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## Premiere/AMFMRN detail post-merger changes to agencies

Hyping a host of new buying opportunities for agencies and advertisers, Premiere Radio Networks held a presentation 7/24 at the Museum of Radio and Television in NYC in front of a number of agency execs. Premiere President/COO **Kraig Kitchin** and AMFM Radio Networks President **David Kantor** were presenters at the event that reviewed changes for the combined Premiere-AMFMRN, post-AMFM-Clear Channel merger.

New opportunities for buyers include three new RADAR-rated advertiser networks, debuting 1/1/01 (AMFMRN currently has four nets; Premiere five). They include a new morning drive FM network which will complement the current morning drive AM net, and two new :10 second inventory networks—Action, targeting Adults 18-49 and Pulse, targeting Adults 25-54. These new :10 second opportunities, made possible by the new Starguide distribution platform, hearken back to the days radio used to be—live DJ reads before traffic, weather or information reports. They are planned to be the first spot coming out of a break. "With StarGuide, Pulse and Action will provide network radio advertisers with a new paradigm and a new way to reach listeners with live, localized, personality-voiced commercials," Kitchin told *RBR*.

Demand on station inventory, and therefore clutter, is also going to be reduced. Available network unit count will drop from 399 per week in 2000 to 311 in 2001. "The new Clear Channel radio stations of the future, which are the previous AMFM stations, will be reducing their network inventory commercial load in the future to a level to be determined and announced in the next eight-10 weeks," says Kitchin. "It's an effort to put commercial inventory back into the hands of the local broadcasters within our group, which obviously is an increased revenue play, and to reduce the commercial load on each of the radio stations."

**RBR observation:** Agency reaction was a mixed bag. Some were concerned that with less inventory to choose from, in a continuing atmosphere of high demand, rates will go up. Some were concerned that a larger Premiere umbrella could also mean higher rates. On the flip side, most were intrigued with the three new nets, especially the :10 second live reads in Pulse and Action for retail accounts. We expect Metro/Shadow



(l-r) Kraig Kitchin, Pres./COO Sales, Premiere Radio Networks  
 Lee Rosen, Planning Director, Creative Media

to follow suit. Three more RADAR-rated nets, with guaranteed placement, were very well received. The buyers all look forward to the "delicate dance," as Horizon Media's **Mitchell Scholar** puts it, for the 2001 upfronts, which will really hit the fan in the next few weeks.—CM

## Hey dot-coms! Good things come in small markets, too

Everyone knows that the dot-com companies have discovered radio in a big way over the past few years. Everyone in the top 25 markets, that is. To date, very little dot-com money has trickled down to smaller Arbitron environs.

And that may be a big dot-mistake. A new survey conducted by Arbitron and Edison Media Research shows that Internet use in smaller markets is a virtual mirror image of large market tendencies.

## RBR unveils its newest internet initiative

**AUGUST 1, 2000, 1:00 EDT**

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The study compared habits of individuals 12+ in top-10 markets with those in markets 76 and smaller. In both cases, half of all respondents had Internet access, a third planned to establish an Internet connection within the year, over 20% made Internet purchases last holiday season and nearly half have clicked on a website ad.

Spending on Internet purchases was also virtually identical at \$605 to \$601. However, there were differences in what was purchased. Small market persons were much more likely to buy software, clothes, vitamins and medicines than their urban counterparts.

**RBR observation:** While the dot-din and dot-clamor clutter the airwaves in the top markets, some smart dot-operators are going to wise up and take control of America's hinterlands. They will find congenial rates, less competition and a wealth of individuals ready to click their way.—DS

### Pound-333 can add tonnage to radio ads

"Picture this—a consumer is stuck in rush hour traffic and hears a radio advertisement for the car they've been eyeing. Instead of trying to remember a difficult 10-digit number, they can just dial #333 on a wireless phone and be instantly connected to that car dealership airtime-free and toll-free," says **Dean Becker**, CEO and founder of ewireless, the provider of the #333 service.

The system is fairly simple. A radio ad prompts the #333 number. The consumer dials it and declares which company he is interested in contacting, and is then connected immediately. The consumer can then get additional info or make a purchase.

The service is currently available only in Chicago, with an aggressive expansion strategy in the works. For further info, visit [www.333.com](http://www.333.com).—DS

### 511 vs Metro Traffic/Shadow

The FCC's decision to implement a new 511 service to provide travel information doesn't have Metro Traffic worried. "You're not getting down to the localization that we provide and certainly that the radio and TV stations broadcast," EVP **Shane Coppola**

*continued on page 4*

## Dot-coms take a big bite out of the Big Apple

Automotive and TV-Network advertisers are taking a back seat to the dot-coms when it comes to buying radio time in New York. NYMRAD (New York Market Radio) has released its top 10-advertiser list from January to May, and it shows dot-coms spending almost three and a half times the amount they invested in radio airtime in 1999. The top ten categories are listed below—DS

Rank	Category	\$Millions	%Chng
1	Internet	\$47.0	347.5
2	Automotive	\$36.6	39.3
3	TV/networks	\$24.1	39.9
4	Communications	\$18.5	30.5
5	Financial svcs	\$16.1	3.9
6	Health care	\$15.0	37.2
7	Entertainment	\$14.5	47.8
8	Beverages	\$11.7	2.1
9	Professional svcs	\$11.6	42.3
10	Specialty retail	\$11.5	12.2

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## RBR News briefs

### Imus suffers another setback

Westwood One (N:WON) morning driver **Don Imus** was rushed from New Mexico to Lenox Hill Hospital in NYC (7/22) after a collarbone broke through his skin. Imus was just recovering after his fall from a horse last month that broke the collarbone, ribs and collapsed a lung. Imus still did his show via phone 7/24-25 before returning to the NYC studio 7/26, arm in sling.—CM

### \*CD launches 30-market trial

\*CD, a service that allows listeners to ID songs, performers and titles of tunes played on the radio via telephones, cell phones and wireless devices and then instantly purchase them, is taking its service nationwide. Announced this week, \*CD is adding the following cities, among others, to its offering in Philadelphia and San Francisco: NYC, Chicago, LA, Boston, Washington, Atlanta, Seattle, San Diego and Dallas.—CM

### RAB chooses GetMedia for website affiliates

The RAB's eCom Solution for radio station websites is now including GetMedia's online CD sales system. GetMedia's real-time display of album covers/artist information as songs are played on air allows listeners to instantly "click to buy," providing radio stations with a revenue share. GetMedia's "now playing" music store is station-branded and includes a search engine with a library of 2M titles.—CM

### NBC sues FCC

NBC has taken the FCC to court in an effort to force the agency to raise the TV ownership cap. NBC, a unit of General Electric (N:GE), said its lawsuit "challenges the FCC's antiquated yardstick that prohibits over-the-air broadcasters from growing and realizing the efficiencies and economies of scale associated with growth." Fox (N:FOX) has also said it would challenge the 35% national audience cap in court.—JM

### Rosenfeld mourned

Infinity Broadcasting (N:INF) colleagues and friends are mourning the passing of **Dickie Rosenfeld**. A fixture in Houston radio since 1950, Rosenfeld was GM of KILT-AM for 35 years and, for the past five years, duopoly partner KIKK-AM as well. Just prior to his death 7/19 of congestive heart failure, Rosenfeld's son, **John**, had been named his successor as GM of the two AMs.—JM

continued from page 3

tells RBR. The 511 service will be based on the local level and it will be up to the local governments if and how to implement it.

The Department of Transportation explains the service as a number that people can call before they leave their homes to find out what is the best travel route to get where they want to go. By pushing certain buttons, the traveler can find information about traffic speed and travel time between two points. Coppola says "People are going to have to do an action to hear it. So you're going to have to stop doing what your doing. There certainly won't be any personality involved." For these reasons, he doesn't feel that 511 is a threat to Metro Traffic.

**RBR observation:** We have only one comment: Please spare us from those who would dial up this service from their carphones while trying to drive!—ED

### S.Florida pirates get shut down

The FCC has shut down another wave of pirate operators in South Florida, adding to the list of 100 shut down in the past two years. In the past few weeks, one Miami, two Ft. Lauderdale and one West Palm Beach pirate station were shut down. The Broward County Sheriff's office said in a recent *Miami Herald* story that it's getting harder to bust them. "We'd see them," a Broward Lieutenant said, "we would try to set up so we could move in and they'd disappear."

A new pirate trend was working well for a while with a Reggae-Rap station on 90.9 FM in Ft. Lauderdale. It would broadcast where a party was going to occur—in a parking lot or such. 600 people would show up partying in public spots around town. The police would show up and bust some. Later more would show up at another spot. The police eventually caught the pirates and confiscated the equipment, but only after many tries—the pirates could get the transmitting equipment in a van and be gone in five minutes. "We may have put them down temporarily, but we anticipate them getting back into service," the Lieutenant said.—CM

### Tween a Rock and a CHR place? Arbitron measures kids

Top 40-CHR is the dominant format choice of kids (defined as six to eight year olds) and tweens (nine to eleven), according to Arbitron's initial survey of this previously unmeasured demographic. While that is not surprising, the extent of listening and the station loyalty of the group is of interest.

Kids-tweens average eight to nine hours of weekly listening, clustered around school hours, in early evenings and during weekends. Although total listening is less than any other demo, almost all of it is divvied up between no more than two stations (the rest of us spread our listening around to a much greater degree).

A targeted ad flight can be particularly effective with this age group. Girls tend to gravitate toward the Pop side of CHR—one such station claimed 67% of them, while boys prefer the Rhythmic approach—71% tuned to the same station.

Following up, Arbitron is going in depth to determine at what age children begin picking their own stations, and when they begin to be influenced by what they hear on the radio.—DS

### KFBI escapes FCC fine

Stranger things have happened, but for Americom's KFBI-FM Las Vegas, this one saved them an FCC fine. In 1992 and 1993, complaints were filed for indecent material broadcast on the "**Howard Stern Show**." A Notice of Apparent Liability was filed by the FCC with responses filed by KFBI in 1993 and 1994. Since that time, KFBI has gotten no response from the FCC, positive or negative. In a freak decision, the FCC has decided to drop the forfeiture order because in the meantime, KFBI has changed licensees and too much time has passed. The FCC has noted that the decision to drop the forfeiture order does not condone the material within the questionable broadcast.

Much has changed at the station since then—about the only remaining link is Howard himself, who still fills the AM drive slot. Ownership has passed from Americom to Crescent to ARS to Infinity. The format has gone from Classic to Modern Rock. The calls are now KXTE.—ED

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## RBR News briefs

### Citadel partners with Coollink

Citadel Broadcasting Company (O:CITC) has signed an agreement with Coollink Broadcast Network, which makes Coollink the exclusive streaming provider for 110 Citadel stations. Coollink will also be in charge of all pending acquisitions as they are added. Citadel chose Coollink because of their ad insertion product, which allows listeners to immediately interact with advertisers.—ED

### Radio Unica hopes Volkswagen will drive profits to egg client

Operating on the philosophy that in order to make a Spanish omelet, one must break some eggs (eggs-istentialism?), Radio Unica (O:UNCA) has teamed with the California Egg Commission on a four-market, 20-week promotion in California. A "drivable egg"—a 2000 Volkswagen Beetle with an eggshell exterior and egg-yolk yellow interior—will spend five weeks each at various sites in Los Angeles, San Francisco, San Diego and Fresno before being awarded to a lucky winner later this Fall.—DS

### Katz Interactive Marketing signs NetRadio.com

Katz Interactive Marketing announced it has signed with NetRadio.com (O:NETR), which webcasts 100+ formats on the net. Katz Streaming Media Sales is adding NetRadio to its Network of national advertisers. Streaming audio ads will be targeted by format, rather than individual profiles, as has been the recent hype with streaming aggregators such as Hiwire. More than 2.5M unique visitors visit NetRadio several times per month.—CM

### Westwood acquires "Beatle Brunch," launches Martino

**Joe Johnson**, host of "The Beatle Brunch" for eight years and running, has signed with Westwood One (N:WON) for sales and syndication beginning the weekend of 8/5-8/6. The Beatle Brunch, a one-hour feature of music and interviews with the Fab Four, is currently cleared on 40 Oldies affiliates across the country.

Meanwhile, KHOW-AM Denver consumer advocate **Tom Martino** is going national. His 10-year-old show, featuring "Toms Help Center" will air Monday-Friday 2-5p ET—CM

### FTM board goes for expansion

Feed The Monster (FTM) Media's (O:FTMM) board has approved plans for re-vamping its technology offering to radio station website clients. Staff will also be added to implement the change. Adding to FTM's famed animation streaming and other bells and whistles, the new technology may include targeted audio ad insertion. FTM's clients include KROQ-FM LA, KITS-FM San Francisco and WBCN-FM Boston. FTM merged this year with Interactive Radio Group (IRG); Infinity (N:INF) is a major shareholder.—CM

### Broadcast Programming debuts complimentary formats

Dubbed as complimentary to its 40 on-air formats, Broadcast Programming is developing 40 formats for radio station websites. Seven were launched (7/24). The formats, offered on a cash or barter basis would flank the on-air format, i.e. a Country station would offer "Legends of Country" or "New Traditionalists," as well as the on-air stream. The formats will also be an avenue for NTR. "Absolutely—it will be a little further down the line. Initially, it's really to protect the radio station against all of the Internet music programmers," says BP SVP **Jim LaMarca**. "But there will be commercials in the stream and we'll eventually get to the point where it will be tied into all the web sales stations will have. They will have banner ads, audio ads and promotions."—CM

### WOR Radio Networks' new launches

WOR Radio Networks is readying for some new launches. While the station site, WOR710.com, has been around for almost two years, getting over 2M hits a month, the net is also launching two more sites: WORTalk.com will launch with RealAudio Q4; WOR Music.com will first feature "The Best of Everything," set to start streaming early August. The new format (WOR's first foray in music formats) is programmed by GM WOR-AM **Bob Bruno**, whose background is in music programming (WNEW-FM, WOR-AM). The format is launching for on-air syndication Q4-early 2001. "It is a variety-based for-

mat for Adults 45-64. We are first using the web as a method for programmers and stations to sample the program in long form," notes WOR Radio Networks President **Kirk Stirland**.

WOR2, WOR Radio Networks' second satellite channel has been up and running for two months. "It's predominantly re-fed programming that we already produce. It's an opportunity to multiplex some of our evening shows at times that are more appropriate for the national marketplace," says Stirland. "It will eventually have two new unique shows on it that we will be announcing soon."—CM

### "Biography For Radio" to debut

Already airing in Canada since 4/3, "Biography For Radio" launched on more than 45 US affiliates 7/24. The 90-second daily vignette features host **Jack Perkins** from A&E Networks' award-winning "Biography," along with the same background music. However, the show is produced specifically for radio. "The thinking here is you can't do a whole life in 90 seconds, but you can tell one great, compelling story about an individual from that person's life," Co-Executive Producer **Elliott Forrest** tells RBR.

Like the TV show, biography features famed individuals such as **Oprah Winfrey, Albert Einstein, Jimi Hendrix, Napoleon, Judy Garland, Louis Armstrong** and **Carl Sagan**. 90 programs have been produced so far. The show is produced, cleared and sold by Forrest Productions and Total Media Communications (Robert Kipperman, Frank Murphy from CBS Network Radio).—CM

### RCS unveils two new ad insertion products

RCS has announced two new ad insertion software products, enabling broadcasters to insert separate ads on Internet audio streams. "InSert" and "SplitStream" both allow on-air spots to be replaced with a different ad or a different feed in general. However, SplitStream can deliver different ads at once, each targeted to individuals' demographic profile. The two products are an upgrade from RCS's "MC Net," which is also capable of separate ad insertion, but not more than one at a time.—CM

## Sinclair gives compelling DTV demo in front of Congress

The House Subcommittee on Telecommunications got a compelling DTV demo 7/25 at an oversight hearing that included Sinclair Broadcast Group (O:SBGI) engineers showing the viability of the DVB-T DTV standard and Nxtwave, Zenith and CEMA attempting to do the same with their favored ATSC standard. Sinclair engineers hooked up a simple bow-tie UHF antenna and set it on the witness table. The reception of WRC-DTV channel 48 was fine. Two ATSC demos were performed, but used larger, directional antennas that were taped onto the room's windowsill. Responding to Chairman **Billy Tauzin's** (R-LA) repeated questions of why the antenna needed to be placed at the window, Nxtwave CEO **Matt Miller** admitted that if not, the "ATSC reception 'potentially' might fail."

**RBR observation:** No country has adopted the ATSC standard since 1998; only three countries use it as the standard today. Most are going with DVB-T because it works better and is more robust. The US market has yet to embrace DTV—it will be much harder with poor indoor reception.—CM

## Newspaper companies buy Web competitor

You didn't really think that newspapers were going to roll over and play dead if the Internet started to siphon away some of their classified ad revenues, did you? Tribune Co. (N:TRB) and Knight Ridder (N:KRI) are teaming up in a new venture to buy and combine two successful Internet job-hunting and employee recruitment sites. They'll pay \$8 per share (about \$190M) for CareerBuilder Inc. (O:CBDR) and also buy out other shareholders of CareerPath.com for an undisclosed price. Those other shareholders are the New York Times Co. (N:NYT), the Washington Post Co. (N:WPO), Gannett (N:GCI), Cox Interactive Media and The Hearst Corp. CareerBuilder's stock had been as high as \$16.25 in the past year but closed 7/14, before the buyout was announced, at \$4.125.—JM

## DARS agreement made between US and Mexico

An agreement concerning Satellite Digital Audio Service (DARS), Terrestrial Services and Wireless Communications Services (WCS), has been made between the US and Mexico, mirroring a similar agreement with Canada. Of concern was use of the band 2310-2360 MHz (S-band) in both countries along the border. Segments of

the band were designated for US use and others for Mexico.

Besides satellite usage, the agreement also set aside bands for terrestrial use and developed other parameters for coexistence across the border.

Sirius Satellite Radio (O:SIRI) and XM Satellite Radio (O:XMSR) are both licensed as satellite DARS providers in the US and can now avoid possible interference when put into use next year. This agreement eliminates many barriers that were in the way of advancement and efficiency for satellite DARS and WCS.—ED

## Global Media buying Magnitude?

Magnitude Network is reportedly up for sale by 88% principal owner CMGI (O:CMGI) and will cease operations under the Magnitude name later this month. The likely buyer of existing contracts, according to *RBR* sources, is Global Media (O:GLMC). Global recently bought all of OnRadio's radio website client accounts. It was also reported Magnitude was bought for \$23M and sold for \$5M.

We got neither confirmations, nor denials from both sides: Said Global Media

President **Jeff Mandelbaum** in a prepared statement: "From time to time, Global Media has sought out acquisition opportunities for strategic growth. Presently, we are looking at a number of opportunities. We continually follow the requirements of the SEC and will follow the requirements of the SEC and will continue to announce any material events as they occur. At this time, we are not announcing any material events."

"We're talking to some folks that have an interest in our business, that's what I can say. The most important thing is our business is going to continue to function one way or another," adds Magnitude Networks President **Todd Schmidt**.—CM

## Arbitron strikes alliance with Lariat software

Arbitron New Media is licensing Lariat's MediaReports software for streaming media server data collection for its InfoStream ratings system. The goal is to provide the most objective and comprehensive webcasting listenership information to advertisers and agencies, which will lead to higher adoption and more buys. InfoStream debuted 10/99 as the world's first webcast ratings service.—CM

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## Turning streaming into a revenue stream

Streaming your station's audio is nice, but trading the service for on-air inventory doesn't seem to be bringing in the dollars. Furthermore, the ads your local listeners are hearing are wasted on out-of-market listeners. The latest drive is to replace on-air inventory with streaming audio ads. Why not generate some NTR by selling net-only ads on stopsets? Or better yet, let someone sell them for you as part of a network and benefit from revenue sharing.

While ad insertion, or ad-stripping technology is just starting to reach radio station web sites, two varieties have already emerged: those that replace an on-air ad with one that reaches all surfers at once (server-side or server-driven) and the latest, just surfacing technology (client-side or client-driven) that serves separate audio ads on an individual basis, based on Internet profiles including age, location, sex, interests and more. While the hype for individual targeting is big, the technology and acceptance are still in their infancy. "It's still a brand new world for streaming media. This is the second wave of the Internet. The first wave of the Internet was the print world, the second wave is the broadcast world, and that is going to prove its challenges," says **Tom Des Jardins**, CEO/CTO of Lightningcast.com.

### Where it's at: a work in progress

Lightningcast, along with Hiwire, WebPresence and MusicBooth's AdAcoustics Network, all claim the functionality to target individual users, based on technology similar to DoubleClick's banner ad system. The Lightningcast model serves as a backbone to content providers like DiscJockey.com, MFNRocks and Cyberradio2000. While the demand may not be at the table just yet, the capability is impressive. "We can de-

liver a unique audio spot to every single individual listening to the stream simultaneously," says Jardins, who is looking to point his offering at radio: "We're out talking to big radio stations. The groups want a really robust solution, and what we're saying is we're building the infrastructure for the entire group, not just one station."

**Robert Wolfe**, MusicBooth CEO, agrees audio ads are the next wave: "No longer is it a question of 'Can I get a flashing banner in front of a person's eye?' We provide multiple ads and target them to the individual most likely to be interested. We're taking it pretty close to the precision that the advertisers have been dreaming of."

Two traditional streaming companies looking to provide ad stripping functionality to their offering include BroadcastAmerica.com and WarpRadio.com. "In the next few weeks, we are going to have a little more of an idea on how we can facilitate it for the radio stations. The technology really hasn't been that clear yet on making it work," says **Denise Sutton**, WarpRadio CEO, who is looking at it very cautiously for her network of 300+ stations. "I have a feeling it is just a value-added for the stations and for us to give them value, we need to make sure that it's 100% and can be done in a cost-effective manner. Because obviously, if we're going to revenue share with the stations, they are going to be disappointed if they don't get a check."

"To be honest with you, it's still too premature to come up with a firm strategy and revenue model. The first step is making sure the technology itself is sound and works. I think it's going to be a while until that is a reality. We're actively testing the technology, working with a couple of companies [including Hiwire-see below] and developing our own in-house," says BroadcastAmerica President **John Brier**, who is beta testing with affiliates.

With 600 stations under exclusive contract, Brier plans on developing his own in-house networks: "We're not going to go out and try and sell it to radio stations—we would use it within our own network. In all of our contracts in the last six months, the stations agree to allow us to use the ad stripping technology on their stopsets, and in exchange, they get a revenue share. When we have 600+ stations and the average station in the US plays 12 commercials an hour, you can see we have potentially 7,200 commercials an hour that could be replaced. That's when you can go to a Ford Motor Company or Coca Cola or American Airlines."

StreamAudio.com VP Sales **Tom O'Connor** tells RBR 25 affiliates are using his ad insertion now and he's adding about 10 a week. Leveraging 400 streaming clients that include Entercom's 96 stations, the current model leverages video ads. "We do a 15-30 second multimedia gateway ad that's effectively a TV commercial while the station is buffering in the background."

BRS Media's .AM and .FM has more than 5,000 clients worldwide. While the majority of clients aren't streaming with BRS, the company is beta testing ad insertion. Says BRS President **George Bundy**: "I think the opportunity is now at the point where the stations say that there's an ability here with ad insertion that they're now able to generate revenue to offset the cost. We've contacted a few of them to try and get a few on beta test—there's a few kinks that we have to work out. We will put this out in a small scale and see how it works before we roll it out."

RealNetworks' audio ad insertion capability is limited to one ad at a time. It is not attempting to network its streaming stations—the plan is to enable groups and individual stations to sell their own streaming in-



Other publications talk about internet radio stations...

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ventory. "We have the ability to target advertising using our 'advertising extension' to the Real Server, which essentially ports into leading ad server engines like DoubleClick and Engage," says **Gregg Makuch**, RealNetworks Marketing Manager. "The way that's executed is it exists before and around the live radio programming. You click on a live link on a web page and you get an ad delivered to you before—that can be an audio, video or an animated ad. Then the live broadcast begins and banner ads are flipped within the Real Player. Within the audio, the terrestrial broadcast spot can be replaced with an Internet-only spot."

However, even with the size and scope of RealNetworks, the ad replacement concept is still young with the company's clients: "We've deployed a couple in our demonstration format, our live ad replacement service—WKHX in Atlanta and KAAK in Great Falls, MT, as well as programming from ABC Radio Networks. We're continuing to present this to major broadcasters," he adds.

Motorola-owned RadioWave's "I-spot" also replaces one ad at a time. Clients include Susquehanna, with KSAN-FM San Francisco and KKMR-FM Dallas (Merge933.com—RBR 1/31, p.8). RadioWave offers the added bonus of coordinated visuals with the I-spot providing couponing and e-commerce functionality.

## Server-side vs. client-side insertion

While most streaming aggregators are developing or testing Internet ad insertion capabilities, a line is being drawn between those that offer server-side vs. client-side targeting. The first company to announce targeted ad insertion for radio was Hiwire. Its first live ad was sent 7/12 on Salem's "Christian Pirate Radio." To achieve client-side functionality, the system requires a small software download, the "Hiwire Ad Manager." The software is needed to "pull" the correct ad from the stream.

**Jim Pavilack**, Hiwire's President/Founder, says server-side insertion can't compare. "In terms of revenue, it's night and day—you can charge a much higher premium for that ad spot if you know you can target it to a person. And you can sell more ads—

five, six, 10 over the same spot," he says. "Some companies are only offering server-side insertions for audio. They sort of slap in a big generic Internet ad, which doubles your inventory, but it doesn't target anybody in particular."

O'Connor is quick to defend server-side insertion: "We haven't gone that final route," he says, "and we don't want to. It requires a piece of software to sit on their computer to ID them. Even though it's information that's not personal, we think it's a privacy issue and Congress may do something about it. We think that being able to target an ad to the format is what people understand. Remember, it isn't whether it's an 18- or 35-year old. If somebody likes that music, they're interested in the lifestyle that particular station is offering."

"All we ask for is your birthday, zip code and location. That's a big difference from asking somebody your name and email address, which is very personal," says Pavilack. "We have a server-driven solution also, but we don't push it because we are able to get much higher rates when we can offer an advertiser 1,000 women in Los Angeles, rather than 1,000 people wherever on earth they happen to be listening."

WebPresence President **David Owen**, who is in a "quiet period" and can't say a lot about his plans, does offer a glimpse of what the company may be looking to offer: "The winning solution of the future would be one that has the characteristics of what banner ads have now, which is they target very narrowly. The winning solution with targeted audio advertising is one that allows individual targeting, doesn't require any intervention by the listener, which means no need to download anything."

The closer an ad is targeted to the particular listener, the higher the response rates. While still immature, the technology does provide targeting ability that traditional airwaves just can't match. "Why would the Internet take a step backwards? How is it you are distinguishing yourself, if you have server-driven functionality, from broadcast?," asks Des Jardins. "The Internet is about one to one marketing. This is the conversation between the advertiser and the listener. Why would you want to have conversations with people that aren't there for you?"

## Acceptance by agencies

While the technology is just out for client-side insertion, the real challenge is convincing the agencies and advertisers of its value. MediaAmerica, Winstar Global Media and Katz Streaming Media Sales are all repping Internet audio ads. "Agencies are now looking for how to get traction with the technology. We've hired MediaAmerica as our rep firm, so they are selling our ad insertion option," says O'Connor. "It's an education process—you've got to show them that it's out there. I think the heavy lifting is going to be done at the media buyers' desk, convincing them to create a budget for Internet-only radio. It's a CPM model, not a cost per point (CPP) model. And that changes the dynamics of it."

"The biggest barrier between the Hiwires and those companies that are in the business of buying national radio media is the Internet CPM vs. the network radio CPM. Network radio is among the cheapest CPMs there is. If I can buy a given demo for \$5-\$10 on a CPM basis, why would I spend \$45 or \$55, which is not an uncommon Internet CPM?," observes **Matthew Warnecke**, Group Director, MediaCom. "This is not going to come from the same revenue stream, so until we figure out how to value Internet-provided streaming into the price, it's not going to be efficient from a network radio standpoint. Certainly, just demography delivery isn't enough, because it's not efficient, vs. the radio model."

For those who offer revenue sharing in exchange for giving up streaming inventory to a network, the inventory "clock" has similarities to any network offering. "Typically, the local sales force will sell any local ads. Hiwire has the sales force in place will sell all the rest of the inventory nationwide. What your local sales force doesn't want to sell, we take a percentage," says Pavilack.

**RBR observation:** Ad insertion utilizes credible, near census-quality data that can be reported back overnight. In the next few months, most of the providers will have their ad-insertion technologies implemented and hopefully get the critical mass needed to provide revenue sharing. We look forward to seeing the numbers as they come in.

## The business of formats: News-Talkers on top

Based on its dominance of large markets in general and the AM dial in particular, stations programming some form of News, Talk and/or Sports claim the most listeners in Arbitron-rated markets. It is also the most commonly-programmed format group, with 1,001 adherents.

Adult Contemporary and its three closely-related flavors (Hot, Soft and Modern) is the most-listened-to music format, and takes up the most room on the FM band with 18.2% of all FM listeners. However, like the News-Talk group, it experienced slight slippage in total listenership. Country is still king in markets 51 on down, but it was also on a downtrend—its 0.7% loss was the largest of any format group.

Filling the vacuum left by the aforementioned formats was CHR, which picked up enough steam to supplant Country as the third-ranked format overall. The Ethnic categories also picked up listeners, with Urban and Hispanic groups picking up 0.6% and 0.7% respectively.

The AM dial is the primary host of niche formats. After the News-Talkers, the most commonly heard formats are Standards, Spanish and Religion. Rarely heard are the Rock-based formats—CHR, Rock, Alternative and Classic Rock have almost no presence whatsoever on the senior band.

These statistics are based *RBR* analysis of Arbitron population and ratings data from its Fall 1999 survey and information from the *RBR Source Guide* database. All percentages refer to total listeners per category. Stations in Puerto Rico were excluded from this study.—DS

### Format performance, persons 12+

Rank	Format	Rated Stns	Unrat Stns	Total Stns	%AM Dial	%FM Dial	%All Radio	Chng
1	News-Talk	699	302	1001	66.3	1.6	15.1	-0.3
2	AC	609	98	707	0.6	18.2	14.5	-0.3
3	CHR	329	15	344	0.0	14.8	11.7	+1.1
4	Country	617	178	795	2.1	13.2	10.9	-0.7
5	Urban	307	31	338	2.3	12.4	10.3	+0.6
6	Spanish	275	177	452	8.1	6.5	6.8	+0.7
7	Classic Rock	308	25	333	0.0	7.2	5.7	—
8	Rock	234	9	243	0.0	6.9	5.4	+0.3
9	Oldies	296	74	370	0.9	6.6	5.4	-0.6
10	Alternative	153	24	177	0.0	5.5	4.4	-0.3
11	Standards	254	95	349	11.9	0.9	3.2	-0.3
12	Religion	345	472	817	7.0	1.3	2.5	+0.1
13	Jazz	66	6	72	0.4	3.0	2.5	-0.2
14	Classical	32	7	39	0.2	1.9	1.5	+0.1
15	Children-Other	15	78	93	0.3	0.0	0.1	-0.2

### Format performance, various demos

Rank	Format	Persons			Mkts 1-50	51-100	101-150	151-200	201-250
		18-34	25-54	35-64					
1	News-Talk	6.4	12.4	16.7	16.9	11.1	11.3	10.6	10.0
2	AC	15.5	17.1	16.5	13.9	15.9	15.9	15.5	16.3
3	CHR	17.7	9.2	6.0	11.4	12.7	11.7	15.2	10.1
4	Country	9.4	10.4	12.3	7.5	16.2	17.8	20.4	26.5
5	Urban	13.0	11.0	9.5	11.5	8.3	8.9	5.1	5.8
6	Spanish	8.5	7.5	6.5	8.4	4.4	1.9	2.4	1.4
7	Classic Rock	6.7	8.0	6.9	5.3	6.4	6.4	6.2	9.2
8	Rock	9.6	6.4	4.0	4.7	6.6	8.0	8.3	6.6
9	Oldies	1.9	6.3	8.7	5.1	5.8	6.7	6.3	6.3
10	Alternative	7.9	4.7	2.7	5.1	3.6	2.7	2.2	1.4
11	Standards	0.0	0.7	2.0	2.8	4.2	3.9	3.8	3.5
12	Religion	1.5	2.3	2.9	2.1	3.4	4.1	2.6	2.7
13	Jazz	1.2	2.9	3.6	3.2	0.8	0.7	0.7	0.2
14	Classical	0.0	1.0	1.6	2.0	0.5	0.0	0.7	0.0
15	Children-Other	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.0

Source: Arbitron, *RBR Source Guide* database

by Jack Messmer

## Clear Channel bites off more of Cumulus

Cumulus Media (O:CMLS) expects to have \$91M in its coffers this week after reworking its cash/swap deal with Clear Channel (N:CCU) for a second time. Cumulus is now getting only seven stations—in Cedar Rapids, IA, Shreveport, LA and Melbourne, FL—from Clear Channel, dropping four Harrisburg, PA stations from the original deal (RBR 3/13, p. 6-7). That boosted the cash payment from Clear Channel for 25 Cumulus stations by \$54.4M to \$91M, with the total value still \$209M on each side.

In a new transaction, Cumulus will also sell 30 additional stations in five markets to Clear Channel for \$75M cash. Four of those stations, a superduopoly in Evansville, IN, are coming to Cumulus as part of its pending \$242M buy of Connoisseur

Communications.

Combined, the two deals have Cumulus selling \$284M worth of stations to Clear Channel, in return for stations valued at \$118M plus \$166M in cash. In the end, Cumulus says it will wind up with 250 stations in 50 markets.

Although Clear Channel's settlement with DOJ (RBR 7/24, p. 4) reduced the number of stations that have to be spun-off from 110 to only 99, it still has to find buyers for six stations. Four are the Harrisburg, PA stations dropped from the Cumulus swap: WTCY-AM, WNCE-FM, WNNK-FM & WTPA-FM. The other two are in Pensacola, FL: WMEZ-FM & WXBM-FM. Clear Channel had announced that they were being sold to URBan Radio (RBR 3/13, p. 7), a previously

unheard-of company headed by **Kevin Wagner**. That application has been dismissed and the DOJ announcement lists the buyer as "to be determined." The fate of those six stations won't hold up closing of the AMFM merger, since they can be put into trusteeship pending their sale.

**RBR observation:** Just about the only question remaining regarding the biggest merger in the history of radio isn't about radio at all—it's what will happen to AMFM's stake in Lamar Advertising (O:LAMR), which competes in several markets with Clear Channel's Eller billboard operation. Clear Channel isn't saying yet what it's agreed to in the antitrust settlement with DOJ, but a 7/21 SEC filing reveals that Clear Channel expects to have to divest the Lamar holding.

## Five new Clear Channel markets

Here are the new stations Clear Channel is buying from Cumulus:

- Evansville, IN (#152): WGBF-AM & FM, WTRI-FM & WYNG-FM
- Columbus, GA (#169): WDAK-AM, WMLF-AM, WPNX-AM, WVRK-FM, WGSY-FM, WBFA-FM, WSTH-FM & WAGH-FM
- Rochester, MN (#229): KNFX-AM, KMFX-AM & FM, KRCH-FM & KWEB-FM
- Mankato-New Ulm-St. Peter, MN (#255): KNUJ-AM, KYSM-AM & FM, KXLP-FM, KNSG-FM & KNUF-FM
- Mason City, IA (#269): KGLO-AM, KCHA-AM & FM, KCZE-FM, KIAI-FM, KLKK-FM & KWMM-FM

## Cumulus buys Fayetteville fill-in

Although Cumulus Media has been sidelined from making any big-deals while its management works to clear up problems and get back in Wall Street's good graces, **Lew Dickey** is still shopping for fill-in properties in existing markets. Thus, Cumulus is paying \$6.15M to add WKBQ-FM to its Fayetteville, NC cluster. The seller is **Walker Morris'** Muirfield Broadcasting Inc. **Broker:** **Mitt Younts**, Media Services Group

## Chaparral Broadcasting, Inc.

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## Dex heads north to Montana

**Dex Allen's** Commonwealth Communications LLC is heading north from its current holdings in CA, AZ and CO to buy nine stations from **Jack Whitley's** STARadio for \$7.5M. The buy includes three stations in Arbitron market #273. Great Falls, MT, plus two unrated markets—three stations in Helena, MT and three in Williston, ND-Sidney, MT. **Broker: Charles Giddens & Elliot Evers**, Media Venture Partners

## Vox swaps with Magnum

**Bruce Danziger's** and **Jeff Shapiro's** Vox Radio Group is building in its New York State stronghold by swapping out of Valdosta, GA. One Vox-related company is swapping WIMV-FM Madison, FL-Valdosta, GA for Magnum's WRLP-FM Russell, PA-Jamestown, NY. Another Vox company is then buying Magnum's WMNS-AM & WMXO-FM Olean, NY for \$790K. **Broker: Dick Foreman**, Richard A. Forman Associates

## Four fly to Eagle

Regional powerhouse Eagle Radio Inc. is adding four more stations in Kansas. Eagle, headed by **Gary Shorman**, is paying \$2.5M for KJLS-FM Hays, KKQY-FM Hill City, KFIX-FM Plainville and KBGL-FM CP Larned. The seller is **Rick Kuehl's** Radio Inc. **Broker: Terry Greenwood**, Patrick Communications

## Clear Channel beats The Street

It's become so common that it would almost be newsworthy if Clear Channel (N:CCU) had a quarter where it did no better than equal analysts' expectations. **Lowry Mays** & company put Q2 into the history books with a 53% rise in after-tax cash flow to \$271.8M. On a per-share basis, that was a 33% gain. Net revenues increased 56% to \$965.9M, just missing the \$1B mark. Cash flow (operating income before depreciation and amortization) rose 54% to \$403.1M.

**RBR observation:** Even Clear Channel (N:CCU) has thrown in the towel on trying to count exactly how

many stations it owns or is buying on any given day. The company's Q2 press release says it has "over 900" US radio stations, equity interests in "over 240" foreign radio stations, exactly 19 TV stations and "more than 700,000 outdoor advertising displays, including billboards, street furniture and transit panels across the world."

## Citadel BCF margin breaks 40% mark

Also reporting stellar Q2 results was Citadel Communications (O:CITC). The middle-market radio specialist said net

revenues gained 65.1% to \$68.2M. Broadcast cash flow increased 85.7% to \$28.6M. After-tax cash flow rose 248.3% to \$15.6M (41 cents per share, up from 16 cents). On a same-station basis, revenues gained 14.9% and cash flow 20.6%. Any way you measure it (historical, same station or pro forma), Citadel's cash flow margin was above 40% for the quarter, up from the mid-30s range a year ago. The actual (or historical) margin for Q2 was 41.9%, up from 37.2% a year ago.

more 3M page 15

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# TRANSACTION DIGEST

by Jack Messmer & Dave Seyler

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

**\$242,000,000 37 stations** in 10 markets from Connoisseur Communications Partners LP (Jeff Warshaw et al) to Cumulus Media Inc. (O:CMLS) (Richard Weening, Lew Dickey Jr.). \$11.35M escrow, balance in cash at closing subject to various adjustments. Additional \$10M to be put by buyer into post-closing escrow account. Also includes two LMA'd stations. Several **duopolies, superduopolies**. LMA since 12/1/99. Broker: Lehman Brothers (seller)

**\$56,200,000 WJOL-AM, WLLI-FM & WJTW-FM/WZSR-FM/WAIT-AM/WBVS-FM/WLIP-AM & WIIL-FM** Chicago (Joliet IL/Woodstock IL/Coal City IL/Kenosha WI) and **WEXT-FM** Milwaukee (Sturtevant WI) from Pride Radio License Inc. (James H. Hooker) to NextMedia Operations Inc., a subsidiary of NextMedia Group Inc. (Carl Hirsch, Steve Dinetz, Skip Weller, Thomas Weisel Capital Partners, Weston Presidio Capital). Cash. Daisy chain overlaps in the Chicago area. Broker: Media Venture Partners Inc. (seller)

**\$46,300,000 KVOX-AM, KFGO-AM & FM, KULW-FM, KRVI-FM & WDAY-FM** Fargo ND (Fargo-Kindred ND-Detroit Lakes MN) from various entities owned by Tom & Jim Ingstad to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications

(N:CCU). \$3M escrow, balance in cash at closing. Existing **superduopoly**. LMA anticipated upon Hart-Scott-Rodino Antitrust clearance.

**\$43,500,000 WHBC-AM & FM** Canton OH from Beaverkettle Company (Tom Boyd, Raymond Hexamer et al) to NextMedia Licensing Inc., a subsidiary of NextMedia Group Inc. (Carl Hirsch, Steve Dinetz, Skip Weller, Thomas Weisel Capital Partners, Weston Presidio Capital). \$2.2M letter of credit as escrow, \$43.5M in cash at closing. Broker: The Ted Hepburn Co.

**\$19,800,000 WMKI-AM** Boston, **WDZK-AM** Hartford (Bloomfield CT), **WHRC-AM** Providence (West Warwick RI), **WGFY-AM** Charlotte NC, **WMNE-AM** West Palm Beach (Riviera Beach FL) and **WDZY-AM** Richmond (Colonial Heights VA) from various subsidiaries of Hibernia Communications LLC (Jim Thompson, Mike Craven, Palladium Equity Partners) to ABC Inc. (John Hare, Pres./Radio), a subsidiary of The Walt Disney Co. (N:DIS). \$19.8M cash. Note: All stations are full-time affiliates of Radio Disney.

**\$13,360,000 WYXL-FM, WQNY-FM, WHCU-AM & WTKO-AM** Ithaca NY from Eagle II Broadcasting Corp. (Kenneth Cowan) to Saga Communications of New York LLC, a subsidiary of Saga Communications Inc. (A:SGA) (Edward K. Christian et al). \$640K escrow, balance in cash at closing. Existing **duopoly**. Broker: Blackburn & Co. (seller)

**\$6,000,000 WCEN-AM & FM** Saginaw MI (Mt. Pleasant MI) from Somerville Associates LLC (Richard & Letty Sommerville) to Wilks Broadcasting LLC (Jeff Wilks, Wicks Capital Management LP). \$250K letter of credit as escrow, \$6M in cash at closing. **Superduopoly** with WSGW-AM, WGER-FM & WTSF-FM.

**\$4,000,000 WOSN-FM** Ft. Pierce-Stuart-Vero Beach (Indian River Shores FL) from Centennial Broadcasting License LLC, a subsidiary of Centennial Broadcasting LLC (Allen Shaw, Gordon Gray), to Vero Beach Broadcasters LLC (Mitchell Rubenstein, Laurie Silvers, Robert McAllen). **Superduopoly** with WTTB-AM, WGYL-FM & WPAW-FM. Broker: Blackburn & Co.

more transactions @ [rbr.com](http://rbr.com)

continued from page 13

## Saga's net income up double digits

Yes, we said net income. Saga Communications (A:SGA) is one of the rare public radio companies which actually has a positive number on the bottom line, in part because **Ed Christian** hasn't been willing to chase acquisitions quite as aggressively as some of his fellow CEOs. Christian also showed that he knows when to get out of a bad acquisition, taking a \$1.3M charge in Q2 for selling Saga's stake in six FMs in Iceland. Without that charge, Saga's Q2 net income rose 32.7% to \$3.4M. Of course, with the foreign write-off included, net income fell 17.5% to \$2.1M. More importantly, as far as most investors are concerned, after-tax cash flow rose 28.4% to \$6.1M. Broadcast cash flow gained 18.3% to \$10.7M as net revenues rose 11.6% to \$26.2M. On a same-station basis, cash flow was up 15.1% and revenues 6.9%.

In a teleconference with analysts, Christian cautioned that he's observed some softening in national spot sales for July, although he's not yet sure how significant that might be. CFO **Sam Bush** noted that the same thing happened in two months of 1999, which was a strong growth year for the other 10.

## Cox Q2 up double digits

By any measure, Q2 was up double digits for Cox Radio (N:CXR). Broadcast cash flow gained 23.5% to \$37.9M as net revenues gained 21.7% to \$95.7M. On a same-station basis, cash flow gained 28% and revenues 17.5%. Cox noted strong revenue gains, based on ratings gains, for its stations in Atlanta, Birmingham, San Antonio and the Long Island market.

## USA Radio now public

USA Radio Networks has completed its merger with a public shell company and is now eligible for public trading under its new name, USARadio.com. Don't go calling your broker just yet, though. CFO **Tim Maddox** says the company is going to "seek some private investment, some venture capital, and try to go straight to the Nasdaq," rather than begin trading on the over-the-counter bulletin board. If things go as planned,

the company will raise \$10M in new capital by year's end. It's also looking to buy a radio station or two.

The Dallas-based network specializes in news, conservative commentary and religious programming. It reported revenues of \$3.692M for 1999, little changed from \$3.715M in 1998.

## WTNC moves from Bishop to Buck

Bishop **L.E. Willis** is completing his exit from the Greensboro/Winston-Salem, NC market. Willis Broadcasting is selling WTNC-AM Thomasville, NC to **George Buck Jr.**'s GHB Broadcasting for \$350K. GHB already owns WIST-FM, which is also licensed to Thomasville.

## Karmazin expands in Wisconsin

While his dad continues to build a worldwide empire, **Craig Karmazin** is building his own radio empire in south-central Wisconsin. His Good Karma group is buying WKPO-FM Evansville-Janesville, WI for \$2.825M

from TBK Communications. The acquisition is south of Karmazin's Madison area cluster and creates a combo of sorts with WTJK-AM South Beloit, IL, which Good Karma has LMA'd with an option to buy. In all, Craig Karmazin will own six stations in or adjacent to the Dairy State.

## Alliance takes out Lighthouse

Penny-stock player Alliance Broadcasting (O:RADO) has reinstated a deal from last year (*RBR* 8/30/99, p. 18) to buy WCTG-AM Columbia, SC for \$802K. The purchase from Lighthouse Productions was approved by the FCC last November, but withdrawn in March. Now **Joe Newman's** Alliance has placed \$250K in escrow and a new LMA began 7/1. Most of the purchase price due Lighthouse owner **Udel Richardson Sr.** is in a five-year note for \$550K. Alliance's existing three stations are all in Florida. The tiny company's stock, which began the year at 25 cents per share, has recently been trading around two cents.

## Breaking off is hard to do

You're a public company and you decide that Wall Street is undervaluing part of your company. So you decide to create a tracking stock to enhance the value of that unit. Sound like a simple solution? Think again. *RBR* got a briefing last week on just how many issues Emmis Communications (O:EMMS) has to deal with to create the dual stock solution that CEO **Jeff Smulyan** has been talking about for months.

Emmis had three potential roads to follow in creating a pure-play radio company that, in theory, investors would value higher than those radio assets have been valued in league with Emmis' growing TV group. It could either 1) create a tracking stock based on the performance of the radio division, 2) spin off radio or TV into a separate public company, or 3) take the TV unit private. According to VP/Associate General Counsel **Scott Enright**, Emmis' Board of Directors is leaning heavily to the tracking stock course.

Even with that all but decided, there are still issues to be resolved. Will Emmis sell shares of the radio tracking stock in an IPO? Will shares in the tracking stock be handed out to current Emmis shareholders as a dividend? Will the company make an exchange offer, allowing shareholders to decide whether they want to keep their Emmis shares or swap them for shares of the tracking stock? To date, there's been no decision and all of those options are still under consideration.

Even then, there will be other issues to deal with. For example, all Emmis employees are also shareholders. Every employee has at least one share of Emmis stock which they received from the company. Many participate in the employee stock purchase plan. Employees also receive shares through the company's profit-sharing program. Those profit-sharing shares are held in a trust, so if shareholders get to choose from two or more options regarding the tracking stock, will the same options be offered for shares held by the trust?

Of course, some employees have Emmis stock options as well as stock. How will options be treated?

Emmis postponed its annual shareholders meeting so that the tracking stock proposal can be put before shareholders for a vote. The tracking stock structure will also have to get approval from the SEC and pass-muster with the IRS for tax-free treatment.

All of that takes time, but Enright says the whole process is still on track to be finished in the latter part of this year.

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