investment bankers. It's a pretty target-rich environment and efficient way to connect with folks—all in one city at one time. So from that perspective, I think NATPE has had

and always will have value to folks like me.

And, on winning some battles with cable: "We are generating some real money and it's a sharp elbows negotiation. You've got to ask, you've got to be aggressive, but at the end of the day we're finding common ground, and that's what it's all about. We're about a third of the way of where I'd like to be, but I think we've only done 20 deals out of 159 different cable companies. The more momentum you have on your side, the more people see that there are deals to be made."

Toni Falvo, Program Manager, WMAQ-TV Chicago (NBC) For me as a programmer for an O&O station and not having a lot of programming options on our end, for me, NATPE is beneficial because I'm able to learn more about what competitive programming will be on other stations. So probably more informational from a competitive standpoint.



Larry Wert, Pres., GM WMAQ-TV Chicago (NBC) NATPE is a great time of the year to see, especially when we're all communicating more digitally, colleagues and competitors and vendors face to face. And continue relationships and find out what's going on in the industry.



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- KZPL 97.3 FM Union FM's "97.3 MAX FM", **Kansas City, MO**
- WMZK 104.1 FM Quicksilver Broadcasting's "Z 104 Pure Rock", **Wausau, WI**
- KFMS 97.5 FM Simmon's "FM Talk", **Salt Lake City, UT**
- WTAO 105.1 FM Clear Channel's "Rock 105TAO", **Marion IL**
- KZZE 106.3 FM Clear Channel's "The Rock Station", **Medford OR**
- KJML 105.3 FM C.R.'s "Rock 105", **Joplin, MO**
- WWRK 102.9 FM Quantum's "South 92 FM", **Florence, SC**
- KZRQ 106.7 FM Journal Broadcast Group "Z 106.7 Pure Rock", **Springfield MO**
- WEBX 93.5 FM AAA-Entertainment's "93.5/95.3 The Rock", **Champaign, IL**

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“The NATPE Shopping Spree”

RBR/TVBR asked television execs what shows they're planning on shopping for at NATPE this year. What programming holes and dayparts are they looking most to fill this time around?



Brian Jones, Nexstar SVP/Regional Manager (TX, LA, AR):

We're just a little bit early before the stations normally put together an analysis prior to NATPE. But just speaking in general terms, we did some pretty good-sized renewals last year of the King World and Paramount product, which has got us good to go on the marquis stuff—the Oprahs, the Phils, the Wheels, the Entertainment Tonights, the Judge Judys.

This year we're basically going to be looking for predominantly daytime or early fringe programming to replace some things that we have expiring. It varies by market, of course, but generally we're going to be looking to fill some daytime and maybe some early fringe holes. We're pretty set in access across the group and with the 4-5 PM news lead-in time period.

Toni Falvo, Program Manager, WMAQ-TV Chicago:

At this point I don't have a lot of program holes to fill. Late Fringe is one of the few dayparts that we actually may have a hole. For an NBC O&O, we don't have a lot of holes. We're pretty tight. It's actually a pretty slim year for new programming. We don't really look at off-net syndication or that kind of thing. We are going to have the Megan [Mullaly] show, and we're pretty excited about it given the fact that Will & Grace will come to an end in primetime and we will have someone that's a known personality in daytime.



Tim Busch, Nexstar SVP/Regional Manager (IN, PA, NY, MD and AL):

There's going to be various daytime, some limited early fringe programming and very little access programming. It depends on the status of Martha, it depends on the status of **Tony Danza**. We're looking for (obviously) **Dr. Phil** replacements, long-term, where we've lost Phil in a couple markets. I think that non-returning shows are going to be somewhat limited. We've

just heard that it's going to be probably Danza and maybe Martha. And it may be [NBC Universal Domestic Television's] Starting Over. So those are going to be either in Daytime or Early Fringe replacements that we're going to have. We've got a couple of syndicated products that are going away that are off-net, such as Friends in Evansville, which is going to go away mid-next year. We're going to need to replace and it's a pretty healthy chunk of property for us that runs in early fringe on our Fox affiliate there.

There are some renewals we're going to have to address as well with almost all of our syndicators at NATPE. Then there are some

various and sundry new shows coming out that we're going to want to see. And what's going to be the hot show for the Fall of '06 that we're going to want to take witness to? There are some limited movie packages or long-form programming presentations that we will want to take a peek at as well. And then some vignette-type of opportunities that may run as interstitials within news or within daytime programming that we may want to take a look at. And that's stuff like Mr. Food or some of the money vignettes or some of the weekend shows.



Lisa Churchville, President/GM WJAR-TV Providence (NBC):

To tell you the truth, I am in very good shape. I work with the NBC owned and operated station group, who would probably be looking for daytime programming. However, I think we're all looking for unique and compelling opportunities on our websites. It's easy enough to have weather and traffic, but if you just look at the penetration of broadband and you

look at the number of hours that people do spend. And today they're on the web and watching TV at the same time. It sort of snuck up on us. The bubble burst in the early 2000s, and while we were covering a lot of pretty horrible disasters, you blink and all of a sudden for a lot of us, our television websites haven't been updated in several years and we've sort of let the web happen without us.

But digital content, outside of the regular stream—whether it's a digital all-weather channel or something that you're pushing through the same signal or it's a separate content or websites—I think will be two big things. And I think NATPE does a particularly good job of convening those things.

Jerry Fritz, Albritton Group Vice President:

It really varies on a station-by-station basis. Most of the stuff we have we've already locked up, so we really aren't looking for a lot. We've locked up the early morning stuff and midday. There's some access programming. We have long term deals on the King World product for example—Oprah, Jeopardy, things like that. We're taking a look at all of the other morning stuff—whether it's King World or not.

Bill Butler, Sinclair VP/Group Programming and Promotions:

The Sinclair Broadcast Group has grown significant new ratings strength in daytime with blocks of Judge, Talk and Game shows. We want to expand and reinforce this growth. Early fringe on the FOX affiliates has also become important, with stable blocks of Judge and Talk (**Jerry Springer** and **Maury Povich**). We are looking for programs to back up these successful programs.



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One on One

By Carl Marcucci / cmarcucci@rbr.com



Photo provided by NBC

Vince Manze President and Creative Director, The NBC Agency

Emmy and PROMAX Pinnacle Award winner Vince Manze helped to launch The NBC Agency in November 1999. He works closely with his longtime NBC advertising & promotion partner John Miller and is responsible for overseeing the development of all creative content produced by The Agency. Prior to the formation of The NBC Agency, Manze had served as SVP/Advertising & Promotion, NBC Entertainment, since September 1992. Over the past several years, Miller and Manze's group has received more PROMAX awards and other top industry honors than any other network advertising and promotion team. They've overseen the creation of campaigns such as "Must See TV," and helped to develop and strengthen NBC's brand identity.

In 1999, Miller, Manze and their NBC colleagues received the Emmy for Outstanding Commercial for an advertisement for the Internet portal service Snap.com. The spot also received the World's Best Commercial award from the IBA. Miller and Manze were also honored by the Promax & BDA organization with a Campaign of Distinction award for their work on the hit reality series, "The Apprentice."

Manze is also responsible for developing programming for NBC Entertainment. Most recently, he co-created and is executive producer of the syndicated series, "She Spies." He also has served as the creator and executive producer of numerous NBC specials, including NBC's "All-Star Comedy Hour," "TV's Funniest Families," "TV's Funniest Kids" and the Saturday-morning series "Guys Next Door."

Here, he talks about advertising and marketing work for all of NBC Universal Television properties, in our ever-expanding media landscape.

Tell us a little bit about the NBC Agency and its history.

In the mid 90's, we began getting requests for creative and marketing support for various NBC entities outside of prime time. Including at that point, if you'll recall, a lot of online. We bought Snap.com and that became NBCi, which we were doing all the work for. Then MSNBC said, "Hey can you do a launch, we have this new show, we need to get on the map can you help us out there?" Then CNBC—we did a big campaign for them. Then we did the Olympics deal and suddenly the Olympics became a much bigger, longer-term project.

The bottom line is that was when we officially reorganized, in 1999, so this was all the mid 90's. In 1999 we said, "Look if we're going to do all this work we need to reorganize ourselves into a full agency with creative and support services for our clients." Since then we acquired Bravo, Telemundo and most recently Universal Television, which now includes USA, Sci-Fi, Universal Studios and Universal Television Distribution syndication, of course. We do work for all of those properties.

Wow, how many people are under you, Vince?

We're about 300 strong, maybe. Not all permanent employees, and that includes East Coast and West Coast, with the majority here located on the West Coast. We're almost like a Macy's at Christmas. We expand during busier times so we can swell up to 300 and we can go down to, say, 275.

So you do all functions—creative planning, buying?

We do creative functions as well as logistical services including buying for all of these properties when requested. Every cable channel has their own marketing department, just like any client would. That's still the most important thing, is to not be so centralized that you lose your individuality, your individual brand.

What are the benefits of an in-house agency?

The obvious big benefit is to maximize resources. That's always the goal—bigger impact with more efficiency, everyone working as one powerful marketing unit. So we act as a central control for almost all major marketing initiatives of NBC Universal Television. That includes this vast array of marketing tools and resources including harnessing out-of-house buying power, on-air promo time, online, etc.

How do you use the benefits of the NBC Universal family for cross-promotional and cross-marketing efforts?

The obvious ways is our on-air inventory and that is all coordinated. Every other week we have a cross-marketing counsel meeting. We bring in all the marketing heads for all of the NBC Universal units. That includes theatrical, theme parks, DVD, our niche movie company Focus. We have a priority list that is scheduled long before, so that way everyone knows what the priority is every week, and it varies.

So the most affective use of cross marketing is of course is to help create these events, as compared to, say, the branding of Sci-Fi. It's usually launching the show, a special event or even movies like Meet The Fockers or most recently, what's that monkey's name? Yes, King Kong. So we will harness all of the power of all NBC Universal, and all the other marketing tools that we have such as Regal Cinema and TRN and all these other long-form units that we have to give to whatever the priority is that week.

In the case of King Kong we tried to be as creative as possible. First it was months ago we had the exclusive three-minute trailer that we ran in Fear Factor. Then most recently we had little sneak peeks during the Macy's Thanksgiving Day Parade. Then at the end of Shrek, a never before seen scene from King Kong. Then we did the roadblock [for the Kong trailer] on all channels at one time.

You must be in meetings all day long every day with this sort of responsibility.

You know, quite honestly there are a lot of requests. Of course, everyone wants a part of it, but once you've organized it...that, again, is the benefit of being the central control for all of this. We look at the company as a whole, whereas everyone else, they are interested in, they see their particular interests. But we are the central control in terms of what is best for NBC Universal.

What new media technologies are you using lately to promote?

One of the new media that we use is in-game promotion. We did something like that when we launched Surface, our Sci-Fi show. I forget the name of the game, and of course on-line is a whole new field for us. We are, as is everyone, very extensively into online.

How do you keep up with all the new media available for ad placement?

It has become a daunting task. We happen to have a great media department here. They keep up with the latest and are constantly coming in with new ideas brought to them. I think if I had any advice to anyone in this field, "take the meetings." You've got to take more meetings because you just don't know. You have to take the meeting, and the things that come in! Believe me, if you're not doing them you're competitor is.

Again, from In Game advertising to holograms, we try to do things that make some sort of a splash; that maximize the impact; that might get written about. Sometimes you have to do those things, like for Surface taking over entire beaches on the East and West Coasts with umbrellas and fly-overs and beach towels and things. It's sort of like we invaded these beaches. We took over Grand Central Station in New York, for E-Ring. We took every board in there. "Station Domination," we called it.

RBR & TVBR January 2006

The other aspect is we're all trying to figure out ways to maximize resources as well. When you have a property like Biggest Loser that revolves around a business of weight loss, it is pretty big business. You try to find ways to combine the marketing with the business. So we partnered with Rodale, who are weight loss and self-help experts, and we formed the "Biggest Loser Club" online. That also became part of our promotion for the show. I forget how many members we have now, but there's a monthly fee, it's ancillary revenue. It's a significant number of people signed up and they get diet tips online. The same thing with Gold Pocket Wireless, they can get diet tips texted to their cell phone.

Bottom line—your marketing department should also be coming up with ways not just to promote your product, but to make money—because we control the airtime and what we say. It's not enough to just promote a show anymore.

I've heard the two radio spots for My Name is Earl and Biggest Loser and thought they were great. You'd think the air talent are just having a conversation about them.

This last Fall we challenged all of our creative people to try to do things, look at things a little differently. We went through a very long period of being number one and you know now it's a new era. Sometimes you've just got to take a breath and start over again. You need to open the windows up and come up with some fresh ideas. My radio producers (we do all the creative in-house), they came up with this idea, a way of selling without shouting. Because of the way it's done, we are able to get so many marketing points in. If an announcer tried to do that it would be overwhelming. **Zinio users listen here.**

It's so casually done, too. It's brilliant.

You do take a chance because it's not the traditional creative form for radio. We've gotten both positive and negative feedback because people think perhaps that we are cheating a little bit, but I just think that they stand out. In fact I've been here 15 years I've never had anyone talk about radio spots, ever.

Radio is a unique medium, it's theater of the mind.

Absolutely, absolutely, and too many times you're trying to translate the on-air and you don't have the pictures. You just have to think a little differently. I've done a lot of creative work here. I'm very proud of them only because every once in a while you sort of start a sea change. I think it will challenge our competitors to rethink what they are doing.

Someone's getting shouted at, I can guarantee.

That's what I didn't want to say! Somebody's probably being called in, saying, "Hey what are you doing here? Look what these guys are doing!" And by the way, I've been in that situation too.

How are you promoting the Winter Olympics?

We are promoting young and exciting—that's our primary focus, 18-34. What we're trying to do is constantly build loyalty from a new Olympic audience, a younger audience. There's an older audience that's a built-in audience and they're just there. These are people like me who came through the Communist era when you actually played for your country and your way of life and not just the professional hockey players. To anyone born in the last 20 years the Olympics are a fine event but don't quite have the same meaning as with the older viewers. So we're constantly going after younger viewers. The Winter Olympics presents a great opportunity because they're edgier, more dangerous sports. All the spots are kind of hip and cool. We're also promoting that we have a good team. We have one of, if not the best, team that America has ever assembled for the Winter Olympics.

What have we done???

By Jean Pool



Just why is it that we're hell bent on irritating the very people that we are trying to sell our products and services to? Clutter is the death of the media. You can't get away from advertising even in your own home with nothing but the phone plugged in. My personal favorite is the early Saturday morning call... a telemarketer that instructs me to wait for the next available operator. What are they thinking? Another favorite is my Sunday New York Times. It's stuffed full of inserts that usually end up scattered on my hall floor. And then there is radio... driving along listening to **Dr. Laura** berating a call-in when you're interrupted by a commercial. No, let's be honest ten or fifteen commercials. Hell, I forgot what Dr. Laura was saying. In Chicago **Kurt Hanson's** newsletter RAIN reported that in one hour of **Howard Stern's** show 18 _ commercials ...38 units ran. Geez, that barely gives Howard time to get in the F word.

And, then, of course, there is television. How annoying is it to be interrupted every eight minutes when you're watching *Desperate Housewives*? Or, how about those local stations that are selling their local morning show talent to chat up the sponsor advertiser of the moment? Is that prostitution? It's all just irritating. And when I'm irritated, I'm not in the mood to be sold anything. ARE YOU?

The collective WE have wrecked a really good thing...mass media. Too many products vying for limited inventory. Too much pressure from the agencies to get that inventory. And media owners who are addicted to the ring of the cash register.

Now we get to figure out how to market to each of the 300 million citizens of the U.S. ...one by one. I'm depressed. Add to clutter the vice of fragmentation and the picture gets even worse.

Looking back a few decades shows how extreme our fall from grace has come. Remember the days of three networks, many fewer radio stations and magazines? And the media owners pro-

tected and respected their real estate and we all knew how powerful the media was for our advertisers. Advertisers, agencies and media owners partnered in producing content. Wonderful programs like *The Kraft Theater*, *The Bell Telephone Hour*, *The Maxwell House Hour*, that were not jammed with 15 minutes or more of commercial time. I haven't done the research but I bet radio's "The Shadow" didn't run 18 minutes of non-program time either. The only traditional media that have not proliferated are newspapers and outdoor boards. WHY? Newspapers' shrinking demand and soaring costs have consolidated this industry with few exceptions into one newspaper per town businesses. And outdoor was curtailed by government. Thank God. How tacky we'd be today without somebody controlling excess. Imagine driving down I-95 with hundreds and thousands of billboards marring the scenery. Not to say billboards are bad. I love the ride into London from Heathrow Airport...beautiful, well-executed billboards that add to the scenery rather than detract.

Well, back to the road that got us to where we are today. We got out of the program production business because it got too expensive. We moved to inserting commercials into existing programs. The media owners took back control of the creative product. At first longer length commercials like 60's and 120's were common. But that got too expensive. Then we moved to 30's. But that got too expensive. Today we use a mix of 30's and 15's. But that's getting too expensive because the mass audience is shrinking and shrinking fast.

Twenty years ago, the National Association of Broadcasters maintained a voluntary code by which broadcasters agreed to carry a maximum of 9.5 non-program minutes per hour. A perspective further away than your feet is a good thing. Self-regulation...what a thought. That regulation preserved a precious vehicle for advertisers. When did we take the left fork when we should have taken the RIGHT fork?

Twenty years ago, three networks dominated television. They restricted themselves to 9.5 non-program minutes per hour. No clutter; no fragmentation. I don't recall advertisers complaining about cost. They understood the value relationship. For example, the average rating in the market of New York for Adults 25-54 in prime was a 6.8. And 39 programs delivered a double-digit rating. In those days if a new season program didn't earn a double-digit, it was off the air.

Consider where we are today. Six national networks, 60+ cable channels with programming cut to 42 minutes per hour. 10,000 radio signals. I can't count the number of magazines. Talk about niche..."Dog Walkers USA"

Television ... national and local combined ... run upwards of 15 minutes of non-program material. And what has that done for audience delivery to our advertisers' message? Today, the average rating in the market of New York for Adults 25-54 for the six national networks is an abysmal 3.2 versus the 6.8 20 years ago. And the highest rated program gets a whopping 13.7...that's *Desperate Housewives*. But *Desperate Housewives* is an exception. Only two other prime programs delivered a double-digit rating.



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20 years ago, 39 prime programs delivered a double-digit rating.

So back to the future. Not too long ago, Phillips sponsored the program 60 Minutes and they restricted themselves on the non-program content. They received thank-you emails from the public. Sponsorship with constraint and program development with commercial constraint is on the rise. I think this is a sign that we are finally focusing on the consumer instead of our own short-term goals. Our own feet are not a measure of what the world wants.

Constraint...that's a nice word. It means we as an industry do not need the government to come in and muck up our playground. Cable take heed. The government is looking at you. The big ad buzzword ... consumer control ... has nothing to do with you. Bundling is bad. Let the consumer decide what they want to pay for. Let the free market make hits and misses. Do not force packaging of channels. Just think... if the consumer talks and we lose half of the cable channels or more, we reduce fragmentation, we respond to the consumer and we provide a medium more valuable to the advertiser. Let's look beyond our feet.

Okay, I know the Clear Channel people are getting crazy listening to me. What about all they have done to recognize what I have been talking about? Less is More. Accolades to you for dragging the rest of the your industry toward a better place. But being a typical New Yorker ... or is that the Missouri influence from my husband...you gotta show me.

And they have. They send me weekly reports of commercial monitoring. They have not only reduced the commercial load on Clear Channel stations but they have lead the industry to re-think what focusing on your feet does to your long-term health. Support them in their endeavor to save a wonderful mass media. The clients I have talked to are more than willing to pay more for a better commercial environment. Trying to

reach 300 million Americans ... one by one ... is a very expensive proposition.

The really big challenge of emerging media keeps all of us up into the wee hours. Yes perhaps we can constrain ourselves in the existing mass media. Maybe we can cut clutter and fragmentation. But, oh shit, the government has legislated us into digital transmission. It was an expensive transition. How do we pay it out? Can you imagine six national networks and 60 some national cable venues turning into 330 individual channels? It is so critical to let the marketplace value the options rather than the media owners bundling to force the consumers to have what they do not want. And many cannot afford. What a time of change. I really hope we look beyond our feet.

Now a message from the old guard to the new guard. I have spent many years in this business. A day doesn't go by that I'm not using the internet for something... I get it. But do you get it? I started this talk complaining about irritation and marketers that seem so out of focus...on their feet again...that they totally turn off their prospects. Guerilla marketing...Spyware that welcomes me in the morning with, "Oh shit, you have a virus flashing on my opening screen". I've never seen this before...so I react by hitting the info button. Now I can't get into my work programs because Spyware has supplanted my home page. I can't work because Spyware is trying to sell me something I will never buy. Howard Stern's sixth letter to me...a pox on you for that. Love your Consumer...don't irritate the hell out of them. What are we thinking?

Jean Pool is EVP/Director of North American Operations for Universal McCann and Chairman of Media Policy at the AAAAs. The problems of ad clutter will also be addressed in her keynote speech at the AAAAs in Orlando, March 1-March 3.

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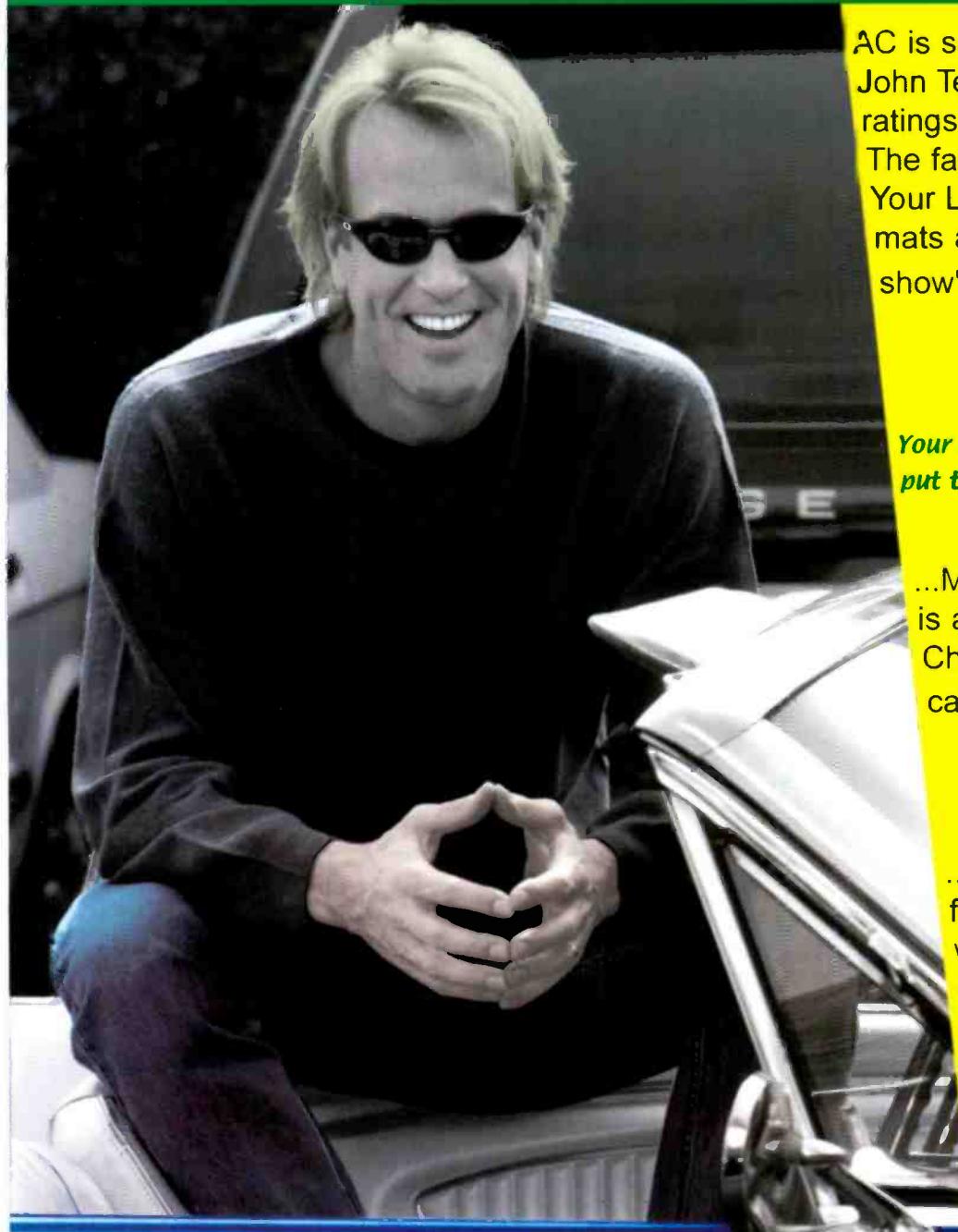
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**Ben Fong-Torres,
The San Francisco Chronicle**

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AC is seeing the huge success of The John Tesh Radio Show with staggering ratings and passionate listener feedback. The fact that Tesh's "Intelligence For Your Life" is crossing over to multiple formats and dayparts is indicative of the show's mass appeal.

**Julle Kertes
Radio & Records**

Your show is better than Oprah and Dr. Phil put together.
- Amanda N., MT

...Music and Intelligence for Your Life is a safe haven for family listening. Children, men and women of all ages can gain something from the show.

**Radio Ink Magazine
Cover Story**

...More remarkable is that Tesh's five-hour show is on the air somewhere in the United States during every day part - and on six different formats. The buzzword here is versatility.

**Chuck Taylor,
Billboard Magazine**

Your show gives me the motivation to try harder and keep on going. Whether you are teaching me how to stay fit, or tips on how to get ahead, your words are inspiring. Your show goes the extra mile to help people.

- Chip C., SC

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**Entravision
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Amigo Broadcasting

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in six Texas markets
\$78,000,000

Family Stations, Inc.

KFRC (AM)
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\$35,000,000

**Triad Broadcasting
Company**

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WHTF (FM) & WUTL (FM)
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\$12,500,000

Family Stations, Inc.

WBGR (AM) &
WBMD (AM)
Baltimore, MD
\$7,500,000

**Contra Costa County
Radio, Inc**

KABL (FM),
Walnut Creek, CA
\$7,000,000

**Kansas Capital
Broadcasting**

KTPK (FM)
Topeka, KS
\$5,700,000

**Northeast Kansas
Broadcasting Service, Inc.**

KTKA-TV
Topeka, KS
\$6,200,000

**Entercom
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KDDS (AM)
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KBAM (AM) & KEDO (AM)
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**Summit
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PCS licenses in Montana
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PCS licenses
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**Summit
Liquidating Trust**

PCS licenses in Hawaii
210,000 Pops

**Summit
Liquidating Trust**

PCS licenses in Alaska
171,000 Pops

**Summit
Liquidating Trust**

PCS licenses in Oregon
165,000 Pops

**Endless Mountains
Wireless, LLC**

Northern PA
Non-licensed wireless assets

Jesta Tower, Inc.

51 Towers
in AL, FL, LA and MS

**Shared Towers
Sites, LLC**

38 Towers

Blue Wing, Inc.

Tower Assets in Minnesota

**Callahan Tower
Joint Venture**

Tower Assets in AK and OK

**Big Bend
Towers, LLC**

Tower Assets in Tennessee

Highland Towers

Tower Assets in VA and WV

**Hirschfeld
Communications LLC**

Tower Assets in Massachusetts

Summit City Radio

\$8,000,000
Senior Credit Facility

Beanpot Broadcasting

\$15,000,000
Senior Credit Facility

Coast Radio

\$14,000,000
Senior Credit Facility

Moon Broadcasting

\$12,500,000
Senior and Sub Debt Facility



What came first the Meter or the People?

By Joe Pilotta

The buzz in media advertising is that agencies are tooting the horn of Portable People Meter (PPM). The promise more objective ratings will clearly raise the value of radio advertising and some even say stem the flow of ad dollars going to new media. This essay will probably raise more questions than answers, but as a college professor, I have been infused with the Socratic method in which the question is the condition to securing knowledge on ones own.

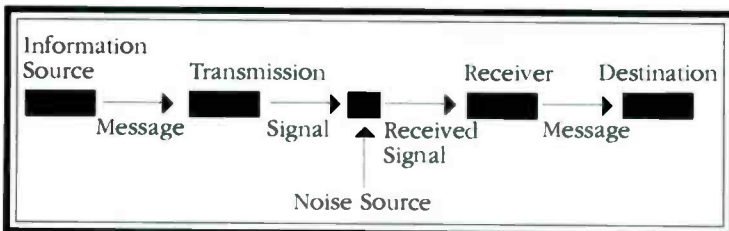
The objective of PPM is to measure the listening audience of radio programs quantitatively and with neutrality through the use of encrypted signal coding to be decoded by a receiver suspended from a human body. The problem: From a communication research point of view, how should we view PPM in light of the marketers thirst for consumer knowledge, ROI insight, and media fragmentation answers.

Consumer knowledge – where is it?

Let's start with a very basic premise of all communication; there are distinctions between seeing and watching, speaking to and speaking with, and listening versus hearing. All are quite distinct processes and effects and are at the heart and soul of a communication enterprise. We can easily demonstrate these distinctions by example; seeing TV vs. watching TV, speak to – monologue/speaking with dialogue, listening to/hearing it. With these distinctions in mind let's look at the PPM. PPM is technology, a technology designed for a purpose.

At a very basic level the purpose of the PPM is to discriminate sound (let's call it radio program or station) from "noise."

The PPM Model has its genesis in Shannon and Weaver's model set forth in 1949 in the Mathematical Theory of Communication. The model itself was designed for purposes of electronic engineering. It is essentially a linear, left-to-right, one-way model of communication. It led to technical improvements in message transmission. The transmission communication model looks like the following:



While this model had a relatively long career in the 70's, it was finally put to rest in the 80's. But it does appear again as PPM and contemporary surveillance technologies

Arbitron defines hearing/listening: "The definition of listening both in the diary and with PPM according to Arbitron is the ability to hear a station, not the conscious choice to listen. Their stance is that the PPM goal of capturing audible listening is consistent with this and therefore the issue of unintended listening is not a major issue." (See Industry

Commercialization Viability Analysis of Personal People Meter, Interim Report, July 2005, RAB Task Force and RAB Board of Directors.)

The PPM picks up unintended sound and interprets all data as listening. However, all hearing is not listening as listening refers to something one attends to which may be radio as foreground or background. Yet PPM can not discriminate the difference. The sound could be all listening, part "noise" or all "noise," to the individual in the household.

Return on Investment - How?

ROI is a hot topic. It presumes one can trace the effect of ad spend directly to purchase decisions by category. While marketers are seeking insights into the impact of media which fragment the audiences, (blogging, IM, Satellite, I-PODS, Picture Phone, etc.) into even smaller audiences, PPM appears only to be able to deliver a gross audience estimate of radio listening or should I say hearing. HD Radio will only exacerbate the fragmentation. HD radio will add thousands of new stations and dozens of large markets. How does PPM propose to deal with this fragmentation, when PPM is proposing smaller samples to measure listening (hearing)? How will PPM measure fragmentation where markets may grow by a factor of 2 or 3? It seems it would be impossible to fill age, sex, geographic cell, etc. with 30 bodies— a minimal representation at best. (Pardon the term bodies but these are body counts rather than respondents or active participants.)

Most recently Fitch Ratings issued a warning to the US media industry; digital media is transforming the media business landscape: "Given the rapid evolution of the media landscape, ad agencies will remain under pressure in 2006 to maintain their relevance by adapting their offerings in favor of the new media alternatives that are gaining acceptance. Advertisers will increasingly expect agencies to demonstrate return on investment to justify expenditures. Also, the agencies could be negatively affected by consolidation activity among the advertiser base and remains exposed to the threat of a cyclical downturn."

We cannot beg the question any longer: Are ratings as information necessary or relevant in the new digital world? Who listens; the consumer is missing? What can 30 or less "heard" bodies tell us?

Conclusion

Even with the technical perfectibility of the PPM or the best sampling technique imaginable, it is impossible for PPM to discriminate listening from noise, because that requires a human differentiation. Therefore at present the PPM as an objective rating tool is an impossibility.

While media buyers may think PPM answers their needs for buying radio more efficiently does it really answer the needs of marketers who are moving to a consumer centric model in order to increase ROI? Will this technology readily stem the flow of radio dollars that are going to new media? Are ratings necessary anymore? Nevermore, nevermore...

Joe is Vice President of BIGresearch, and a professor at Ohio State University, School of Communications. He holds two Ph.D.s from Ohio University (Communication Research) and from University of Toronto (Sociology). He's also a member of Word of Mouth Association (WOMMA) Standards and Metric Committee and the ARF Long Term Advertising Effects Committee. He can be reached at Joe@Bigresearch.com

Agencies endorse PPM after looking at the benefits of passive audience measurement

By Roberta M. McConochie, Ph.D.
Director, PPM Client Relations, Arbitron Inc.

The advertising industry has researched and debated how to define what constitutes radio's audiences for decades. How radio listening is defined is at the core of the models the industry uses to make buying decisions, and it is a subject that is not taken lightly.

The agency buzz about the Arbitron Portable People Meter (PPMSM) system came after careful analysis of the PPM methodology, detailed comparisons of the PPM data to current ratings systems, and proof that the PPM adapts to evolving technology and media use.

There are very sound reasons why agencies embrace the PPM and say it will influence their buying decisions:

- PPM provides a clear, consistent operational definition of media exposure.
- PPM eliminates the biases of recall, diaries and other active measurement systems.
- PPM functions in today's multimedia, multitasking world.
- PPM offers the opportunity to evaluate ROI.

Numerous audience studies and work in the fields of cognitive psychology and the psychology of attention all point to the conclusion that there is no "perfect" way to tell when a consumer is actually paying attention while listening.

All any audience measurement system can do is look, ask, and infer that a consumer was exposed to media. The measurement process itself is imperfect, as are the results. There are just too many variables at work for a neat and tidy solution.

The complexity begins with the basic fluid nature of human attention spans. Attention is not a constant state—it ebbs and flows as minds wander, cell phones ring, dogs bark. There is simply a lot of noise going on in our lives and in our heads.

In media research, attentiveness is also seen as resulting from both consumer preference and program content. Not every song in the Top 40 is a hit with everyone, and "selective hearing" plays a role in how much attention a consumer devotes to any medium at any given time.

Coping with multitasking

Our ability to measure audiences, to know when an individual is actively listening to radio, is even more difficult in today's multitasking world.

As any teenager will tell you, it is possible to do homework, listen to the radio and send instant messages to friends all at the same time. BIGresearch has quantified the growth of multitasking in its Simultaneous Media Usage Study (SIMMTM). The latest survey found that almost 70 percent of 25- to 34-year-olds regularly or occasionally listen to the radio or watch TV while they use the Internet.

Today's world of increasingly multilayered ubiquitous media exposure means that no audience measurement system can capture "pure" attentiveness. It also makes it increasingly difficult, if not impossible, for consumers to recognize and report their daily media use.

Diaries, phone interviews and other forms of active audience measurement leave it up to individual consumers to judge when they are listening or watching. Their judgment is subject to biases, social considerations and memory failure. It is simply unreliable.

The Middletown Media Studies by Ball State University reveal that when left to their own judgment of perceived media use, consumers consistently overestimate their daily exposure to radio and underestimate their time spent with television.

Cutting through the clutter

Because of these limitations, the buying-side models of advertising effectiveness—such as the Advertising Research Foundation's model—start with exposure as the most basic and fundamental measure of audience.

These models recognize the importance of getting a solid measure of the opportunity to "hear" or "see" as a base for understanding both consumer attentiveness and media impact.

The PPM consistently and reliably captures virtually all of an individual's exposure to the audio portion of any encoded medium both in and away from home.

Doing its job very well

The PPM's ability to sort through background noise and "hear" encoded radio broadcasts has been proven in hundreds of laboratory and field tests in the U.S. and around the world. Most recently, the PPM achieved a near perfect score in a validation test of audiometers conducted by RAJAR, the joint audience measurement system for radio in the U.K.

The RAJAR test showed that the PPM does what it is designed to do—reliably and objectively register a respondent's exposure to encoded media—and that it does this task very well.

Some reports have misinterpreted the RAJAR test results. Paul Kennedy, RAJAR research director, however, made it very clear how well the PPM mimics the human ear in "hearing" radio broadcasts in his presentation at the recent ASI Radio Conference.

Connecting media exposure to media impact

While the PPM does not directly capture attention, Arbitron is demonstrating in Houston and in a nationwide test the potential of the PPM to connect media exposure with media impact.

In Houston, more than 300 retail locations and sports venues have embedded PPM codes in their in-store audio programming. When an Arbitron PPM survey participant enters one of these outlets, the PPM detects the codes and reports that individual's store visit. The PPM can then report both media exposure and consumer action.

Arbitron has also joined with VNU in deploying a pilot program that combines the PPM with technology that tracks packaged goods purchases.

Delivering what the industry needs

The PPM provides a solid and reliable measure of consumers' opportunities to "hear" or be exposed to radio. While not a perfect "gold standard," it offers far more information and insights into consumer behavior than today's currencies. The PPM is arguably the best method to cut through the clutter of consumers' media experiences—especially as captured by such potentially biased multimedia recall surveys as those conducted by Dr. Joe Pilotta.

Agencies are buzzing about the PPM because they recognize that it delivers precisely what the industry needs—objective ratings that can help guide buying decisions and serve as a basis for evaluating ROI.

Dr. Roberta McConochie has created action-focused, industry recognized programs of consumer research for over 20 years. Her "Pathfinder" research program at Arbitron introduced a consumer segmentation system keyed to media usage and the adoption of media technologies. Roberta can be reached at Roberta.Mcconochie@arbitron.com.

SESAC continues to lead with innovative, responsive licensing

By Peter Cronin, SESAC Media Director

"It is not necessary to change. Survival is not mandatory."

W. Edwards Deming

The above quote from noted 20th century statistician and "quality guru" W. Edwards Deming is especially applicable to today's music business, where the marketplace is changing on an almost daily basis. In this adapt-or-get-out-of-the-way landscape, SESAC's smaller size has given the company something of an advantage. From the early '90s, when the company pioneered the use of BDS technology in the tracking of performances, SESAC has taken a leadership technological role in performing rights, quickly adopting and adjusting new technologies in a continuing effort to simplify and streamline the business of performing rights.

The proliferation of new digital delivery systems presents unique challenges in music licensing. While each of the nation's performing rights organizations have been busy developing licenses for these emerging formats, SESAC continues to distinguish itself through the unmatched level of service it provides licensees, new and old.

"SESAC has a history of being adaptive and flexible in dealing with the music user," says Greg Riggle, SESAC's Director, Broadcast Licensing. "As the radio industry continues to experiment with new product offerings, SESAC remains flexible in developing licenses to meet the changing needs of music users. We also recognize, especially in today's rapidly evolving marketplace, that this is an ongoing process. We're open to the kinds of short term licenses that reflect the dynamic nature of today's business environment and recognize the experimental nature of developing business models."

Facing competition on various new media fronts, the radio industry is turning increasingly to the Internet in providing added-value to their listeners and advertisers. Not unlike radio, the core business of any website is to attract audience. The industry is driven by developing new and improved applications which enhance the user's experience. Streaming is the most basic and pervasive added-value website enhancement. SESAC has licensed streaming since the inception of the technology. As websites have developed new and enhanced applications, SESAC has prepared an adaptable Standard Internet Licensing approach which recognizes the ever-changing nature of today's music business, including licenses that cover particular website enhancements.

SESAC has developed a first generation, experimental Standard Internet License that is "component-based." Licensees will be able to choose a combination of components which best suits their current online activities. For example, a radio station website which simulcasts its programming via the web and offers streaming music videos as well may choose two components; "streaming" and

"audio visual." As the license is currently structured, the license fee is based upon the website's aggregate tuning hours (a measurement of the website's streaming), times a corresponding multiplier for the total number of components offered. The new license also includes a podcasting component.

In addition to new media movements in radio, SESAC continues to respond to the licensing needs of the increasing number of music users on Weblogs, which have been growing at an exponential rate. According to Technorati, a leading weblog authority, the number of weblogs has been doubling every 5 months over the course of the last three years, with approximately 70,000 new weblogs being created each day. As of October 2005, Technorati is now tracking 19.6 million weblogs with approximately 70,000 new weblogs created each day.

More importantly, the weblog's sphere of influence appears to be growing, particularly in the weblog sub-genre called the MP3 weblog or audioblog. Audiobloggers are generally cutting-edge music fans who devote their leisure time to posting MP3 files they



SESAC WELCOMES 'INTERNATIONAL BROADCASTERS IDEA BANK'

SESAC's Nashville headquarters was the scene of a recent reception the company hosted for a group of visiting radio executives collectively known as the International Broadcasters Idea Bank. The elite group, composed of 100 broadcasters who own and operate 450 radio stations, meets several times a year to discuss the various issues relating to threats and opportunities to the radio industry. SESAC hit songwriters Victoria Shaw and Don Henry provided entertainment, treating the radio veterans to an inspired and wide-ranging medley of some of the hit songs written by SESAC affiliated songwriters over the years.

PHOTO CAPTION - Pictured from left to right are Greg Riggle, SESAC's Director, Broadcast Licensing; Bayard "Bud" Walters of Cromwell Group, Inc. (Idea Bank member and Nashville host); songwriter Victoria Shaw; SESAC President/COO Pat Collins; songwriter Don Henry; and SESAC Executive VP, Dennis Lord.

think are worthy of attention. Usually these files are posted with commentary containing information on the track, the artist, and the song. The files can be played directly via a stream or downloaded for later listening.

As audioblogs evolve, one point to note is that the popular sites are becoming a valuable commodity with economic impact on the recording industry. Many independent record labels and hundreds of independent artists have begun to flood audiobloggers with their music hoping to gain free publicity and generate positive "buzz". Major labels are also beginning to use blogs as an avenue for publicity and promotion.

Just as large aggregators emerged to provide individual music enthusiasts enhanced streaming capabilities, Hosted weblogs, or aggregators, are now emerging in the "blog-osphere." These entities derive a direct economic benefit from hosting these blogs, either through the sale of advertising or by charging subscription fees to their clients. The rise of these companies affords SESAC the opportunity to efficiently license large numbers of audiobloggers whose weblogs are music-intensive.

"Even though the lines between music user and music consumer are blurring, we believe that the most significant new technology impacting radio's future is digital broadcasting," Riggle says. "The ability to multiplex signals or enhance AM audio quality is compelling."

The imminent proliferation of HD Radio presents another music licensing opportunity. Competition from new media sources such as satellite-delivered programming, gaming, mobile music and wireless Internet have spurred the radio industry into action on the digital delivery front. The recently announced HD Radio Alliance comprised of large (usually competitive) radio groups is one indicator that radio is ready to make a serious commitment to digital broadcasting.

The current SESAC license for commercial radio stations does not authorize public performance of SESAC works by digital transmission. SESAC plans to authorize digital signals by offering addenda to existing licenses.

Even as the paradigms continue to shift for performing rights organizations, radio, and music users and consumers, some things have not changed. Listeners are still passionate about music, and they will gravitate to the delivery system that best serves their needs and wants. While the above provides a quick overview of SESAC's ever-increasing licensing activity in the various areas of new media, keep in mind that these agreements are currently and constantly being amended and adjusted as the market for music delivery and listening develops. Change – responsive and immediate change – has become the norm, and SESAC's proven ability to turn on a dime in anticipating the needs of its licensees is serving the company well in the exciting and challenging new order of the 21st century music business.



INNOVATION

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TALK RADIO 2006: Create Powerful Radio: Avoid The “MANUFACTURED” Hour

By Valerie Geller

We are in a technological shift the likes of which the world has never seen. Consequently, most of the content broadcast is easily accessible to your audience in other places: radio, internet, iPod, TV, even on their cell phones. Because of this, it is easy for a listener to think: “I’ve heard that before,” then, if bored, they tune out. Focus groups show that when news or talk content is presented in a dry or boring way, audiences can’t even remember what they have heard fifteen minutes after they’ve heard it! It doesn’t stick.

Audiences want it real. They do not want to hear “And now, another topic manufactured to fill air time on the radio!” Today’s audiences want to feel as though they are in the room with a host who is a real person. To win ratings now, we need personalities as compelling as the stories they are telling.

You can hear it on air when a host isn’t connected to the topic or subject. When it sounds fake or “manufactured” for air, which never works as well. In an aircheck session, the first question is always: “Is this something that really matters or is interesting to you? Would you talk about this off air with your friends, or is this something “manufactured” to fill an hour of air time?”

I work with stations all over the world to get, keep and grow audiences.

We do this by working with personalities and show content, based on three rules:

1. Tell the Truth
2. Make it Matter
3. Never Be Boring.

There are no boring stories, only boring storytellers. If your show host is interested in or connected to a topic, he or she will find a way to make it matter. If that cannot be done, drop the topic.

Using real life experiences as show prep is one way to keep it sounding authentic. When topics come from life, it works. And show prep happens twenty-four-hours a day, seven-days-a-week. Not just an hour before the show starts.

News items can certainly be great talk show material. But avoid newspaper dependency. Why? Everybody has access to the same newspapers. While you might locate a quirky item nobody else has noticed, what frequently happens is that every host in town picks the same items from the same papers, you are no longer unique. Add to that, the fact that the paper covers what happened the day before, and you have become the station that covers “yesterday’s news.” Of course if there is a major story unfolding, don’t ignore it. Strike a balance.

One of the strengths of broadcasting, is that it’s NOW. Why do talk hosts and producers feel safe “bringing the newspaper to life?” It’s easy, quick and you don’t have to think very much to do it. But if the listener has already read the story in the paper, seen it on TV, heard all about it on the way to work, it is then important to ask what are YOU doing that makes the story different? If you have nothing real to add, your listener is likely to say “Oh, I’ve heard it,” and tune out.

Ask: “What is new here? If the answer is, “We have no new information and the listeners have heard all about it,” then covering the story again creates an hour that sounds “manufactured.”

At the start of every break a host should make clear: “Here is WHY you should be listening now. Here is why it matters, and here is what is in it for you.” A show that does those things will not sound manufactured or be boring.

HOW TO GROW TALENT AND GET RATINGS RESULTS

Managers often ask me, “What is with these talk show hosts? How come I have to hold their hands all the time? Why won’t they just do their jobs and bring me the ratings?”

Once you have a personality on air, it’s not enough to just “let them cook.” Top personalities take time to develop. It is a process. But the way to speed up that process is through regular airchecking sessions and “self” checking to help personalities grow to the next level.

Airchecking, which often looks like handholding to managers, is actually a proven, successful, concrete and replicable process. If a manager does not have time, or is not comfortable with this process, the work should be delegated to someone who has skill in this area. Combining good air talent with regular competent airchecking is a proven formula for achieving ratings growth.

Geller Media International has developed specific criteria for airchecking using the audio or video of the broadcast as our platform:

1. Can the listener connect personally with this host? Or is the host speaking to “all those listeners out there?”
2. Is the host using visual language? Do you “see” the story?
3. Is there passion, fun, or humor?
4. Is this a powerful story affecting the listener’s health, emotion, or money?
5. Is there a “talkable topic,” the listener can discuss later with others? Would the host talk about this off air?
6. Are there characters we can care about?
7. Are you taking the listener on a journey?
8. Is this information that can’t be found elsewhere?
9. Is it personal without being private?
10. Does it feel long? In broadcasting, time is flexible. If a topic is powerful five minutes seems to pass in seconds. If a topic or host is dull — a one minute piece will feel like it drags on forever. Drop it immediately and go on to something else.

Regular and effective airchecking ensures that your station always has something real and compelling—not manufactured and boring—to offer your listeners which will result in increased ratings for your station.

VALERIE GELLER, President of Geller Media International is a broadcast consultant, working throughout the world training, coaching and working with managers to grow audiences for stations. She is the author of *Creating Powerful Radio* and *The Powerful Radio Workbook: The Prep, Performance & Post Production Planning*. The newly revised, updated edition of “Creating Powerful Radio: A Communicator’s Handbook” will be available from FOCAL PRESS in the spring of 2007. Email: vgeller@aol.com. www.gellermedia.com



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Martin Stabbert, Citadel Director of Corporate Engineering, on their HD rollout

What's the latest on your HD stations?

Citadel has stations in five markets on the air at this time. Our first was WQGN-FM in New London, CT followed shortly thereafter by KWLN-FM in our Stockton/Modesto market. WCTO-FM in Allentown, PA, WLXC-FM Columbia, SC, and WWLS-AM, Oklahoma City all launched in early December. Approximately 60% of the HD equipment we have on the air right now is from Harris, with Broadcast Electronics (BE) making up the other 40%.

We are working on several other conversions as well, at least one of which will include the FM solution from Continental. In 2006, I anticipate our first installation using Nautel HD equipment. I'm not at this point convinced that there is one 'best' solution or one particular solution that fits every application. In these early stages we are playing the field, so to speak, to get an idea what there is, how well it works, and how well we can integrate the various products into our facilities. We have yet to do our first high-level FM system, but have done a mid (or split) level system, and several low-level systems.

We are also working on several AMs at the moment—Albuquerque KKOJ-AM; WJOX-AM in Birmingham, WPRO-AM in Providence and KKOJ-AM in Reno.

Any problems/issues?

I would have to say that a common issue we've had with our AM conversions has been, in layman's terms, the compatibility of the antenna systems with the HD signal. Although we approached these projects with this issue in mind and budgeted accordingly, as testing is done and equipment is installed, we are finding the need to adjust and/or modify antenna tuning networks to insure proper operation. So while not a surprise, I would say that confirmation of this issue has been the biggest eye-opener. My advice to anyone planning an AM HD installation is to measure their antenna impedance ahead of time. With this data in hand, the manufacturers and consultants can advise the best course of action for a successful implementation.

How about the other FM's?

We're working on several others, including KATM-FM Modesto, CA; KIIM-FM Tucson, and WTNR-FM Grand Rapids, MI. WTNR

happens to be the one where we have the Continental on order. We are aggressively working to complete our pending conversions by the end of '05.

Why did you choose Continental? I understand they have a unique combining solution.

We needed a relatively high power level (21kW) for this installation and wanted to explore the solution that Continental has come up with. It allows for a single transmitter to handle both analog and HD at this power level, making for a simple and potentially cost-effective implementation. The practical low-level-combined limit heretofore was approximately 14kW of analog power. Beyond that power level, multiple transmitters and potentially complex combining techniques were necessary. Furthermore, this installation is in a location already equipped with the legacy analog version of the same transmitter and we have a chief, **John Alan**, familiar with the box to begin with. We thought it would be a good fit there and are anxious to see how well it works.

What are some of the transmitters you're buying for the AM side?

We have actually had to replace only one transmitter so far, at KKOJ in Reno. We are installing a Harris Dexstar and 3DX50 transmitter since the current MW-50B cannot be used for HD. In Providence, WPRO installed an HD-ready Harris DAX transmitter within the past year, so we're simply adding Harris HD (Dexstar) hardware there. WWLS in Oklahoma City has a Harris DX10, but we've installed Broadcast Electronics HD equipment, the ASI10, on it. Our OKC chief, **Mike Fields**, assisted with the equipment selection and has had excellent success with the BE unit to date. Our remaining issue in OKC is the antenna impedance and the need for some phase-rotation, if you will. We hope to have the issue resolved soon.

Can you explain phase rotation in layman's terms?

The transmitter needs to be connected to a certain load, an impedance of specific characteristics. This is true in analog and is even more so true with HD. If the load presented to the transmitter is not correct, you end up using up most of the error-correction and redundancy that's in the HD signal just trying to get it on the air. This scenario will manifest itself on radios as a tendency to blend back to analog around bridges, overpasses, power lines, or in the urban jungle. Worse still though is the potential impact to the performance of the analog signal: an underlying 'bacon frying' noise in the analog audio for analog listeners, worst case.



Obviously, this describes a poor situation: meager HD performance and compromised analog performance as well. Let's be realistic. At this time, the bread and butter is the analog. We need to maintain the product for our analog listeners as well as provide a positive experience to our new HD listeners.



WLXC-FM's HD Transmitter

For FM, isn't the FCC still saying that you need to be pumping your HD and your analog basically from one antenna?

It is permissible to use a (currently licensed) auxiliary antenna provided that it is located within 3 seconds (latitude and longitude) of the main and that the auxiliary HAAT is between 70% and 100% of the HAAT of the main. (An STA is required for this implementation, however.) What remains to be seen in practical use is how well such a configuration performs. For instance, if the main antenna is an 8 bay and your aux is a 2 bay, the coverage from the 8 bay will be superior to the 2 bay in some areas. In other areas the opposite may be true. The HD system relies on a specific ratio between the analog and digital signals. So let's say you happen to take an analog radio into an area where the digital antenna has better coverage than the analog. There's a good chance that your radio will receive interference because the ratio between the two signals is incorrect. The magnitude of this problem will undoubtedly vary. Our installation in Tucson will give us a chance to evaluate it for ourselves.

What about other markets, stations?

At the moment we're focusing on the stations we have in the works right now and picking up some loose ends on the ones we already have on the air. After the first of the year, I will be visiting markets and working with our local staffs to finalize implementation methods and equipment choices. I have already been in contact with several of our chiefs and have put the bug in their ear to be thinking about how they want to approach each installation and what they would like to see as the end result. While I greatly value the input provided by each market, the decisions that remain to be made will be a collaborative effort between local engineering, local management, and corporate.

RBR & TVBR January 2006



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By Jack Messmer / jmessmer@rbr.com

Coen's 2006 outlook: More of 2005's gloom

A year ago, Universal McCann Sr. Vice President and Director of Forecasting **Bob Coen** was upbeat about advertising prospects for 2005. But things didn't work out as he'd expected and now the closely watched ad guru is predicting that 2006 will be pretty much like the dismal year that 2005 turned out to be.

After seeing ad spending trail GDP growth in 2005, Coen expects more of the same in 2006, with ad spending catching up with economic growth late in the year. Yes, he expects total ad spending to be up more—5.8%, vs. 4.6% for '05—but that's largely due to the even-year cyclical boost from political and Olympics advertising.

"Next year we look for better advertising growth in the US. In the upcoming even-numbered year of 2006 the difficulties and expenses of complying with Sarbanes-Oxley should moderate. Uncertainties and cautiousness should diminish and more risk taking with built up corporate resources should increase the demand for advertising time and space. In the First Quarter of 2006 the Super Bowl and the Winter Olympics will result in far better comparative ad gains than those posted in 2005. During the Spring, Summer and into the Fall, intense political contests for House and Senate seats will produce spikes in ad outlays, particularly for the broadcast media. We expect advertising to return to a growth rate about in line with the rate now expected for the total economy in 2006. A gain of 5.8% in US advertising to \$292.0

billion is now forecast for 2006," Coen said in his annual forecast unveiled at the UBS Annual Global Media Week conference in New York.

Unfortunately for broadcasters, other than the usual impact of the Olympics and political advertising, Coen doesn't see anything coming in 2006 to light a fire under radio and TV advertising. After so many decades of observing the behavior of advertisers, he seemed to be baffled by their behavior in 2005. He said major companies usually launch new products and market them when the economy is rebounding. "That didn't happen in 2005," he noted.

There will be some strong growth areas in other media. Coen projects the most robust growth for Internet advertising, 10%, direct mail, 7.5% and cable TV, 7%. TV is also in that range. Coen is looking for network TV to be up 6.5%, national spot 8.5% and local spot 4.5% this year. That's decent growth, but not extraordinary for an Olympics/political year. In radio, he expects national business (network and spot combined) to be up 4% and local 4% as well.

That would be much stronger growth in 2006 for radio than 2005, since it now appears that RAB's final numbers will not be much higher than the flat performance reported through October. Indeed, Coen's 2005 "final" projections for radio appear to be unattainable, which may have skewed his forecast for 2006.

When a member of the audience at the UBS conference asked why he was so optimistic about a radio recovery in 2006, Coen insisted that he wasn't optimistic at all. "The radio situation is in turmoil right now. So much of that radio money, the primary source of it is local entrepreneurs, mainly retailers and restaurants, and many of them are being consolidated. Many of them are under great squeeze as far as their margins are concerned. So it's been a tough period for radio. I think it'll improve a bit, but I don't see it turning around sharply," Coen said.

How well did he do with last year's forecast? As noted previously, he was well off the mark and had to revise his projections down during the year. He started out quite bullish about 2005, but his enthusiasm had cooled by summer, when the guru ratcheted down most of his projections. Even so, the

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actual case was so much softer that even those June numbers proved to be overly optimistic. Over the course of the past year, Coen lowered his projection for national spot TV from a decline of only 1% to a 7.5% drop. For local TV he went from expecting a 2.5% gain to a drop of 3%. In radio his national projection went from up 5.2% to 1.5% and local from up 5% to up 2%. Even as he presented those greatly reduced radio numbers in December, it appeared that even they would be proven overly optimistic when the final figures come in from RAB. 2005 was just a very disappointing year.

RBR/TVBR observation: Much as we'd like to see more growth in 2006, we can't disagree with Coen's basic projections. His outlook for television is only slightly more pessimistic than the TVB's forecast, while being slightly more bullish on cable. Not to be overly gloomy, but his radio projections for 2006 appear to be overly optimistic, likely due to his projected final numbers for 2005 still being too high.

Bob Coen's advertising forecast for 2006

Media	Dec. '05 Forecast	Ad spend (millions)
Four TV networks	6.5%	\$17,977
National spot TV	8.5%	\$11,411
Cable TV	7.0%	\$20,210
Syndication TV	4.5%	\$3,963
Natl radio (net & spot)	4.0%	\$4,619
Magazines	5.5%	\$13,566
National newspaper	3.5%	\$8,014
Direct mail	7.5%	\$60,874
National yellow pages	3.0%	\$2,206
Internet	10.0%	\$8,669
Other national media	6.4%	\$37,650
TOTAL NATIONAL	6.8%	\$189,159
Local newspaper	3.0%	\$41,360
Local TV	4.5%	\$14,705
Local radio	4.0%	\$16,129
Local yellow pages	3.0%	\$12,494
Other local media	6.8%	\$18,158
TOTAL LOCAL	4.0%	\$102,846
GRAND TOTAL	5.8%	\$292,005

Source: Universal McCann

Bob Coen's advertising forecast for 2005

Media	Dec. '04 Forecast	June '04 Forecast	Dec. '05 Final	Ad spend (millions)
Four TV networks	2.0%	2.0%	1.0%	\$16,880
National spot TV	-1.0%	-5.0%	-7.5%	\$10,517
Cable TV	7.0%	12.0%	15.0%	\$18,888
Syndication TV	3.5%	4.0%	3.3%	\$3,792
National radio (net & spot)	5.2%	5.0%	1.5%	\$4,441
Magazines	7.3%	7.5%	5.0%	\$12,859
National newspaper	6.8%	5.0%	1.5%	\$7,743
Direct mail	9.5%	8.5%	8.5%	\$56,627
National yellow pages	5.0%	3.0%	1.5%	\$2,142
Internet	25.0%	15.0%	15.0%	\$7,881
Other national media	5.6%	5.9%	5.6%	\$35,377
TOTAL NATIONAL	7.4%	6.5%	6.0%	\$177,147
Local newspaper	5.5%	5.0%	3.0%	\$40,155
Local TV	2.5%	2.0%	-3.0%	\$14,072
Local radio	5.0%	3.5%	2.0%	\$15,509
Local yellow pages	3.0%	2.5%	2.0%	\$12,130
Other local media	6.1%	6.8%	5.7%	\$16,996
TOTAL LOCAL	4.8%	4.3%	2.3%	\$98,862
GRAND TOTAL	6.4%	5.7%	4.6%	\$276,009

Source: Universal McCann

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S&P sees 2006 as a tough year for media

Standard & Poor's analyst **Heather Goodchild** is out with a 2006 outlook for the media sector—and it's not an upbeat one. Other than the hot online advertising sector, she doesn't see much to get excited about for media companies. In fact, she's worried that a negative surprise could come along and neutralize the positive impact of the Winter Olympics and political advertising for broadcast companies.

S&P is forecasting overall a 5% rise in US ad spending in 2006. Cable networks are expected to continue gaining strength, with gains in the mid-teens, while broadcast networks aren't expected to do much more than keep pace with GDP growth, which is forecast at 3.3%. As far as TV station groups are concerned, S&P's forecast simply recounts the forecast from TVB of 6-8% growth next year.

Goodchild says radio advertising will likely be up only in the low single digits. Meanwhile, online advertising is expected to soar more than 20%. The S&P forecast notes that Ford has allocated 15% of its marketing budget to online initiatives as just one example of ad budgets being moved online.

Analyst sees radio up 3% in 2006, spot TV up 9%

Final results from 2005 aren't in yet, but after seeing RAB's reported 7% October drop in radio revenues, Harris Nesbitt analyst **Lee Westerfield** said it would be impossible to have a positive number for Q4. He's projecting that radio revenues will be flat for 2005 and then rise 3% in '06. He sees that growth coming from both political spending and the first anniversary of Clear Channel's Less is More initiative, creating easy comps after the year-ago inventory cuts by the radio giant.

For spot TV, Westerfield sees a big impact from the two-year cycle of elections and Olympics, with '05 down 7%, then up 9% with this year's political/Olympic spending. For all of television (network, spot and syndication combined), the analyst says ad revenues could be up 8.5% next year, with four to five points coming from Olympics and political.

Westerfield says the big growth this year with be in Internet advertising, with the web capturing nearly a quarter of all increased ad spending. That would boost Internet advertising revenues by 37% in 2006, on top of 31% growth this year.

BET founder back in the game

Bob Johnson announced a letter of intent with the Carlyle Group to develop co-investment opportunities, share private equity deal flow and execute private equity deals. In other words, after stepping down from all positions at Viacom, which bought BET from him for \$3 billion in 2001, Johnson is teaming up with big money to go hunting. The joint announcement from Carlyle and The RLJ companies, Johnson's personal investment vehicle, said they will be looking for investments in the media, financial services and business services industries.

RBR/TVBR observation: We've heard Johnson more than once mention an interest in broadcast investments—radio and TV—but he never got around to doing anything in that regard while he was busy building BET. Now we figure he might have the time an inclination to take a closer look at the broadcasting business.

Strategic deal-making rules in December

by Dave Seyler / dseyler@rbr.com

The station trading environment is anything but supercharged as the book on 2005 heads to completion, but deals are still going down, and most of them are taking advantage of strategic opportunities which come with a reasonable price tag.

The biggest recent deal is Bustos Media's addition of a key market with an agreement to LMA and purchase KKCS-FM from **Chris Devine's** Superior Broadcasting of Denver. Brokers **Chuck Lontine**, who represented Bustos, and **Tom Gammon**, who worked with Devine, negotiated a price tag of \$18.5M for the station. It adds a key Hispanic market for **Amador Bustos's** growing, western-based Spanish-oriented group. Although the station is licensed well to the south of Denver in Colorado Springs, the station is said to carry all the way south to Pueblo and, more importantly, northward it passes through and past Denver all the way to Longmont. "Denver is a dream market for us," said Bustos. "We are elated to be able to serve the 15th largest and one of the fastest growing Hispanic markets in this wonderful metropolitan area."

For two-way strategic deals, it's hard to top the one between two of radio's giants, Clear Channel and Cumulus, in the Huntsville market. In that one, Clear Channel is sending a pair of FMs to Cumulus, WXXQ-FM Trinity AL and WXQW-FM Meridianville AL, for 3.3M cash. It will upgrade a

full-bore two-AM, two-FM duopoly to a two-AM, four-FM superduopoly. In return, Cumulus agrees that it will do nothing to prevent Clear Channel's attempt to move WLAY-FM from Tusculumbia in the Florence-Muscle Shoals market to one of the cities its selling out of, Meridianville. If it gets FCC approval for the move, it'll have a two-AM, three-FM superduopoly in Huntsville. Indeed, the level of cooperation between the two is so great that the contract even calls for Cumulus to move one of its existing in-market stations to a Clear Channel-owned tower.

Yet another deal involves cooperation between in-market competitors. According to brokers at Media Venture Partners, **David Benjamin**'s Triad Broadcasting is going from three to six stations in Peoria IL, getting a pair of FMs from AAA Entertainment in a \$5.2M deal brokered by Media Venture Partners. The stations coming in are Country WXCL-FM and Classic Hits WDQX-FM. They join AC WSWT-FM, Oldies WPBG-FM, News-Talk WMBD-AM and Classic Country WIRL-AM. Meanwhile, AAA retains WWCT-FM, WZPW-FM and WXMP-FM. A special non-competition clause is in force in this deal under which Triad promises to avoid the Hip Hop and CHR formats for a period of 18 months, and also promises that if it changes the format and calls of WDQX, it will make them sufficiently dissimilar to AAA's WDQZ-FM in the Bloomington IL market. In turn, AAA promises to avoid the Country and Classic Hits formats for the same period.

Terry Bond's Double O Radio Corporation has a simpler strategic goal: expansion. With the help of American Media Services broker **Todd Fowler**, it's snapped up a pair of small market superduopoly clusters in Texas that come complete with experienced in-market management. That's because seller **Tommy Vascocu** of Encore Broadcasting will stay on to run the operation once the deal has closed. For \$12M, and another \$400K to cover a pair on non-competes, Double O gets KHKX-FM, KMCM-FM and KQRX-FM in Odessa-Midland, valued at \$7.7M, with the remaining \$4.3M going toward KGLK AM & FM, KILI-FM, KNRX-FM and KKCEN-FM in the San Angelo market.

There hasn't been much action on the TV side, but one small deal also comes with a strategic motive in place. That's a deal for WBMM-TV Tuskegee AL, an indy serving the Montgomery market from its perch on Channel 22. **Louis Wall's** Sagamorehill Broadcasting is getting it for \$2M from a subsidiary of Equity Broadcasting Corp. The station will likely find easier going in the market now that its fate is tied to that of Sagamorehill's existing network affiliate in the market. The resources available to WNCFTV, which carries ABC over Channel 32, will help assure that WBMM-TV has a healthy future.

Noncom Educational Media Foundation has also been busy, as usual. This time it found a station in Coolidge AZ which it is getting from Living Proof Inc. for \$2.5M. EMF doesn't seem to care particularly which side of the commercial/noncommercial divide it operates on, but in this case, the Class C0, 10 kw, 3,025' station is safely down in the reserved band at 89.9 mHz. What's the big attraction of Coolidge? That'd be its proximity to Phoenix.



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