Radio Business Report™

The Management, Sales & Technology Journal

September, 2002 Volume 19, Issue 28

Lou Dobbs was there in the very early days of CNN, telling Americans how their investments were doing. For the past two years, Dobbs has been on radio as well—delivering his "Lou Dobbs NBC Financial Report."

See story on page 12

Jeffrey Myers says "Start at the top"

Do you take no from someone who doesn't have the authority to tell you yes? How often do sellers set themselves up to fail by allowing a person who can't say yes to prevent them from telling their story to someone who can approve a sale?

See story on page 22

RBR shows you how to be an NTR star

Once upon a time, radio stations reported revenues (or didn't) to one of two accounting firms, who tallied up the results in order to give their clients some idea of where the industry stood, and where the clients stood within the industry. For the most part, these were traditional revenues, acquired the old-fashioned way—by selling ads.

Sure, there has always been another revenue stream at many stations—a grab bag of cash flow streams lumped into the non-traditional revenue (NTR) category. Until recently, NTR was an add-on to total broadcast cash flow. It was money received but you didn't really know where to put it. You just knew it was good.

Then along came everybody's Big Bad Wolf for the 21st Century—Clear Channel (N:CCU) and its billion-dollar concert business. It seemed that, for whatever reason, concert revenue was subjected to a magic spell and—Presto! It turned into radio revenue! Others did it too. Regardless of how it started, it got out of control, perhaps due to greed, but more likely due to fear—fear of missing the quarterly revenue target. *Continued on page 2*

PPM: The pros and cons

In today's world, one can easily get sucked into new technology. The radio ratings industry is no exception. Arbitron's Personal People Meter (PPM) may be the best or worst development in radio ratings history. Why? Even the most basic elements are questioned. Is it capturing enough listening? Or too much? Here is your guided tour through the PPM controversy:

PPM does not capture all the listening

Bob Neil, CEO of Cox Radio (N:CXR) ripped into the problems with PPM in his company quarterly conference call, (*RBR Daily Morning e-paper* 8/9). He said, "It doesn't capture all of the radio listening, for one thing. If you happen to jog in the morning with one of those headset radios that a lot of people use nowadays, it won't capture any of the listening. I could come up with a long litany of things...[but] technologically [there] are a number of flaws in it that don't capture radio listening even as well as the diaries—which everybody thinks isn't the best instrument, but it's definitely better than the People Meter is at this point."

Continued on page 4

Looking ahead to Q4

Grab a napkin and pass the hot sauce—the following ad categories are leading the charge for Interep (O:IREP) as its sales effort focuses on business for the latter part of the year. Interep is, of course, focused on national business—but if these are hot nationwide, there may also be an angle to be exploited at the local level as well. With out further ado, the hot categories are:

Rank	Category
1	Movies
2	Computers
3	Transportation (airlines)
4	Banks/mortgage companies
5	Domestic auto
6	Restaurants
7	Food products
8	Retail

Radio Business Report

Voice Of The Radio Broadcasting Industry ®

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Radio Business Report is published monthly by Radio Business Report, Inc. Publishers of Radio Business Report, RBR Daily Morning E-Paper, The RBR Source Guide, RBR Afternoon News Briefs, RBR Radio, www.rbr.com and the Information Services Group database.

Subscription rate:
One year $220.

RADIO NEWS®

RBR shows you how to be an NTR star—continued from page 1

But we at *RBR* want to know how ad sales are going—give us those unadulterated numbers, then add on all the other stuff. According to highly-placed industry sources, steps have been taken to do just that. Revenue reporting is now a three-category breakout, which includes the following: local/regional gross spot revenues; national gross spot revenue; and network/NTR non-spot gross revenue.

Here is the new definition of NTR: Wired network revenue, traffic network compensation and gross revenues arising from sponsorships, gate receipts, concessions, signage, merchandising, Internet and print activities where the station assumes the direct financial risk.

Since competition is ingrained into the soul of all radio pros, we know that someone is going to generate a top-10 NTR list, and everyone is going to want to be on it. But still, the playing field is not level—or is it? The way *RBR* sees it, a lot of companies can play the game! Especially if your company is in a position to hire (or post bail for) one of the highly creative accountants who have recently had their company disintegrate underneath them!

Here are just a few of our NTR beauty contest suggestions:

1. Clear Channel has the lock in on the concert business. Let them have it.

2. Viacom has Blockbuster, Paramount Parks and movie theaters. Promote them all on Infinity radio stations—then it will only be fair to give the radio stations NTR credit for a big chunk of the cash these other businesses pull in.

3. ABC Radio can take credit for Disney World, Disneyland, ABC-TV...and lots more. Why, we could be well on the way to making radio the #1 billing medium.

4. At Susquehanna, the roots of its oldest business are in the one-man pottery shop run by **Johann George Pfaltzgraff**, who settled in York County, PA in the early 1800s. It's the oldest pottery manufacturing company in the United States. Great products, so promote it on the stations and put those sales to the NTR line. (There is a danger here, however—it is a well-known fact that Attorney General **John Ashcroft** is down on pot.)

5. Emmis has great radio stations. It also has a strong commitment in the local market publishing business with numerous municipal monthly magazines. Stations are involved with cluster marketing and a JSA, so put it in the NTR line.

6. Cox is a solid company with TV, cable, local and long distance telephone, plus newspapers, weeklies and the best shopper guides. It also has the world's largest auto auction. The NTR possibilities are mind-boggling!

Don't feel left out if you're a local broadcaster without a lot of non-broadcast companies in your corporate portfolio. Just do a local promotion with entertainment clubs where local talent is performing and give them air play. Do a remote, sell tickets and call it all NTR—even the burgers, fries and beer. Heck, count the tips if you can get the waiters/waitresses to give you a tally. See how easy it is to add NTR to revenues?

We've just spelled out ways to raise annual radio revenues by tens of billions of dollars. Why, it's as good a scheme as anything to come out of WorldCom or Enron!

We end on a sad note. What about poor old Cumulus? CEO **Lew Dickey** doesn't think NTR is very important. He is making his employees concentrate on selling advertising, if you can imagine. While others are out having fun, doing everything except sell radio ads, Cumulus staffers will be forced to perform dull tasks like counting piles of cash made by focusing on their core business. These mistreated employees will probably cry their eyes out—all the way to the bank.
—by Jim Carnegie, Publisher

PPM: The pros and cons—continued from page 1

PPM captures too much listening

David Pearlman, Infinity SVP and Chairman of the Arbitron Advisory Council, spoke with *RBR* about the flip side concern of the PPM—too much audio captured. Pearlman commented, "There are so many issues...measuring embedded metros...at-work listening when a female sticks her PPM in her pocketbook, lays it down at her desk for eight hours, and may or may not be listening to the radio that whole time. When you go to the 7-11, buy a cup of coffee, the meter could be picking up a boom box from behind the counter."

Other concerns

Andrew Green, Managing Partner, of Insights, said, "I think there are some question marks—one is, right now response rates are a little low. The number of people [that] agree and get qualified to actually carry one of these pagers is just as low as the number of people who actually agree to fill in a diary...try and imagine it, would you want to carry one of those things around for a month?"

Recall vs. captured data

Green gives us a history lesson: "You know what you find out when meters replace diaries on television, suddenly you find primetime sinking and daytime and morning time rising...and the reason for that was that people tended to telescope their memory—oh yeah, I always watch ER even if they didn't. It may be a similar effect in radio because morning is the big time to listen to radio often."

Short term pain could lead to long term gains

The likely long-term gains of PPM are that radio could bring in more dollars and grow radio's share of total media ad spending, if you believe what agencies are now saying. "[They'll be] on the same table as television...the same software. I think that will have a positive impact on radio," says Green. "TV is more efficient in building reach—in the early stages of a reach, you get to 50% very fast but—you have to keep piling on the spots to build from 50% to 60%...you'll have numbers and software to help you to do that and invariably radio will be more efficient as an add-on medium."

Agencies are part of the PPM process

"Arbitron has been very proactive in trying to develop the PPM..I think they're taking the right approach...Our research people have been meeting with them to make sure that they're aware of the methodologies," said **Kim Vasey**, Senior Partner/Director of Radio, Mediaedge

More development is necessary

Both agency folks and group heads agree on one thing—the PPM is not ready to roll out and more development is necessary. "We're a long way from endorsing, supporting, and having total commitment to the PPM project as an industry," Pearlman told *RBR*. "The message that we've sent to Arbitron is really, 'Hey, let's slow down, we need a lot more information.' This is a major paradigm switch and a currency change for our industry."

RBR observation:

One thing is for sure: Radio has to get into the 21st Century. Diaries definitely do not have a 21st Century look about them. But is PPM the right replacement, or should Arbitron go back to the drawing board?

Listen to Arbitron CEO **Steve Morris**' Q2 conference call at *RBR.com*. He clearly understands that PPM has to work effectively and command subscriber support. In the Wall Street alphabet game, PPM must equate to ROI. Arbitron must turn PPM into signed contracts.

The go-slow policy is sound, but not to the point of impeding progress. In the past, there have been numerous ratings companies with various methodologies: Hooper, Pulse, MediaTrend, Ram, Burke, and Birch, just to name a few. Arbitron's choice is to stay ahead of the curve, or add its name to the roster of the extinct.

Unfortunately, when audience measurement methodology is changed, it always helps some and hurts others. The radio industry must understand that it can't have everything—that standing pat is as bad as going backwards. Let's keep the ball moving forward.
—by Ken Lee, Associate Publisher

Hogan named CEO of Clear Channel Radio

Less than a month after **Randy Michaels**' sudden reassignment, **John Hogan** has gotten the nod and become the new CEO of Clear Channel Radio.

Hogan said he will not be naming anyone to fill his former post as COO of Clear Channel Radio. "I think we have a great team of senior managers," he told RBR. We have 12 senior vice presidents who are responsible for the day-to-day operations of the eight regions that we have out there and the product side, the engineering side and the financial side. What my plan is to not name a COO, but to count on that group of senior managers to step up and continue the good things that we've established."

RBR Observation: It was just a coincidence of timing, but with Hogan heading CCU and John Fullam running Infinity Radio, both of radio's two largest radio groups are now being run by sales guys—and both succeeded group heads who'd come up from the programming ranks.

We asked Hogan about that, and he insisted that his sales background shouldn't worry Clear Channel's programming people and on-air talent.

"I think that what's most important is not whether someone is a product guy, or a sales guy, or a financial guy—but that they're a radio guy. What would worry me is if someone wasn't a radio person. I think that what should give product folks, or sales folks, or back-office folks, or engineering folks some comfort—whether it's for Clear Channel or somewhere else—is if a radio guy is running the radio division. And I would argue very strongly that first and foremost I'm a radio guy," Hogan said.

Fullam named Infinity Broadcasting COO

As we reported (RBR e-paper 8/19), former Clear Channel Senior Regional VP **John Fullam** has been named COO of Infinity Broadcasting. He replaces Infinity Radio President **Dan Mason**, who will stay on in a consulting role.

"John's managerial and leadership skills for the past 26 years have made him one of the radio industry's most respected leaders, says Infinity Broadcasting Chairman/CEO **John Sykes**. "He has enjoyed an unvarnished track record of success operating multiple groups of stations in some of the largest markets in the nation." At CCU, Fullam oversaw the NYC, Chicago, Philly, DC, Detroit and Boston markets.

Ironically, almost a year ago to the day (RBR.com 8/10), we reported only days after John Hogan was chosen to be President/COO of the Clear Channel Radio division, Fullam had resigned: "The former AMFM SVP, Regional Ops told his staffers via a letter dated 8/8. He was also being considered for the position that Hogan was given."

Hogan, of course, is now Clear Channel Radio CEO, replacing Randy Michaels.

RBR attends NAB Radio Show

RBR Publisher **Jim Carnegie** (left) and Executive Editor **Jack Messmer** (right) will be at the NAB Radio Show in Seattle (see photos). If you see them, say hello—especially if you've got a hot news tip.

20 New Affiliates In The Past 75 Days!

PERFECT

For Any Female And Family Friendly Radio Station...

– *Tommy C, Program Director, Sunny 95.1 KSYU, Albuquerque*

With The RATINGS* To Prove It!

Successes Since Sign On...

Baton Rouge WMFM-FM	Tyler, TX KTYL-FM	Peoria, IL WPPY-FM	Albuquerque KSYU-FM	Amarillo, TX KQIZ-FM
UP 108% (8.5 to 17.7)	UP 79% (7.0 to 13.8)	UP 43% (4.6 to 6.6)	UP 94% (3.3 to 6.4)	UP 51% (9.1 to 13.7)

KIDDKRADDICK IN THE MORNING

Reserve This Show Now • Call 972.239.6220

PREMIERE RADIO NETWORKS

PREMIERE TALENT

Top ten ad categories from CMR/TNS

Taylor Nelson Sofres' CMR/TNS Media Intelligence reports do not pretend to capture the entire media pie—a notably absent category, to name just one that is near and dear to our hearts, is local radio. Nonetheless, the research firms findings are interesting and significant. All data is from Q4 2001.

The first chart shows the CMR/TNS top 10 list—the hottest advertising categories for the 11 media measured for this study.

Top 10 categories

	Category	Total (000)
1	Movies	$828,134.4
2	Restaurants	$813,778.7
3	Phone service	$794,542.8
4	Prescription medication	$514,443.4
5	Asian cars, factory	$510,185.1
6	Trucks, dom., factory	$504,295.9
7	Department stores	$452,986.9
8	Consumer electronics	$396,103.3
9	Cars, domestic, factory	$317,218.9
10	Car dealers	$312,682.9
	Total	$5,444,372.3

Source: CMR/TNS Media Intelligence U.S.

How the media did overall

Two radio categories are among the measured media—national spot and network radio. Out of 11 total media, they rank 8th and 10th. It is important to remember, once again, that this is just the tip of the radio industry iceberg—the local dollars which are the nuts and bolts of radio are beneath the CMR/TNS radar screen.

Almost 3/4 of the cash spent on advertising the top ten categories went to only three of the 11. Network TV, newspapers and spot TV account for 73.5% of the business. The two radio categories, by contrast, combine for only 2.6%.

Media share of the top 10

	Category	Amount (000)	Pct.
1	Network TV	$1,530,283.4	28.1
2	Newspapers	$1,302,202.1	23.9
3	Spot TV	$1,169,955.2	21.5
4	Magazines	$494,057.3	9.1
5	Cable TV nets	$409,133.0	7.5
6	National newspapers	$143,943.4	2.6
7	Syndicated TV	$144,165.7	2.6
8	Natl spot radio	$114,369.8	2.1
9	Outdoor	$88,644.6	1.6
10	Network radio	$24,740.7	0.5
11	Sunday magazines	$22,877.1	0.4
	Total	$5,444,372.3	100.0

Source: CMR/TNS Media Intelligence U.S.

Percentages and ranks

The following two charts show how each medium performs by category. The first shows percent of business for each category; the second shows the rank among the 11 media for each category. For space purposes, the categies are identified by their rank number from the first chart. For example, C1 = Movies, C5 = Asian cars (factory) and C10 = car dealers.

National spot radio's best category by percentage is phone services—it ranks 4th among all 11 media and snags 5.9% of the business; network radio tops out at 1.6%—nothing to write home about, unfortunately, in the consumer electronics category.

***RBR* observation**: The number of greatest interest to radio in general is on the Newpapers line, category C10 of the percentage chart. 77.4% of the business from car dealers is commanded by newspapers. This is far and away the best target for radio operators looking to siphon off some of the cash represented by these charts.

We also have top 10 lists for each of the 11 media independent of each other. Watch for them soon in the *RBR Daily Morning e-paper*.

Top 10 category share by media: Percentage

	C1%	C2%	C3%	C4%	C5%	C6%	C7%	C8%	C9%	C10%
Network TV	36.5	36.0	21.9	42.0	33.5	28.4	14.2	26.5	17.0	2.5
Newspapers	24.6	0.5	40.4	3.7	5.4	3.1	56.3	43.0	13.9	77.4
Spot TV	12.8	39.5	26.3	17.8	2.6	30.7	15.4	10.7	43.9	15.3
Magazines	0.8	0.8	2.3	27.5	20.3	26.9	2.6	5.3	14.8	0.5
Cable TV nets	11.9	10.1	4.7	11.8	9.4	7.3	2.7	5.4	3.8	0.1
Natl. Nwsprs	5.3	2.2	4.5	0.7	2.5	1.4	1.4	6.1	1.4	1.2
Syndi TV	5.0	4.9	0.1	8.0	1.9	0.9	1.3	0.2	0.0	0.0
Natl spot radio	0.9	3.4	5.9	1.0	0.0	0.1	4.4	0.6	1.3	0.1
Outdoor	2.0	3.8	2.2	0.0	0.6	0.1	0.3	0.3	2.6	2.6
Network radio	0.1	0.7	0.3	0.0	0.0	0.3	1.3	1.6	0.6	0.0
Sun. Mags	0.0	0.0	0.0	2.6	0.2	0.8	0.0	0.3	0.7	0.3

Source: CMR/TNS Media Intelligence U.S.

Top 10 category share by media: Rank

	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10
Network TV	1	2	2	1	1	2	3	2	2	4
Newspapers	2	9	1	5	5	5	1	1	4	1
Spot TV	3	1	2	3	6	1	2	3	1	2
Magazines	9	7	7	2	3	3	6	6	3	6
Cable TV nets	4	3	5	3	4	4	5	5	5	9
Natl. Nwsprs	5	10	6	9	6	6	7	4	7	5
Syndi TV	6	4	10	4	7	7	8	11	11	11
Natl spot radio	8	6	4	8	11	10	4	8	8	8
Outdoor	7	5	8	10	8	11	10	9	6	3
Network radio	10	8	9	11	10	9	9	7	10	11
Sun. Mags	11	11	11	7	9	8	11	10	9	7

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Sun. Mags	11	11	11	7	9	8	11	10	9	7

Source: CMR/TNS Media Intelligence U.S.

GM TALKBACK

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

Bob Bruno, GM, Buckley Broadcasting's WOR-AM NY
Jim Weiskopf, GM, Clear Channel's WTNT-AM, WTEM-AM, WWRC-AM Washington, DC
Joel Oxley, GM, Bonneville's WTOP-AM/FM, WGMS-FM Wash., DC
John Caracciolo, GM, Jarad Broadcasting's WLIR-FM, WXXP-FM, Garden City/Long Island, NY

How is the rest of the year shaping up for revenues?

Bruno: On balance I would have to say that things appear to be on the upswing. Business looks good although it's hard to find a real yardstick to measure against. I believe that some advertisers who have been laying low over this past year know they need to get back into the game in order to make their own numbers. The margin for error is smaller today than it was in the atypical dot.com and pre-9/11 days, so they will want to see more measurable results from their advertising dollar. As a result, they are either coming back to, or staying with tried and true media partners, like radio, where they can receive real, measurable value. I think they know that radio is still the best buy around.

Bob Bruno

Weiskopf: The rest of the year for these AM stations is spectacular. We're pacing way ahead of where we were last year. I didn't want to include WWRC on this because it has changed formats since last year, but the stations are way ahead of last year.

Oxley: We're in good shape for both stations. It seems like the market is picking up some. The market through July was +1% but right now we're seeing some double-digit growth in the market for the remainder of the year, so we feel pretty good about it. Last year was not a very good year, so to see some gains over a bad year is something that you would somewhat expect. For WTOP, we should be well ahead—double digits and beyond all the way through the end of the year. For WGMS-FM, we're closer to flat for the rest of the year, which is fine.

Joel Oxley

Caracciolo: Revenue for the remainder of 2002 seems to be stabilizing. People stayed at home this summer and stayed with local radio. Our summer resort business was up thanks to that, and to great weather on the weekends. Projections for Q4 are about where we would expect them to be in this type of economy. No big wins, but hitting the mark.

What avails and inventory trends are you seeing?

Bruno: More requests for added value and promotional opportunities. It seems, now more than ever, clients and agencies alike are looking to radio for exciting, creative marketing ideas and actionable solutions to meet their needs.

Weiskopf: Our sales managers within the cluster and within the region have to be better today at managing inventory than they ever have been before. We've gone through such a crazy year-and-a-half or so where the market's been soft that we're obviously experiencing a much healthier market in Washington, DC. Which means we need to make sure we're watching inventory. We know we're going to sell out in September, October, and November, that's just the way the business is. So we need to make sure that we're not overreacting to how slow it was this time last year.

Oxley: Just a continuing trend of agency avails business coming very late. Even right now there are still a lot of things being booked out for September (as of 8/19)—even a few stragglers coming in for the end of August. A couple of years ago you just never saw that. So that trend just continues and that's generally a sign of not as good an economy I think.

Caracciolo

Caracciolo: Definitely a wait and see attitude on new local business. It has not been unusual for our group of stations to go into the month at 70% of budget, then make the month, all with local business written in the last week. Our renewal rate for local is up from last year, as well as our non-traditional revenue line.

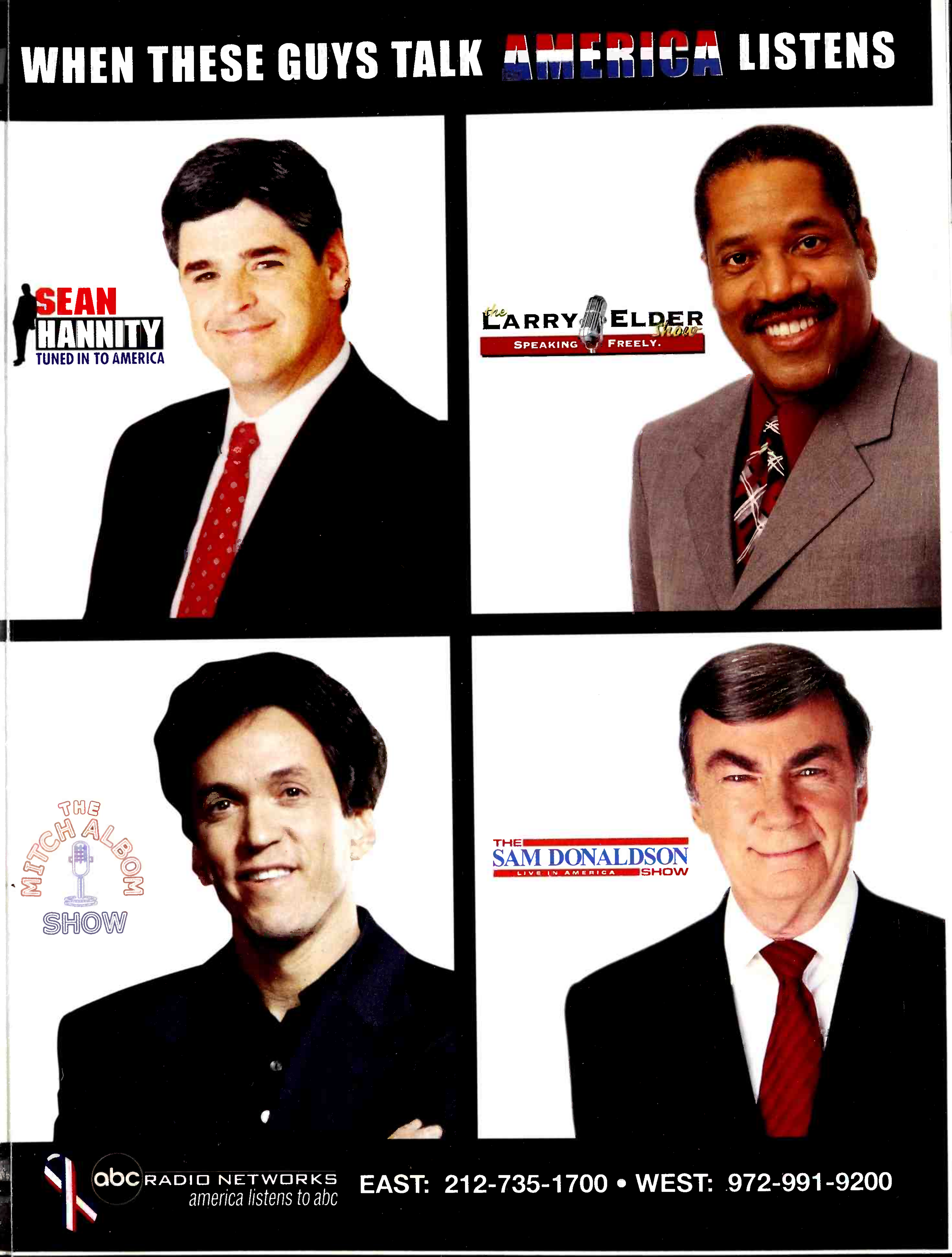
Are you seeing any hot sales categories?

Bruno: Pharmaceuticals, cosmetics, electronics, and automobiles are strong categories. I believe that with the right kind of strategic planning and strong relationship building, the opportunity to blunt the pull of other media and increase radio's market share in each of these categories is tremendous.

Weiskopf: I know our Redskins programming is as hot as it's ever been, and some of the automotive is pretty hot because it looks like they're going back to 0% financing.

Oxley: Automotive leads the way and it is still our hottest category. Because of our growth in audience on WTOP, we're seeing everything from Ford all the way up to the most expensive, Lexus. I think we're not out of the woods yet for the economy, but we're starting to see some signs of a recovery. I think we all have to get used to the fact that it's not going to be the boom years of a couple of years ago all of a sudden coming back.

Caracciolo: Every client wants added value. We have created a company within the radio properties that produces non-traditional revenue events and ideas designed to increase the dollars and the exposure. Our in-house company, Strong Island Events, is responsible for over $2M of NTR into our group. Music events are always big and every client wants to tie into a spectacular show. In addition to the usual group of colleges, soft drinks, and banks, new categories this year include:health care providers, home mortgage companies, and local vacation destinations. Our in-house company is creating over 100 events throughout the year for these businesses to potentially be involved with.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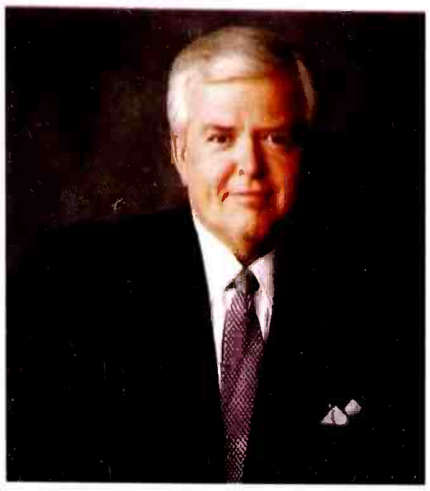
Lou Dobbs calls for Wall Street to clean up its act



Lou Dobbs was there in the very early days of CNN, telling Americans how their investments were doing. He became the first of a new breed of financial reporters and commentators as Wall Street professionals and everyday investors alike began to demand live, up-to-the-minute financial news. For the past two years, Dobbs has been on radio as well—delivering his "Lou Dobbs NBC Financial Report." The three times daily two-minute reports are produced by Dobbs, NBC (a result of his hiatus from CNN to run Space.com) and United Stations Radio Networks.

USRN Executive VP of Programming **Andy Denemark** says Dobbs' program has far and away the network's highest affiliate count, with more than 700 stations carrying the segments—all on barter. As you might expect, some of the biggest advertisers are big names in the financial markets, such as Merrill Lynch and Vanguard Group, but Denemark notes that Priceline.com has also made a "big commitment" to the program. News/Talk outlets still dominate the affiliate list, but a growing number of music FMs are carrying Dobbs, with more and more listeners ever anxious to hear what's happening to their nest eggs.

From the early days of the Enron scandal, Dobbs has been outspoken on the need to improve corporate accountability and clamp down on greedy CEOs. He spoke recently with RBR Executive Editor **Jack Messmer**.

First, tell us how you came to do a radio show. It's sort of a new venture for a guy who's known mainly for television.

Well, [USRN CEO] **Nick Verbitsky** approached me and said that he thought that it would be natural for us and it turns out he was absolutely right. The reports are doing extraordinarily well and I'm having a lot of fun. I started in radio almost 30 years ago—a little 500 watt station in Yuma, Arizona, doing police and fire reports, so I started in radio. I love radio. I'm having a ball with it.

When and how did you get interested in market coverage and build that into the career that you have at CNN?

I've always been interested in the economy and the markets, the political economy in particular. I was always the guy who, when I was working in radio, I was assigned to cover the city and all the budget hearings, mine were the only eyes that didn't glaze over. So I kept getting that kind of an assignment. And that became the considerable focus of my career—business and economics and the political economy—from the earliest days.

How does radio fit in with what you do on television? It seems to be a much shorter and limited format.

Well it's shorter certainly, but it is something that I truly enjoy doing. Radio is just complimentary to everything that I'm doing-the television and radio broadcast each day, my nightly commentary on Money Line, as well as my columns for the New York Daily News.

Is this mainly on talk and news-oriented stations or do you think it cuts across a wider swath than that?

I think it cuts across a wider swath than that. As a matter of fact, we have an amazing number of requests from people running FM music formats as well. So, there's just no limit in the types of stations that are interested.

For most of the years that you were doing financial news broadcasts on CNN, most of that time was a bull market. Do you think people are as interested now that they are seeing their stocks going down instead of up?

My experience has been this, people are interested in that which influences their lives - the good news, as well as the bad. I think there is a reluctant interest, but certainly still interest in what is driving this market these days. Hopefully, we're near a bottom and the news will improve. It hasn't influenced ratings or interest.

Why do you think we have the problem we have right now with investor confidence?

In terms of investor confidence, there's a great skepticism about the integrity of some of the financial reporting by corporations and we have just an overwhelming number of scandals that seemingly break every week. So long as that continues, we're going to have diminished investor confidence, and rightfully so. The exchanges, corporate America, the accounting industry, Congress, and the White House have taken far too long to deal with this issue and more has to be done.

You were outspoken on this pretty early on, what are you advocating as a solution?

Amongst the initiatives that have been offered, that I personally think are very sound, is the expensing of stock options—so investors have a clear statement of the cost of compensation in a corporation, and the degree to which their own shares are being diluted by stock options. A number of people have suggested eliminating them altogether, and if corporate America can't deal with this intelligently and forthrightly, my guess is that that is the likely outcome.

That's kind of a shift in thinking from a few years ago when investors were believing that the way to insure that corporate CEOs had the shareholders' best interest at heart was to make stock options a major part of their compensation.

Right, absolutely. But, with changed circumstances comes changed thinking. After watching nearly eight-trillion dollars get ripped out of this market—and investors suffered heavy, heavy losses—there's a demand, and rightfully so, that compensation be tied to performance and with full disclosure as to what companies are paying for that compensation.

So that would be based on bottom line performance, or specific objectives?

It should be based on bottom line performance because one of the things that we're going through here is not only a lack of investor confidence in terms of the integrity of reporting, but a great lack of confidence in the reality of earnings that are being turned in right now. While there are a large number of scandals that have broken, as a percentage of corporate America, they're relatively small, but, they are tainting the entire system. That's why it is absolutely critical that we deal with this straightforwardly and straight away.

Do you think having CEOs sign-off on SEC reports really accomplishes anything?

Yes I do. Every audit states, on the part of the auditor, that these financial statements are the responsibility of management, and it has always been so. But, the fact is that over time we've seen a number of people try to lay that off on the auditors and the accountants. It's time for CEOs and chief financial officers to step up and say these numbers are straight. It's not enough now, in this environment certainly, for CEOs to simply do what is legal. They have to do what is right. I think that the SEC has done exactly the right thing here to have them stand up and be held liable for their numbers, and furthermore, to put the CFO and the CEO in the position of losing their pay if it turns out those statements are misleading.

Beyond that, some could actually go to jail. Will that help investor confidence—seeing people paying that high of a price?

When you see people like [Adelphia founder] **John Rigas** being led off in handcuffs, it tends to focus the mind of anyone in the corporate and executive suite who might be thinking about taking a short cut, and I think there is also simply the real issue of accountability. Without accountability, investors can have no faith in the system. That accountability is now being asserted, much too late, but at least it's here and it's something to build on.

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Along with the rise in stock market evaluations that we've had over the last decade or so before the collapse started, at about the same time that we had the growth of daily and minute-by-minute reporting on Wall Street by the new cable networks and a lot of Internet sites. Do you think that the media itself is to blame for perhaps some over-inflated valuations?

I think that we all deserve some portion of blame. The media for not stating the trend. Regulators for not carefully examining the filings of corporations. Wall Street, certainly, and the venture capital community for not focusing on basics and simply driving the money machine. And, I don't think we can leave out the investor, who was just as greedy as everyone else in this environment. While the market was going higher, that was fine; but as soon as we saw this market break—it's now two and a half years ago—investors have been taken for a rather rough ride. We have to protect the public investor, period.

What do you see now for broadcasting and cable stocks?

The media companies, the largest of course including my own company [CNN is owned by AOL Time Warner], are struggling mightily in this environment. In addition, AOL Time Warner is under scrutiny by the SEC and the Justice Department. Disney, its stock has been hammered almost as badly as that of AOL Time Warner. Vivendi, of course, has come crashing down leaving open a lot of questions. Viacom, which has been battered, at least is still holding on—in relative terms is doing very well. In terms of the cable companies themselves, there just simply isn't a winner out there right now. The radio companies are also struggling in this environment. We just simply have an anemic advertising market. Until that reverses, I don't see much hope for significant gains in those sectors.

What do you think investors should be doing right now? Is it still too early to jump back in in earnest?

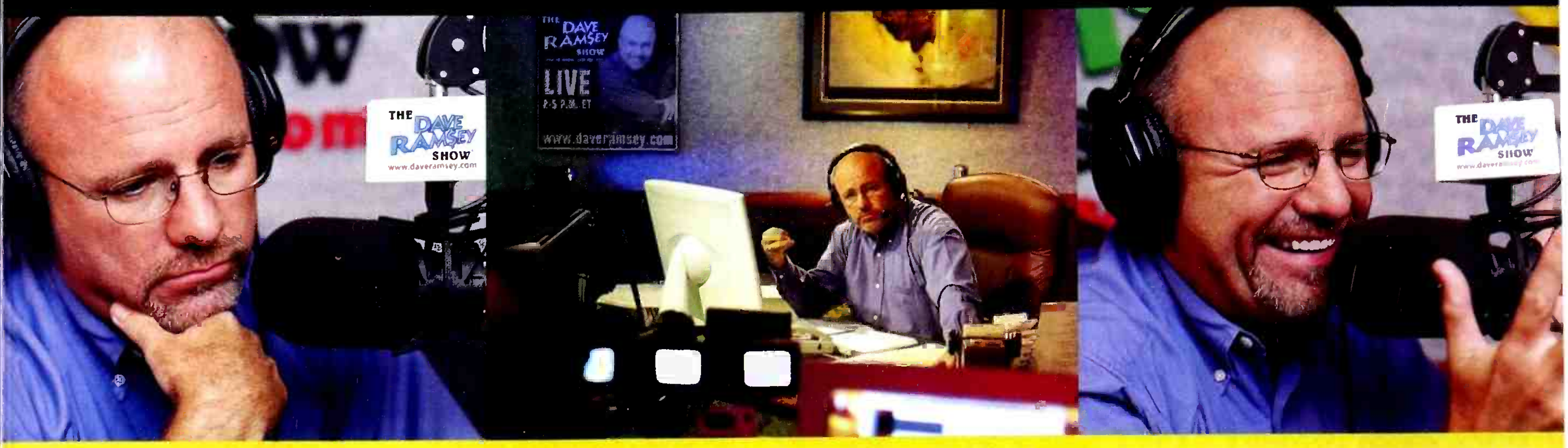
I think so. No one should look at investing in this market just because the market simply rallies from these levels or a stock picks up here. The basic value fundamentals still remain - investors should know the companies they are investing in, and understand their profit prospects, the integrity of management, the competitive advantage in their industry, and then make a value decision based on price and the potential for real earnings. Simply because a stock is cheap certainly does not mean it is a bargain, not in this environment.

As we look at the market today, let me ask if you think the biggest impetus for recovery is going to come from the government, or economy, or from Wall Street. Who should we be looking to for leadership to come out of this?

I certainly hope it comes from business itself as corporate America begins generating some earnings. But it's really important to remember small business in this country is the employer of first resort. Small business creates 80% of the jobs. Small business is the bulwark of employment to the individual consumer, is the bulwark of the overall economy, accounting for two thirds of the gross domestic product. So, I wouldn't look to either Washington or Wall Street. I would watch very carefully the people who count most—the small business people and the consumer.

You can hear RBR's interview with Lou Dobbs on RBR.com.

What Are You Waiting For?



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By Carl Marcucci

Buying financial short-form programming

To complement the **Lou Dobbs** interview (see p.12), we asked buyers a few questions about the value and utility of short-form programming like Lou Dobbs/NBC Financial Report.

Dobbs, syndicated and marketed by United Stations Radio Networks, gives three updates daily—he actually does more to accommodate the western time zones as well. The show launched 10/00 and now has more than 700 affiliates.

The buyers we talked with are:
Matthew Warnecke, Director, Network and Spot Radio Services, MediaCom National Broadcast
Matt Feinberg, SVP/National Radio, Zenith Media Services
Jean Pool, President/Operations, Mindshare N.A
Kim Vasey, Senior Partner/Director of Radio, Mediaedge

What clients are best served with short-form financial programs?
Feinberg: Certainly all of the financial institutions—banks and loan companies. They're first and foremost, and any company that's looking to stay in that kind of environment that is more suited to the upscale listener, from the armchair investor to the professional investor. We have a number of pharmaceuticals that look for the managerial audience that listens to that kind of stuff.

Matt Feinberg

Pool: Our clients, Merrill Lynch and American Express, that type of thing obviously. They do a lot of that, some of the high end stuff.
Vasey: Financial, we've done B2B. We also utilize them at the local market level as well. We've looked at him in various markets. We've also used him for one of our more upscale Gallo Wines because really, the type of stations that he's on, the News-Talk stations, like WINS-AM, give us an upscale audience in the Adults 25-54 and Adults 35-54 demographics.

What value do you find in short-form financial programming?
Warnecke: I like it. That's why I like network radio—because it's so often environment-driven. I don't know that there are a lot of clients, at least in my stable, which can use that kind of programming. And that's just a function of, what kind of business do you have? If we were 100% packaged goods, or McDonald's, you wouldn't really be thinking about that. But if you had high-end automotive and a small business client, in some cases, we've gotten advertisers that fit that bill, then we are going in that direction.
Feinberg: Like any show that you want to be in for the environment, if you want to be in that kind of programming, the advantage is the audience, while it may be small compared to other mass-audience types of inventory, it's an audience that's listening because they want to listen for the most part. They've tuned in because they want to hear what this guy has to say. Or they've just come across it on the dial and it's interesting stuff. So you're getting a captive audience so to speak, a heightened sensitivity towards the programming. There's also the associated endorsement.
Pool: What is the percentage of people in this country that are invested in the market? It's a very high percent, vs. maybe 50 years ago when it was just the top end people that were invested in the market. So there's a good deal of interest because there are so many people that are involved in the market. I think that's a critical piece of information.

Kim Vasey

Vasey: I just like the fact that the short form features are very short and concise. You have a lot of information in a very short time that people tend to tune into listen to. I truthfully don't find the CPMs to be all that bad. I think they're in par with some of the CPMs from any of the top-rated RADAR properties. And considering the fact that Dobbs, particularly, his name has such national recognition and he is a well-respected spokesperson in the financial arena, that you certainly don't mind paying a slight premium in terms of a CPM. A lot of the stations, even at the local market level, promote it so people know when to tune in.

What can you say specifically about the value of Dobbs' show?
Warnecke: Lou Dobbs has got a great television presence and it translates really well, I think, to the radio.
Feinberg: We've done a lot of work with Lou Dobbs' show. I think it's a good show. I think it's a decent value. Now a lot of shows like that, we just had a client that just called us about CPMs being out of line with other stuff. But I said, when you get talent like that, you can only get it so cheap. So while out-of-pocket may be very, very reasonable, your efficiencies may not be as efficient as just straight news feed. But that's because it's not the same sort of thing. You're buying for the environment, not just for the efficiency.
Pool: He's good. He's a recognized expert in his field. He comes across well.
Vasey: He's got such a name behind him. It's such a great vehicle and we've really utilized the reports for quite a few of our clients—Xerox, Vanguard. We've utilized him pretty much right out of the box. We just felt pretty strongly that the market list was going to grow pretty quickly on that property, and it has. He's got such a well-established, recognized name in the financial arena it made perfect sense. We do quite a bit of business with them.

Aim higher to get your ideas before decision-makers

By Jeffrey Myers

Do you take no from someone who doesn't have the authority to tell you yes?

How often do sellers set themselves up to fail by allowing a person who can't say yes to prevent them from telling their story to someone who can approve a sale?

Key decisions are made at the top and filtered down. To be effective in handling customer needs, sellers need to develop a marketing relationship with those making the decision, and avoid being road-blocked by a "no" from a person with a task and no true decision influence. At Personal Selling Principles, we believe that "Decision Making Selling" teaches sellers not to market their ideas to just one person. Decision Making Selling is marketing from the decision influencers, internal customers, up to and including the top decision-maker. Sellers should not rely on developing a relationship with and presenting ideas to just one person. There are many potential pitfalls of talking to just one person.

Many times a seller may get an avail from an agency and relay to management the information, characterizing their conversation as if they just talked to the client. The question management needs to ask the seller is "where did that avail come from?"

Typically, the answer will be a buyer, account supervisor, media supervisor, agency president or planner. The second question to ask is "can this person really make the decision in favor of our station, or will they just make a selection based on a predetermined set of criteria?" Ask yourself where is 75% of your seller's time spent in reference to relationship building targeted? The answer will undoubtedly be somewhere in the media department.

The reality is that the avail is the result of a marketing decision made by the client.

In order to effectively build the right relationship, sellers and management must realize that this is not about a specific avail, or "reactive set of sales calls." Key relationships require months of development, and are maintained for years depending upon the fullness of the relationship. Sellers must understand that a client advertises to accomplish a "Primary Business Objective or Address a Challenge." Understanding the Primary Business Objective creates an opportunity for a seller to become a true marketing partner with the client.

As important as agencies are, we must teach our sellers how to reach and develop a meaningful relationship with the ultimate decision-maker... the client.

To assist sellers, managers might perform the following exercise: Break out a diagram of a typical agency/client. Ask how many of your sellers understand the advertising agency's organizational structure. I'm willing to bet the majority of them do. They probably know whom the buyer interfaces with at the agency. As we know, by the time a seller gets the call from a buyer on an avail the most important decisions have already been made.

The exercise at this point relates to being considered against a set of criteria that have been established by the agency account managers in consultation with their client. Decisions like demographic target, qualitative profile, psychographics, and

Jeffrey Myers

product understanding client-planning cycle has already been made. The buyer is typically given a directive to execute a formula that selects stations that are in concert with these decisions.

To be effective in handling a customer's needs, a seller must have a marketing relationship with those making the decision.

To further assist your sellers in becoming more effective, you need to ask "How many of them understand their top five client's companies' organizational structure?" I'm sure the response won't be nearly as high.

If sellers were taught how to leverage their existing relationships as building blocks to the ultimate decision-maker, panic would not set in when an account moves from one agency to another.

In building relationships at the client level it's more advantageous to begin a relationship on the client side with the highest level in the company that you can. Why? Because they have more at risk and can sometimes share the most.

Usually a good starting point could be the sales manager. As a seller strengthens the relationship with the sales manager, the sales manager can serve as a conduit to the marketing director, the business manager, the owner and the company's agency. The sales manager can also be an excellent lead source, since they usually interact with manufacturer's rep. Sellers must be cautioned that it takes a delicate approach, knowing that the ultimate decision-maker is the goal.

If companies are to compete and win in today's new marketplace, their sellers will need to redirect their thinking from the concept of "make and sell" to "sense and respond". This new focus sellers will have embraces the need to understand their customer's —meaning client's—Primary Business Objectives.

We at Personal Selling Principles believe the following should be encouraged and developed by management.

Have your sellers:

- Bring their individual leadership skills to the workplace.
- Take their leadership skills directly to clients and become their marketing partner.
- Utilize their strength to create stronger communications with persons who make the "real decisions."
- Sell through a company and its related business partners at the executive level.
- Realize the benefits of developing relationships that go to understanding a client's "Primary Business Objectives" as opposed to responding to a request for avails.
- Encourage sellers to cultivate their own entrepreneurial spirit.

If companies are to meet their goals now and into the future, sellers need to be properly trained, and encouraged to think as if they are entrepreneurs. This will only happen if management invests in their greatest asset...their people.

Jeffrey Myers of Personal Selling Principles can be reached at (301) 595-1871 or Jeffrey@PSPConsulting.net.

Independent syndicators will thrive amidst consolidation

It may seem that independent syndicators may be in trouble in a world where large groups with their own programming wings hold sway. However, upon closer examination, it appears the opposite is true.

Our focus in this analysis is on the top 25 markets where the bulk of the AQH is. These are where much of the large cumulative audiences which networks aggregate to sell come from. But let's be very specific—lets focus on the two largest groups that control outlets—Infinity (N:VIA) and Clear Channel (N:CCU).

Infinity only has about 15 AM Talkers. CCU, with its massive 1,200+ station portfolio, only owns about 350 AM stations, out of which only 140 are Talk. Close inspection reveals that CCU is not a major Talk force in the largest markets.

Point #1: Together, Infinity and CCU they control less than 12% of the toral of 1,300 Talk radio stations. They have little power to corner the market on AM Talk. Combined, the have only about 155 AM Talk stations, and most of these are in small to mid-size markets. Nationwide, the combination of CCU and Infinity —though big in general—is far too diluted in the niche of Talk radio ownership to make any real difference to an independent syndication effort.

But all of the above analysis, as eye-opening as it is, is somewhat irrelevant because an independent Talk syndicator is actually the natural ally of companies like CCU and Infinity. Independent syndicators provide cost savings and rating solutions to big groups as well as independents.

Point #2: In every market there are usually three or four competing Talkers with a minimum of two in most markets. Based on a distribution analysis, if CCU or Infinity wanted to "squash" an independent syndicator they could only actually do harm to themselves. How would any group "win" by canceling the top-rated shows of independent syndicator? How does that station manager receive a victory by sending one of his "pillar" shows to his cross-town rival to punish an independent syndicator for competing?

Answer—if their version of "squashing an independent" is to cancel the indies giant show and then send it to a cross-town competitor, then the only result is that their stations lose rating points and revenues to their cross town competitor in a big way. They only hurt themselves by losing a strong independent's shows.

Because there are many "across the street" competitors in each market, CCU and Infinity would rather use an independent syndicator as a strong competitive-edge ratings ally than send them across the street where they would be a ratings bonanza for their competitors. Thus, they will continue to embrace independent syndicators on an increasing level.

Point #3: If an independent was not acquired by another station group owner, it would actually be in the best position to compete for CCU, ABC, Infinity and Cox station business because unlike all of them, it would be a "fair broker" and wouldn't threaten radio groups the way they threaten each other—with large-scale distribution (station) ownership.

ABC, Cox, Infinity, and CCU network programming divisions are all hindered to some degree because they own both content and stations. Their competitive conflicts create resentments toward each other. Each in their own way is leery to put on programming of the Network Division of another which may one day end up on a station owned by the distribution side of that group.

CCU's competitors are increasingly reluctant to air CCU's Premiere Networks talent—for fear that the talent might end up on a CCU outlet in their own market in the future. Likewise, CCU might not want to see an ABC product succeed because that program can't be placed on CCU stations in markets where ABC has a Talk station. In fact, there is ever-growing contention between Infinity and CCU's networks and station divisions. This means they all have reasons to fear each other's competitive moves in station acquisition and that investing in each other's programming could work to their detriment.

An independent syndicators strategy is to let the major distribution groups continue to compete among themselves while it remains only in the content business—in this way it works with all and conflict with none. An independent syndicator, will treat each of these large groups as its major clients.

For these three reasons, we think you'll see the independent syndicators thriving.

ByCarl Marcucci

AMS plan: Beasley's WRXK to cover all of South Florida

Beasley Broadcast Group (O:BBGI), looking for ways to maximize return on its properties, contracted with Charleston, SC-based broker/consultant American Media Services (AMS). AMS devised a unique proposition for the group's Classic Rock WRXK-FM (96.1) Ft. Myers, FL: On behalf of Beasley, it applied for a facilities change that would transmit a Full Class C 100-kW signal on a 1,958-ft. tower (the 2nd 2,000-ft tower in the state). The move would cover its current Ft. Myers-Naples market with a Full C, the Miami-Ft. Lauderdale and West Palm Beach markets and most of the Florida Keys as well. The move should bring the station's value to around $60M, say some brokers. Beasley bought the station in 1986 for $3.5M. If approved, the new non-directional flame thrower would be located on the SW corner of Hendry County, a few miles north of Alligator Alley (I-75). FAA consultant **John Allen** assisted AMS in the project.

The city of license would stay in Bonita Springs, FL, keeping within the 70 dBu coverage contour. In the Miami market, Beasley would be second adjacent to its own WPOW-FM (96.5) and SBS's WXDJ-FM (95.7). The station will put a strong 60 dBu signal across most of the Miami-Ft. Lauderdale market. The station's location minimally meets the spacing requirements with WPOW and WXDJ, so no stations need to move tower locations. No environmental damage is expected, as the site already sits on solid ground at nearly 6 meters above sea level.

The FCC has not yet acted on this application. FAA approval has been granted so there's a good chance this bird has wings. The upgrade price could end up being in the $5M range, with possibly a half mile gravel road needing to be built from an existing road, electric lines, and of course, the new tower. There is a good possibility that other stations in the Ft. Myers market with lesser facilities may wish to become tenants.

Says former Capstar VP/Engineering and AMS VP **Frank McCoy**: "This one is going to be a lollapalooza out there in Miami, and we'll forego very little or no coverage of Ft. Myers. It's one of those rare circumstances where there's no downside and equally importantly, there's an ongoing business that runs on that radio station that they will be able to kind of migrate and build with a new market trade area. It was such a powerful opportunity that it was deemed a certainty that it at least be applied for. While it's no certainty that it actually will happen, we're hopeful."

AMS brands itself as a company in the business of creating value, an engineering outfit that examines signals for groups to try and figure out what are their upside options. One well-known project was one of the Class Cs north of Dallas—ABC's KMEO-FM. In that project and many others like it, to get the move-ins and upgrades approved, many other stations have to be paid to change facilities as well. It's the broadcast equivalent of trickle-down. For a lot of these small-market radio stations that end up getting paid to change frequencies, being part of the master plan for a move-in like KMEO can represent an opportunity to recapitalize their businesses.

Says AMS President **Ed Seeger**: "We're probably the first company that was created, actually, to do this—that recognized that niche and that opportunity and have been doing it for over eight years. We're the only company that we know of that has all of the components to complete what we call the 'spectrum manipulation' to develop design scenarios, go out and negotiate, do the field work, and then implement all of the filings at the FCC. We've got in-house legal counsel and engineering."

RBR tuned into the Q2 conference calls of 22 companies. Overall the attitude on radio revenue had a little more sparkle than one year ago. Out of the 22 companies *RBR* found these 13 the most interesting. We've already published the numbers in the *RBR Daily Morning e-paper* during July and August (available in the Archives), so we decided to give you a different twist and digest the verbal body language by a few CEOs.

If there were awards for best verbal body language, *RBR* would give thumbs up to **Ed Christian** and **Sam Bush** of Saga. And **Bill Tanner** of SBS. And let's not forget radio's own fire-breathing ZenMaster, **Mel Karmazin**.

For free listening to all the 2nd quarter conference calls go to rbr.com. After listening ask yourself: Could I invest based on this information?

CLEARCHANNEL RADIO

Clear Channel Communication (N:CCU) was in a dither getting their announcement to the street a week early after the sudden departure of radio division CEO **Randy Michaels** (*RBR Daily Morning e-paper*, 7/22). **Lowry Mays** wanted to stop stock price erosion due to rampant speculation on the true reasons for Michaels' exit—while maybe not great, the company's financials certainly weren't terrible, either. CCU will stay the course. Don't look for any major radio acquisitions. They seem to be trying to digest a rich seven course meal. Their biggest issues? Radio's biggest company has brought with it the distinction of being radio's biggest target. CCU will continue to find itself in a defensive posture with Wall Street analysts, Congress and competitors, some of whom are suing (most notably Spanish Broadcasting System). As for their new radio CEO, CCU accepted resumes from all over, but decided to promote from within, giving the reins to Michael's former right-hand man, **John Hogan**.

VIACOM

Brass bands and cheering throngs characterized **Viacom's** (N:VIA) Q2 march down Wall Street. Apparently putting to rest tales of their stormy past, **Sumner Redstone** spoke briefly in praise of CEO **Mel Karmazin**. What a difference a positive Q2 earnings statement makes. Karmazin's motto is "We will not do anything stupid" and he'll give you a T-shirt to prove it. He realizes he is the number two TV-network behind NBC and will do everything to raise the quality of programming. All of the radio divisions are on track without adding clutter: "Growth is from price increases." The company will make only sensible acquisitions. Said the Zenmaster, "We are sitting on a pile of money but it is not burning a hole in our pocket." In other words Karmazin will not overpay. Look for Mel to stay true to his core business.

Cumulus (O:CMLS) CEO **Lew Dickey** is in charge—and he's done a phenomenal job of bringing this company back from the brink in only two years. He knows mid- to small-market Cumulus is not a Clear Channel or Viacom and cannot grab national dollars. And despite all the buzz about it, he's not going to go after non-traditional revenue, which he considers not worth the time it takes to develop. The key for Dickey is clearly mapped out. He'll find new revenue by attacking radio's biggest local market competitor: newspaper. Dickey's conference was refreshing. He knows Cumulus is conducting business in markets 50 to 200 and is not even thinking about getting into New York and the like. Since taking over the radio group he has taken the necessary steps to give his 2,800 employees the necessary tools to be competitive. We see Cumulus as a strong medium market builder. If it can put a dent into local revenue dollars from newspaper, then raise the hero flag.

Hispanic Broadcasting (N:HSP) is the classic example of when an aggressive firm utters the word merger in the middle of a quarter, in this case to Hispanic TV giant Univision (N:UVN) this past June. Growth from programming and sales hits a snag and of course legal expenses are incurred and puts the dent in your fender. CEO **Mac Tichenor**, to the best of his ability, attempted to put a positive spin on the Univision merger, but you get the feeling listening it was not pop-the-champagne-cork time. Mac has been selling his fast-growing Hispanic audience to major retailers and advertisers. Bravo. He remains committed and bullish for the rest of this year and for 2003 on ratings growth and revenue, but there is no question more work has to be done on the upper business level to convince the retail community to make Hispanic radio a major factor in their day-to-day planning. Now the merger hurdles begin from the DOJ and the FCC, to say nothing of the courts and the SBS lawsuit against HBC and CCU. With all this, it will be interesting to see how it affects employee performance—they drive revenues. Should be less worry about job loss than with most mergers—the jobs of radio people merging into a TV company should be relatively safe.

Spanish Broadcasting System (O:SBSA) has the major legal battle with Clear Channel and Hispanic, so the wheels of justice shall turn. SBS is looking to exploit the growing Hispanic population. CEO **Raul Alarcon** is demanding recognition by the all major advertisers, pushing the value of the Hispanic market, with its growing level of income and increasingly large piece of the overall economy of this country. Alarcon stresses ratings and that is good, but the real secret weapon Alarcon has is programmer **Bill Tanner**. Tanner is the only one in calls that mentions the key to drive earnings: People. He credits programming people and on-air staff, both of which you must have or you don't have a radio station. What the competition better beware of is Tanner's experience in all forms of format programming—he has put his knowledge to the task of delivering a population that proves daily it has strong loyal ties to SBS's stations and the products advertised on them. Watch this company—not just their earnings—also keep an eye on Tanner.

Saga COMMUNICATIONS, INC.

Saga Communications (A:SGA)—I like this company and its people. CEO **Ed Christian** and CFO **Sam Bush** are a rarity in this radio and media business today. No braggadocio. Their approach is unlike many as they invest carefully, slowly—and completely. They become a part of the communities in which they invest. What makes Christian different from his colleagues is he is a pure radio geek in the best sense. He is hands-on and has the knowledge and experience from programming, sales, and engineering. Christian knows when and how to invest, not just to do preventive maintenance, but to stay on top. Look at the markets they are in. Middle America. You don't go to South Dakota and not know anything about community, agriculture and subsoil moisture and expect to do business. Each of Saga's properties are community-involve-

ment driven—that is the key to this mid-size company. They invest in their employees. Christian said it best, "We have acquisitions coming and they are bread and butter facilities." Christian and Bush and his people are top-shelf.

Cox Broadcasting (N:CXR), the nation's third-largest radio broadcaster, is so very quiet. They are a subsidiary of one of the nation's largest media companies, Cox Enterprises, Inc., founded in 1898. Cox is also the world's largest operator of automobile auctions. The question once was: Can Cox find someone to replace promoted former radio CEO **Nick Trigony**—known to many as a bull in a china shop. The answer is yes. Although of the opposite personality type, radio head **Bob Neil** is quietly getting results. But Neil isn't too quiet—he was among the first to loudly take on Arbitron's PPM (*RBR Daily Morning e-paper*, 8/9). What we like about Cox is they make their money the old fashioned way—by earning it.

ENTERCOM

Entercom (N:ETM) CEO **David Field** has been in the decision making chair since May 2002. It is hard breaking-in a new chair. From experience it takes about one year. David Field does have experience to move this company forward. Listening, you can tell he has at his side his father, **Joe**, the founder, a solid CFO in **Steve Fisher**, and a good team in general. Field has a solid mid-to-large market size group. Markets are well placed for economic growth and many have long stability. It is obvious to us that Field is getting daily combat experience on the front line and his helmet is not strapped on too tight. Field's verbal body language is getting stronger. And we like pure radio plays—we're glad the company is staying out of the concert business.

Arbitron (N:ARB) CEO **Steve Morris** has a tough row to hoe. After successfully mending fences between the ratings giant and its radio clients since he took over several years back, a couple of factors are starting to drive the wedges back in. One is the Portable People Meter—Arbitron is pushing the new surveying technology, but radio execs at best aren't so sure, and at worst are dead against it in its current form. Its second new problem is the newfound bulk of some of Arbitron's customers. It was one thing to tell Clear Channel to shove it when it had 12 stations in eight markets. It's something else when it makes up a double-digit percentage of Arbitron's total bottom line. Other groups are demanding sweetheart deals. Notably, ABC and Infinity are on board with only a one-year contract. When the late **Jim Seiler** started what eventually became Aribitron, it wasn't even really meant for radio. But whatever its current troubles, many have tried and nobody's been able to unseat radio's ratings arbitrater. Expect them to weather possible rough seas ahead.

INTEREP Selling Today... Innovating for Tomorrow

For 50 years, **Interep** (O:IREP) CEO **Ralph Guild** has always been ahead of the curve. If you only have one word to use to sell Interep to investors it would be "innovator." Interep is a service company. It represents radio station clients, bringing in national advertising dollars. In short, it is limited by the stations themselves—both by the amount of inventory the stations will turn over and by the actual performance of those stations. Guild's latest innovation is the new Interep Lifestyles Network. He lets the advertiser describe the audience he is trying to reach and delivers it—coast-to-coast—in a one-stop buy. Fluctuation is a fact of life in the national advertising business, and there's certainly been a lot of it for the reps lately. After a shake-out during the Telecom consolidation years, followed by the dot-com implosion, Interep should now be able to enjoy some time on the growth curve—national radio is coming back very strong right now.

Deutsche Bank's superior performance sends a powerful signal

AT&T Broadband
$72 billion
AT&T Broadband Merger with Comcast Corporation
Financial Advisor
Pending

ECHOSTAR
$27.4 billion
Merger with Hughes Electronics Corporation
Financial Advisor
Pending

CUMULUS
$227.1 million
Follow-on Offering
Sole Book Manager
May 2002

LIN
$430.1 million
Initial Public Offering
Sole Book Manager
May 2002

$123.3 million
Block Trade
Sole Book Manager
March 2002

ENTERCOM
$206.3 million
Follow-On Offering
Joint Book Manager
February 2002

ENTERCOM
$150 million
Senior Notes Offering
Joint Book Manager
February 2002

ECHOSTAR
$1.5 billion
Sale of Equity Stake to Vivendi Universal
Financial Advisor
January 2002

PanAmSat
$800 million
Senior Notes Offering
Co-Lead Manager
January 2002

ECHOSTAR
$700 million
Senior Notes Offering
Joint Book Manager
December 2001

SBG
$310 million
Senior Notes Offering
Joint Book Manager
December 2001

YOUNG BROADCASTING INC
$250 million
Senior Notes Offering
Joint Book Manager
December 2001

SES GLOBAL
$4.3 billion
Acquisition of GE Americom
Financial Advisor
November 2001

ECHOSTAR
$5.5 billion
Bridge Loan Financing
Joint Lead Arranger
October 2001

CLEARCHANNEL
$372.6 million
9,200,000 Shares of Lamar Advertising Company Registered Spot Secondary Offering
Sole Book Manager
June 2001

LIBERTY MEDIA CORPORATION
$116.9 million
3,996,000 Shares of Emmis Communications Corporation
Sole Book Manager
May 2001

Hearst-Argyle TELEVISION INC
$160 million
Radio for TV swap with Emmis Communications
Financial Advisor
March 2001

infinity
$13.6 billion
Sale of all Outstanding Class A Shares to Viacom, Inc
Financial Advisor
February 2001

am-fm
$23.5 billion
Merger with Clear Channel Communications, Inc
Financial Advisor
August 2000

RADIO ONE
$1.3 billion
Acquisition of 12 radio stations from Clear Channel Communications, Inc
Financial Advisor
August 2000

SBG
$825 million
Sale of 46 of its radio stations to Entercom Communications Corp
Financial Advisor
August 2000

CLEARCHANNEL
$1 billion
FRNs of 2002
7.875% due 2005
Co-Manager
June 2000

CLEARCHANNEL
€650 million
Senior Notes Offering
6.5% due 2005
Joint Lead Manager
June 2000

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